



TECHNICOIL CORPORATION

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TECHNICOIL CORPORATION ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2008

SUMMARY OF THIRD QUARTER FINANCIAL RESULTS

(\$ thousands except per share data)(unaudited)	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Number of rigs owned as at September 30	33	31	33	31
Average number of rigs available during the period	33.0	28.7	33.0	25.8
Revenue	\$17,691	\$11,438	\$41,579	\$26,609
Gross margin	\$5,968	\$4,231	\$12,506	\$8,271
Gross margin %	34%	37%	30%	31%
General and administrative expenses	\$627	\$691	\$2,167	\$2,516
EBITDA(1)	\$5,677	\$3,577	\$10,623	\$6,672
Net income	\$2,321	\$750	\$2,258	(\$85)
Earnings per share – basic	\$0.03	\$0.01	\$0.03	\$0.00
Earnings per share – diluted	\$0.03	\$0.01	\$0.03	\$0.00
Funds flow from operations(2)	\$4,940	\$3,321	\$10,111	\$6,752
			September 30, 2008	December 31, 2007
Total assets			\$116,137	\$115,243
Total long-term debt			\$22,800	\$24,500
Debt to equity ratio(3)			0.49	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 issuers.
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

Technicoil's continued focus on diversifying its business operations has enabled the Corporation to achieve very strong third quarter financial and operating results. The Storm Service Rigs ("Storm") acquisition in August 2007 and expansion of services provided by the coiled tubing service rigs, which has enabled Technicoil to participate in the very active Montney play, have resulted in the following highlights during the quarter:

- Attained record quarterly revenue of \$17.7 million in comparison with \$11.4 million of revenue during the third quarter of 2007, representing an increase of 55%;
- Improved the Corporation's well servicing rig fleet utilization to 55% in comparison with 34% in the third quarter of 2007 in large part due to the diversification of services other than shallow natural gas fracturing. The last time the division reached similar utilization levels was in the fourth quarter of 2005 when a 53% utilization was achieved;
- Continued Technicoil's history of generating positive funds flow from operations through the generation of record third quarter funds flow of \$4.9 million; and
- In July, Technicoil announced a \$7.0 million capital budget increase, primarily directed at expansion and continued diversification of services provided by the Corporation's well servicing division.

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

FINANCIAL AND OPERATING RESULTS

Revenue increased by 55% in the third quarter of 2008 to \$17.7 million relative to the same period of the prior year as a result of improved utilization of both the well servicing and drilling fleets, combined with an increase in the number of rigs available. The growth in service fleet utilization is largely a demonstration of the Corporation's successful marketing efforts to expand its service offering of non-fracturing services.

Gross margin increased by 41%, or \$1.7 million, to \$6.0 million in the third quarter of 2008 in comparison with \$4.2 million for the comparable period of the prior year as a result of the increased utilization. Gross margin as a percentage of revenue averaged 34% in the quarter, a reduction of three percentage points in comparison with the third quarter of 2007. The lower gross margin percentage is primarily a result of lower base day rates realized in the drilling division and an increase in maintenance and operating costs in the quarter, combined with the impact of changes in product mix.

EBITDA increased by \$2.1 million, or 59%, in the quarter to \$5.7 million in comparison with \$3.6 million in the third quarter of 2007 as general and administrative expenses remained consistent with the third quarter of the prior year. Included in EBITDA for the third quarter of 2008 is a recovery of \$0.4 million in stock based compensation expense recognized for the Corporation's options granted subsequent to May 2006. Consistent with the improved EBITDA result, funds flow from operations increased to \$4.9 million in the quarter from \$3.3 million in the third quarter of 2007, an increase of 49%, enabling the Corporation to further reduce its net debt (long-term debt less working capital) to \$8.9 million from \$10.6 million at June 30, 2008 and \$14.6 million at December 31, 2007.

Net income for the quarter increased more than three-fold to \$2.3 million, or \$0.03 per share, in comparison with \$0.8 million, or \$0.01 per share, in the third quarter of 2007.

With improved utilization of Technicoil's growing operating fleet and synergies realized from the Storm acquisition, the Corporation has been able to improve its financial metrics year-to-date in comparison with the prior year. Year-to-date revenues have increased from \$26.6 million in 2007 to \$41.6 million in 2008, representing an increase of 56%. Contributing to the revenue growth in comparison with the prior year is the improvement in equipment utilization and a larger fleet more than offsetting the impact of lower base day rates realized by the drilling division. This revenue and utilization improvement has been achieved in both divisions during a period when the number of wells completed by the industry in the western Canadian sedimentary basin ("WCSB") year-to-date has fallen by 8% relative to the same period last year (source: Daily Oil Bulletin). Cumulatively for the first nine months of 2008, gross margin, EBITDA and funds flow from operations have increased to \$12.5 million, \$10.6 million and \$10.1 million, respectively, from \$8.3 million, \$6.7 million and \$6.8 million, respectively, in the first nine months of 2007.

Gross margins for the first nine months of 2008 averaged 30% in comparison with 31% for the comparable period of the prior year. While both the well servicing and drilling divisions realized a lower average gross margin percentage in the period relative to the prior year, the increased proportion of well servicing revenue, which has a higher gross margin than drilling, resulted in only a marginal decrease to the Corporation's overall gross margin percentage. The improved EBITDA performance in the first nine months of 2008 relative to the prior year was achieved even though the comparative period in 2007 benefited from \$0.9 million in gains from the sale of assets. Similar sales did not occur in the first nine months of 2008, however, contributing to the positive year-to-date result was other income of \$0.4 million recorded in the second quarter related to the forfeiture of a deposit from a 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 second quarter. Management is evaluating its options for this rig, including the potential sale of the rig or reconfiguration of the rig for alternative operating uses. Also contributing to the EBITDA improvement year-to-date in comparison with the same period of 2007 was lower stock based compensation expense of \$0.3 million.

Net earnings for the first nine months of 2008 were \$2.3 million, or \$0.03 per share, in comparison with a net loss of \$0.1 million, or \$0.00 per share, for the same period of the prior year, representing an improvement of \$2.4 million.

RESULTS OF OPERATIONS

WELL SERVICING DIVISION

<i>Three months ended September 30 (\$ thousands)</i>	2008	2007	Variance	% Change
Well servicing revenue	\$13,353	\$7,818	\$5,535	71%
Operating expenses	8,098	4,466	3,632	81%
Gross margin	\$5,255	\$3,352	\$1,903	57%
Gross margin %	39%	43%	(4%)	(9%)
Utilization %	55%	34%	21%	62%
Average number of rigs available during the period	26.0	22.7	3.3	15%
Operating hours during the period	13,134	7,089	6,045	85%
Number of wells completed during the period	634	600	34	6%

<i>Nine months ended September 30 (\$ thousands)</i>	2008	2007	Variance	% Change
Well servicing revenue	\$31,253	\$15,238	\$16,015	105%
Operating expenses	20,519	9,598	10,921	114%
Gross margin	\$10,734	\$5,640	\$5,094	90%
Gross margin %	34%	37%	(3%)	(8%)
Utilization %	44%	22%	22%	100%
Average number of rigs available during the period	26.0	19.8	6.2	31%
Operating hours during the period	31,273	11,996	19,277	161%
Number of wells completed during the period	1,779	1,344	435	32%

Technicoil continued to report strong quarter-over-quarter performance in its well servicing division. With the addition of the Storm conventional service rigs in August 2007 and the expanded service offerings provided by the Corporation's coiled tubing service rigs, the well servicing division was able to increase revenue by 71% to \$13.4 million during the quarter in comparison with \$7.8 million in the third quarter of 2007. This revenue growth occurred during a period when the number of wells completed in the WCSB in the third quarter fell by 10% compared to the same quarter of 2007 (source: Daily Oil Bulletin). Average revenue per operating hour realized by the division during the quarter was \$1,016 in comparison with \$1,103 during the third quarter of 2007. The decrease in revenue per operating hour in comparison with the third quarter of 2007 is a result of a larger proportion of revenue generated from non-fracturing services. These other services generally receive a lower per operating hour revenue rate to coincide with the lower cost structure for these jobs.

Rig utilization improved from 34% in the third quarter of 2007 to 55% in the current quarter as a result of marketing the Corporation's diversified coiled tubing service rig capabilities, combined with increased acceptance of the benefits of using coiled tubing service rigs for conventional service work, and the impact of the Storm rigs.

The success of Technicoil's marketing efforts to offer a broader service range of services over the past couple of years is exemplified by the fact that 76% of the division's operating hours generated during the quarter were from services other than the division's historical shallow natural gas well fracturing services. In comparison, 62% of the hours generated from the division in the third quarter of 2007 were from shallow natural gas well fracturing. Year-to-date, these new services have accounted for 71% of the operating hours generated by the division versus only 39% in the comparable period in 2007. These expanded services include activities such as "rigless" completions services and 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 and have enabled the Corporation to deploy its coiled tubing rigs in the very active Montney play. The Corporation has also been successful in deploying its coiled tubing service rigs in Steam Assisted Gravity Drainage ("SAGD") drilling operations. By equipping the coil with electrical line services, or "e-line", Technicoil is able to transmit a 3D signal to the drilling operator to guide the drilling of the producing well pair.

Stemming from the strong revenue growth, the well servicing division realized a gross margin for the third quarter of 2008 of \$5.3 million, an increase of \$1.9 million or 57% in comparison with the same quarter of the prior year. The Corporation's investments made during the second quarter on spring maintenance and training initiatives have enabled Technicoil to deploy its equipment with confidence during the quarter. While the increased proportion of non-fracturing and conventional service rig services provided for improved utilization and funds flow from operations, the average gross margin realized

during the quarter of 39% of revenue is lower than the 43% realized during the third quarter of 2007. The lower gross margin percentage is a result of the reduction in revenue per operating hour realized combined with the impact of a changing product mix including conventional service rig services.

Year-to-date, the well servicing division generated \$31.3 million in revenue versus \$15.2 million in the comparative period in 2007, representing a two-fold increase. Contributing to the increase in revenue is an overall improvement of utilization rates from 22% for the first nine month of 2007 to 44% in the current year, and realizing the benefit of the Storm service rigs for the full period.

Gross margin for the division increased by 90% to \$10.7 million in the first nine months of 2008 versus \$5.6 million for the comparative period in 2007. Gross margin as a percentage of revenue averaged 34% in comparison with 37% for the same nine month period of the prior year. The same factors impacting the third quarter account for the decrease in the gross margin percentage year-to-date in comparison with the first nine months of the prior year.

DRILLING DIVISION

<i>Three months ended September 30 (\$ thousands)</i>	2008	2007	Variance	% Change
Drilling revenue	\$4,338	\$3,620	\$718	20%
Operating expenses	3,625	2,741	884	32%
Gross margin	\$713	\$879	(\$166)	(19%)
Gross margin %	16%	24%	(8%)	(33%)
Utilization %	42%	39%	3%	8%
Average number of rigs available during the period	7.0	6.0	1.0	17%
Number of wells completed during the period	131	69	62	90%

<i>Nine months ended September 30 (\$ thousands)</i>	2008	2007	Variance	% Change
Drilling revenue	\$10,326	\$11,371	(\$1,045)	(9%)
Operating expenses	8,554	8,740	(186)	(2%)
Gross margin	\$1,772	\$2,631	(\$859)	(33%)
Gross margin %	17%	23%	(6%)	(26%)
Utilization %	32%	36%	(4%)	(11%)
Average number of rigs available during the period	7.0	6.0	1.0	17%
Number of wells completed during the period	249	198	51	26%

Improved utilization of a larger drilling fleet contributed to the 20% increase in revenue to \$4.3 million in the third quarter of 2008 versus \$3.6 million for the comparable period of the prior year for the drilling division. The average revenue per day realized in the quarter was \$16,070, down from \$16,682 per day in the third quarter of 2007, but consistent with the prior quarter. This rate includes items such as fuel, crew subsistence allowance and other third party costs such as trucking, many of which are pass-through cost items to our customers. Depending upon the individual contract, these items may or may not be provided directly by the customer, thus they can significantly skew the average revenue rates. Base day rates for the drilling division have been under pressure since early 2007 as a result of weaker market activity.

Gross margin during the quarter averaged 16% of revenue in comparison with 24% for the third quarter of 2007. The margin erosion is a result of downward pressure on base day rates realized and higher maintenance and operating costs incurred during the quarter. During the quarter, the Corporation took a one-time charge against revenue of \$0.2 million.

Adjusting for this charge, gross margin as a percentage of revenue would have averaged 20% in the quarter and 19% year to date.

Year-to-date revenue to September 30, 2008 was \$10.3 million in comparison with \$11.4 million for the same period of the prior year. Revenue improvements in the second and third quarter of the current year in comparison with 2007 were offset by weaker results realized in the first quarter of 2008 when the Corporation shut down a number of rigs which were performing oil sands core hole drilling projects, work that was completed the first week of March. Average year-to-date revenue per day of \$16,765 is marginally higher than the rate realized for the first nine months of 2007 of \$16,624 per day. Gross margins averaged 17% for nine month period ending September 30, 2008 in comparison with 23% for the same period of 2007. Downward pressure on base day rates more than offset the favorable spending variance on operating costs, impacting the average gross margin percentage realized.

General and Administrative Expenses

General and administrative expenses were \$0.6 million in the third quarter of 2008, consistent with the same period of the prior year. The Corporation has been able to manage its operating and revenue growth while maintaining overall general and administrative costs at a level consistent with the prior year. As a result, general and administrative costs averaged 3.5% of revenue during the quarter compared to 5.4% in the third quarter of 2007. While compensation costs and legal charges were lower in the third quarter in comparison with the same period of 2007, these cost savings were substantially offset by various consulting and other general charges.

On a year-to-date basis, general and administrative costs are \$2.2 million, consistent with the comparable period of 2007. General and administrative costs averaged 5.2% of revenue versus 8.4% in the first nine months of 2007. The decrease in general and administrative costs as a percentage of revenue is primarily attributable to the Corporation's ability to manage revenue growth largely within its existing infrastructure. While compensation costs have increased by \$0.1 million during the comparable periods, legal and consulting charges have been reduced year over year, offsetting the increase in compensation costs.

Stock-based Compensation Expense

The Corporation recorded a net recovery related to stock based compensation of \$0.4 million in the quarter in comparison with a charge of \$0.1 million in the third quarter of 2007 largely as a result of a lower closing price of Technicoil's shares at the end of the quarter, which decreased by \$0.69 per share in comparison to the June 30, 2008 closing price of \$1.27 per share. Options granted subsequent to May 2006 are revalued quarterly based on the closing price of Technicoil's stock at the end of each quarter. This compensation expense will be increased up or down in future quarters depending upon the trading price of Technicoil's stock, the number of options outstanding, and the stage of vesting.

Depreciation

Depreciation expense increased to \$2.3 million in the quarter versus \$2.1 million in the third quarter of 2007. The increase in depreciation expense is due to the Storm acquisition during the third quarter of 2007 and other net equipment additions made subsequent to the third quarter of 2007. The same factors have also accounted for the \$0.9 million increase in depreciation expense year-to-date.

Interest Expense

Technicoil incurred \$0.3 million of interest expense in the quarter in comparison with \$0.4 million for the third quarter of 2007. Total long-term debt outstanding at the end of the quarter was \$22.8 million. A lower average debt balance, combined with lower interest rates, contributed to the reduction in interest expense in the quarter. Year-to-date, interest expense is \$0.9 million versus \$1.0 million in the first nine months of 2007. The favorable variance is due to lower interest rates.

Other Expense (Revenue)

Other net revenue year-to-date of \$0.3 million primarily relates to the \$0.4 million recognized in the second quarter on the forfeiture of a non-refundable deposit paid by a prospective purchaser of the Corporation's last remaining body-style coiled tubing service rig as previously discussed.

Income Taxes

Technicoil recorded income tax expense of \$0.7 million during the quarter, representing a 24.3% effective tax rate versus the 29.5% statutory rate. The lower effective tax rate is due to lower future tax rates in effect when temporary differences between the Corporation's accounting and tax values are anticipated to reverse, net of the effect of non-deductible items. Cumulatively for the year the Corporation has recorded a \$0.5 million tax expense resulting in an effective tax rate of 19.0%, lower than the current statutory tax rate. In addition to the impact of lower future tax rates, net of the effect of non-deductible items, Technicoil recorded a \$0.1 million positive tax adjustment arising from the finalization of the Corporation's December 31, 2007 corporate tax return in the first quarter of the year.

LIQUIDITY AND CAPITAL RESOURCES

Technicoil's financial position continued to strengthen during the quarter, exiting the third quarter of 2008 with a net debt balance, long-term debt less positive working capital, of \$8.9 million on assets of \$116.1 million in comparison with net debt balance of \$14.6 million at December 31, 2007.

As at September 30, 2008, the Corporation had \$0.6 million in cash and \$22.8 million in total long-term debt compared to \$1.0 million in cash and \$18.8 million in total long-term debt as at June 30, 2008. The \$4.4 million increase in the Corporation's debt balance, net of cash, during the quarter is largely a result of an increased investment in non-cash working capital from operations of \$6.5 million and net capital expenditures of \$3.4 million exceeding funds flow from operations of \$4.9 million. Capital expenditures during the quarter related largely to various maintenance capital items designed to improve the efficiency and diversity of the existing service rig operations, and for the construction of an additional service rig expected to be deployed in the first quarter of 2009.

Technicoil generated \$4.9 million in funds flow from operations during the quarter in comparison with \$3.3 million in the third quarter of 2007. Year-to-date Technicoil has focused on utilizing its funds flow from operations to finance the Corporation's capital program, and applying excess funds against its outstanding debt balance, which has resulted in Technicoil's total long-term debt, less cash, decreasing by \$1.9 million since December 31, 2007.

The Corporation's ongoing capital initiatives will be funded through funds flow from operations and the Corporation's existing credit facilities. Technicoil's credit facilities were renewed 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 \$22.8 million was drawn upon at September 30, 2008.

As at November 10, 2008, the Corporation had 72,683,848 common shares issued and outstanding and 2,927,999 stock options issued and outstanding, of which 1,636,670 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, which are available on SEDAR.

OUTLOOK

Late in the second quarter it appeared that the Canadian oil and gas industry was turning a corner with a number of oil and gas exploration companies making announcements to increase their capital program. The unexpected depth of the global financial crisis, which gripped economies around the world starting in mid September, and the significant drop in natural gas and oil prices, is anticipated to impact the oil and gas sector. Canadian operators which have partially relied on commercial paper to fund their capital programs may reduce their spending to levels managed within cash flow. While a considerable amount of uncertainty exists in the market today, the Corporation operates with a variable operating cost structure which enables Technicoil to respond to fluctuations in utilization rates arising from general market conditions.

With Technicoil's continued diversification of service offerings of its coiled tubing service rig fleet, including expansion into the northeastern British Columbia Montney resource play and SAGD opportunities in Alberta, management expects that the coiled tubing service fleet utilization will remain strong through spring break-up next year. The Corporation currently has six rigs capable of servicing the Montney resource play with one additional rig conversion to be completed before year-end to respond to the strong interest in this region. These rigs are capable of reaching depths in excess of 6,000 meters utilizing two inch coiled tubing. Activity prospects continue to improve for Technicoil's drilling rigs as well with five of the Corporation's seven hybrid drilling rigs operating at the beginning of November.

Management continues to be excited about the prospects for the fourth quarter of 2008 and into 2009 and believes that the Corporation's investment in staff and equipment will be the foundation for continued growth of the operations.

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>	September 30, 2008	December 31, 2007
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$585	\$388
Accounts receivable	15,117	10,740
Income taxes receivable	355	1,662
Inventory	2,221	2,325
Prepaid expenses	336	343
	18,614	15,458
Intangible assets	1,160	1,634
Goodwill	7,391	7,385
Property, plant and equipment	88,972	90,766
	\$116,137	\$115,243
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$4,738	\$5,556
Current portion of long-term debt	1,900	3,573
	6,638	9,129
Long-term debt	20,900	20,927
Future income taxes	10,875	9,946
	38,413	40,002
<i>Contingencies</i>		
Shareholders' equity:		
Share capital	51,491	51,107
Contributed surplus	2,193	2,352
Retained earnings	24,040	21,782
	77,724	75,241
	\$116,137	\$115,243

Consolidated Statements
of
OPERATIONS and RETAINED EARNINGS

<i>(\$ thousands except per share data) (unaudited)</i>	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Revenue	\$17,691	\$11,438	\$41,579	\$26,609
Operating expenses	11,723	7,207	29,073	18,338
Gross margin	5,968	4,231	12,506	8,271
General and administrative expenses	627	617	2,167	2,233
Stock-based compensation	(370)	74	16	283
Depreciation	2,329	2,129	6,926	6,064
Gain on sale of assets	-	(13)	-	(856)
Interest on long-term debt	280	370	908	1,038
Other expenses (revenue)	34	(24)	(300)	(61)
Net income (loss) before income tax	3,068	1,078	2,789	(430)
Income tax expense (recovery):				
Current	428	(51)	(383)	(1,691)
Future	319	379	914	1,346
	747	328	531	(345)
Net income (loss) and comprehensive income (loss) for the period	2,321	750	2,258	(85)
Retained earnings, beginning of period	21,719	18,402	21,782	19,237
Retained earnings, end of period	\$24,040	\$19,152	\$24,040	\$19,152
Earnings per share				
Basic	\$0.03	\$0.01	\$0.03	\$0.00
Diluted	\$0.03	\$0.01	\$0.03	\$0.00

**Consolidated Statements
of
CASH FLOWS**

<i>(\$ thousands) (unaudited)</i>	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Cash provided by (used in):				
Operating activities:				
Net income (loss) for the period	\$2,321	\$750	\$2,258	\$(85)
Add (deduct) non-cash items:				
Depreciation	2,329	2,129	6,926	6,064
Gain on sale of assets	-	(13)	-	(856)
Stock-based compensation	(29)	76	13	283
Future income tax	319	379	914	1,346
	4,940	3,321	10,111	6,752
Net change in non-cash working capital from operations	(6,469)	(4,480)	(2,111)	(1,153)
Net change in non-cash working capital from acquisition	-	2,208	-	2,208
Cash flow from operating activities	(1,529)	1,049	8,000	7,807
Financing activities:				
Common shares issued	108	-	212	21
Share issue costs	-	(20)	-	(20)
Net proceeds from (repayment of) revolving term loans	4,000	12,783	(1,700)	7,083
Repayment of fixed term loans	-	(3,920)	-	(5,554)
Cash flow from financing activities	4,108	8,843	(1,488)	1,530
Investing activities:				
Acquisition of property, plant and equipment	(3,440)	(1,496)	(4,720)	(5,911)
Proceeds on sale of property, plant and equipment	62	65	62	1,939
Business acquisition, net of cash acquired	-	(8,670)	-	(8,670)
Net change in non-cash working capital from the purchase of property, plant and equipment	362	(274)	(1,657)	1,484
Cash flow from investing activities	(3,016)	(10,375)	(6,315)	(11,158)
Net (decrease) increase in cash and cash equivalents	(437)	(483)	197	(1,821)
Cash and cash equivalents, beginning of period	1,022	1,709	388	3,047
Cash and cash equivalent, end of period	\$585	\$1,226	\$585	\$1,226
Cash interest paid	\$263	\$370	\$897	\$993
Cash income taxes (received) paid	(\$23)	\$999	(\$1,647)	\$1,433

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