



TECHNICOIL
CORPORATION

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Symbol: TEC
Exchange: Toronto Stock Exchange
Issued: May 9, 2011

**TECHNICOIL CORPORATION REPORTED RECORD FINANCIAL AND OPERATING RESULTS
FOR THE THREE MONTHS ENDED MARCH 31, 2011**

Technicoil Corporation (‘Technicoil’ or the ‘Corporation’) is pleased to announce record quarterly results for the three month period ended March 31, 2011. The Corporation reported revenue and EBITDA¹ of \$34.8 million and \$11.5 million, respectively. Robust activity levels in both the Well Servicing and the Drilling segment contributed to the Corporation realizing record net income of \$4.3 million, or \$0.06 per share, for the quarter.

Technicoil is an oilfield services company operating in the Western Canadian Sedimentary Basin (‘WCSB’). The Corporation’s business is conducted through two segments: Well Servicing and Drilling.

SELECT FINANCIAL & OPERATING INFORMATION

(\$ thousands, except per share data) (unaudited)	Three months ended March 31		
	2011	2010	% Change
Revenue	\$34,760	\$24,521	42%
Gross margin	\$12,483	\$8,288	51%
Gross margin %	36%	34%	6%
General and administrative expenses	\$1,035	\$871	19%
EBITDA ¹	\$11,456	\$7,423	54%
Net income	\$4,314	\$3,433	26%
Per share ó basic	\$0.06	\$0.05	20%
Per share ó diluted	\$0.06	\$0.05	20%
Funds flow from operations ¹	\$11,448	\$7,422	54%
Well servicing operating hours	25,634	17,902	43%
Drilling operating days	341	312	9%

1. See ‘FINANCIAL MEASURES RECONCILIATIONS’ for the Corporation’s definitions of these measures.

OVERVIEW OF RESULTS

Technicoil achieved record quarterly results in the first quarter of 2011, with both operating segments contributing to the improvement in comparison with the same period of the prior year. The ability to leverage the diversity of the Corporation's service offering across the WCSB contributed to the strong results. Technicoil's achievements during the first quarter included:

- Achieved record quarterly revenue and EBITDA of \$34.8 million and \$11.5 million, respectively, on 25,634 well servicing operating hours and 341 drilling operating days;
- Improved gross margin by 51% in comparison with the first quarter of the prior year. Gross margin for the first quarter of 2011 was \$12.5 million or 36% of revenue in comparison with \$8.3 million or 34% of revenue in the first quarter of the prior year;
- Increased utilization in the Well Servicing Segment, achieving record quarterly operating hours for this segment of 25,634 as a result of rigless completions and drilling support for steam assisted gravity drainage (SAGD) operations by the coiled tubing rig fleet, and conventional well services performed by the Storm Service Rigs fleet;
- Adapted to the shifting focus of exploration and development companies towards oil resulting in the hybrid drilling rig fleet exclusively servicing oil opportunities during the period;
- Reported record quarterly net earnings of \$4.3 million or \$0.06 per share;
- Remained debt-free with no drawings against either the operating or long-term debt facilities, exiting the quarter with positive working capital of \$12.3 million, including \$0.4 million of cash, providing financial flexibility to facilitate the Corporation's capital program;
- Commenced operations of the Corporation's pumping division within the Well Servicing Segment; and
- Announced a \$20.4 million capital program for 2011, including \$12.4 million for further expansion of the Corporation's pumping division.

Effective January 1, 2011, Technicoil began reporting its financial results in accordance with International Financial Reporting Standards (IFRS). The Corporation's accounting policies have changed and the presentation, financial statement captions and terminology used in this MD&A and the accompanying unaudited financial statements differ from those used in previously issued financial statements and quarterly and annual reports. The new policies have been consistently applied to all years presented in this MD&A and all prior period information has been restated or reclassified for comparative purposes unless otherwise noted. Further details on the conversion to IFRS are provided in this MD&A and in the notes to the unaudited consolidated financial statements as at and for the quarter ended March 31, 2011.

Activity in the oil and gas services industry remained robust in the first quarter of 2011 as a result of strong crude oil commodity prices and access to capital. Drilling utilization in the WCSB averaged 67% as reported by the Canadian Association of Oilwell Drilling Contractors (CAODC), resulting in 3,889 wells being drilled in the WCSB. In comparison with the first quarter of the prior year, the number of wells drilled increased by 7%, however on a meters-drilled basis, activity increased by 15%. Exploration and development companies continue to invest in oil prospects due to high commodity prices and exploitable formations using horizontal drilling and multi-stage fracturing. The continued shift in the typical well profile towards horizontal wells with multi-stage fracs will benefit service companies, such as Technicoil, with rig fleets that are capable of servicing these longer reach wells.

Subsequent to the end of the quarter, the Corporation and Essential Energy Services Ltd. (Essential) announced that they have entered into a definitive arrangement agreement providing for the combination of their businesses. The combination will be effected by way of a plan of arrangement (the Arrangement) under the Business Corporation Act (Alberta) whereby Technicoil shareholders will receive 0.7111 of a common share of Essential and \$0.80 cash for each Technicoil common share held. The transaction is an ideal opportunity to combine Technicoil's business with a significant industry service provider, creating a company that will be a leader in the growing coiled tubing well services sector. The combined entity will represent the largest independent provider of coiled tubing and nitrogen well services in Canada, including the most versatile mastered coiled tubing rig fleet available. Together with Essential's multi-stage fracturing system, the combined entity will be a leader in the market for completions and work-overs on horizontal wells. The combined entity will operate the sixth largest conventional well service rig fleet in Western Canada.

OUTLOOK

Activity levels in the WCSB remained robust in the first quarter of 2011. Industry groups are forecasting approximately 13,000 wells to be drilled in the WCSB in 2011, up from 12,112 in 2010. The type of wells being drilled has resulted in an increase in the average number of days to drill a well. Oil development is anticipated to dominate activity as a result of the relative strength of crude oil prices in comparison with natural gas prices.

Technicoil continues to seize market opportunities. The Corporation's versatile mastered coil tubing rigs are well suited to provide rigless completion services to the growing trend of horizontal wells with multi-stage fracturing techniques. These rigs actively service the key resource plays, both oil and natural gas, across the entire WCSB. Complementing these rigs is the continued expansion of the Corporation's pumping services. In March 2011, Technicoil announced a capital budget of \$20 million, including \$12.4 million pertaining to additional pumping equipment to complement the rigless completion activities of the coil tubing rig fleet. The conventional service rig fleet is also capitalizing on the changing trends in the market, which encompasses providing 24 hour operations in the oil sands. Technicoil's drilling rigs were active first quarter of 2011, providing coring in the oil sands and heavy oil drilling programs. While the oil sands coring activity is generally winter-access only, continued strength in crude oil prices and growing demand for the development and exploitation of heavy oil prospects provides a positive indicator that activity for the Technicoil's drilling rigs will be more active post spring break-up than in recent years.

FINANCIAL AND OPERATING RESULTS

FOR THE THREE MONTHS ENDED MARCH 31, 2011

REVENUE

The Corporation reported revenue of \$34.8 million for the three month period ended March 31, 2011, surpassing its highest quarter ever reported in the fourth quarter of 2010. In comparison with the first quarter of the prior year, revenue increased by 42%. Both the Well Servicing Segment and the Drilling Segment contributed to the improvement, recording revenue increases of 46% and 27%, respectively. Revenue rates during the quarter averaged \$1,097 per operating hour for the Well Servicing Segment and \$19,449 per operating day for the Drilling Segment.

The Well Servicing Segment achieved record quarterly operating hours of 25,634, representing an increase of 43% in comparison with the first quarter of 2010. The significant increase in operating hours is primarily a result of a greater proportion of the coiled tubing service rig fleet operating 24 hours per day resulting in higher utilization. The Corporation had 15 coiled tubing service rigs staffed and capable of operating 24 hours per day during the first quarter of 2011 in comparison with approximately nine in the first quarter of the prior year. The majority of operations performed by the coil tubing service rig fleet include rigless

completions of multi-stage horizontal wells, both oil and gas, and support for steam assisted gravity drainage (SAGD) drilling operations. A significant shift in the operational focus of the coiled tubing rigs occurred in comparison with the same period of the prior year, with the majority of equipment operating in oil plays as exploration and development companies shift their resources to oil developments. Utilization of the Corporation's conventional service rig fleet was consistent with the prior year, exceeding industry average. This fleet has also shifted towards oil opportunities, including the oil sands, with certain rigs operating 24 hours per day. Activity levels improved for the Drilling Segment, which recorded 341 operating days in the first quarter of 2011 in comparison with 312 operating days for the same period of the prior year. Activity for the drilling fleet was focused on heavy oil developments and coring in the oil sands during the quarter.

GROSS MARGIN

Technicoil realized a record gross margin of \$12.5 million in the first quarter of 2011, an increase of 51% in comparison with the same period of the prior year. The improvement in gross margin is a result of higher utilization across both the Well Servicing and Drilling segments and an improvement in pricing fundamentals. As a percentage of revenue, gross margin improved to 36% from 34% in the same period of the prior year.

GENERAL AND ADMINISTRATIVE EXPENSE AND SHARE BASED PAYMENTS EXPENSE

General and administrative (G&A) expense was \$1.0 million for the three months ended March 31, 2011 in comparison with \$0.9 million for the comparable period of the prior year. The increase is primarily attributable to costs incurred pertaining to the proposed Arrangement to combine the businesses of Technicoil and Essential, and an increase in office and related overhead costs. As a percentage of revenue, G&A expense decreased from 3.6% of revenue in the first quarter of 2010 to 3.0% in the current quarter.

The Corporation recorded a share based payments expense of \$2.5 million in the first quarter of 2011 as a result of revaluing the liability pertaining to outstanding options as at March 31, 2011. As at March 31, 2011, the Corporation had 3,869,999 options outstanding.

EBITDA

The impact of the above items resulted in the Corporation achieving record quarterly EBITDA of \$11.5 million in the first quarter of 2011, or 33% of revenue, an increase from \$7.4 million, or 30% of revenue, for the same period of the prior year. The primary driver of the improvement in EBITDA is the continued geographic expansion of rigless completions by the coil tubing service rigs, operating 24 hours per day, resulting in higher operating hours. Improved results of both the conventional service rigs and drilling rig fleets also contributed to the improvement.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense was \$2.2 million in the first quarter of 2011, a decrease from \$2.5 million for the same period of the prior year. The decrease is a result of intangible assets becoming fully amortized in the third quarter of 2010, and lower depreciation expense on older equipment more than offsetting the impact on depreciation of the net capital expenditure programs.

OTHER ITEMS

Net financing costs were less than \$0.1 million in the first quarter of 2011, a decrease from \$0.2 million in comparison with the same period of the prior year. The reduction is primarily a result of the Corporation having fully repaid its long-term debt facility in May 2010. The net financing costs relate primarily to standby fees on the unutilized portion of the banking facilities and amortization of the annual facility renewal costs.

The Corporation recorded income tax expense of \$2.4 million in the first quarter of 2011 in comparison with \$1.2 million in the comparable period of the prior year. The effective tax rate for the quarter of 36% is higher than the statutory rate primarily as a result of non-deductible permanent differences, including the share based payments expense.

Technicoil reported record quarterly net income of \$4.3 million, or \$0.06 per share, for the three months ended March 31, 2011, an increase from \$3.4 million, or \$0.05 per share, for the same period of the prior year. The significant improvement in comparison with the same period of the prior year is primarily a result of the record quarterly operating hours achieved by the Well Servicing Segment, improved pricing fundamentals and cost efficiencies.

SEGMENTED RESULTS

WELL SERVICING SEGMENT

The Well Servicing Segment provides coiled tubing and conventional service rigs to the WCSB. Well Servicing is the largest segment of the Corporation. The key performance indicators for this segment include rig utilization, revenue and gross margin percentage. At March 31, 2011, the Corporation had a modern rig fleet comprised of 17 coil tubing service rigs and nine conventional service rigs, with an average age of approximately five years. In addition, the Corporation has two TMX Xcelerator units. The Xcelerator units are used to pull and replace continuous rod strings in wells. The operational footprint of the Well Servicing Segment spans the key resource plays in the WCSB from northeastern British Columbia to southwestern Manitoba.

The Corporation commenced its pumping operations in the first quarter of 2011. The pumping equipment will initially complement the Corporation's rigless completion activities performed by the coiled tubing service rigs in the resource plays. One pumping unit began operations during the quarter, while four additional units will be field ready after spring break-up. The Corporation intends to invest an additional \$12.4 million in the pumping operation in 2011 enabling the majority of its coiled tubing service rig fleet to provide a more comprehensive service offering.

The Corporation's coil tubing service rigs are capable of servicing the horizontal wells that dominate activity in the WCSB. This equipment provides services such as rigless completions and various other well services performed on new oil and gas wells, such as the setting of plugs, perforations and drill outs. The Corporation also deploys its coil tubing service rigs in SAGD drilling operations in addition to offering the traditional fracturing through coil applications. The Corporation's modern fleet of conventional service rigs provides services such as completions, production work, work overs and abandonments.

<i>Three months ended March 31</i> <i>(\$ thousands except for revenue per operating hour)(unaudited)</i>	2011	2010	Variance	% Change
Well servicing revenue	\$28,128	\$19,314	\$8,814	46%
Operating expenses	17,959	12,503	5,456	44%
Gross margin	\$10,169	\$6,811	\$3,358	49%
Gross margin %	36%	35%	1%	3%
Operating hours	25,634	17,902	7,732	43%
Revenue per operating hour	\$1,097	\$1,079	\$18	2%
Number of wells serviced during the period	612	510	102	20%

The Well Servicing segment generated record quarterly revenue of \$28.1 million for the three months ended March 31, 2011, an increase of 46% in comparison with the same period of the prior year. On a per hour basis, revenue increased marginally to \$1,097.

The significant improvement in revenue is largely attributable to a 43% increase in operating hours. The Corporation's coiled tubing service rigs remain industry leaders in providing completion services for multi-stage horizontal wells. With continued robust crude oil prices, exploration and production companies continue to shift their capital programs towards oil developments using horizontal drilling and multistage fracturing. Technicoil responded by redeploying the coiled tubing rigs to service primarily oil opportunities including the Bakken, Shaunavon, and Cardium, while continuing to service, albeit at a lesser pace, shale gas opportunities in northeastern British Columbia. Technicoil's fleet of coiled tubing service rigs generally operate 24 hours per day. During the first quarter of 2011, the Corporation commenced its complementary pumping operation, displacing third party service providers Technicoil was previously reliant upon. While only one of the initial five units was operational in the quarter, an additional four units will be operational post spring break-up. Utilization of the Corporation's conventional service rig fleet remained robust, with an increased focus on oil opportunities including the oil sands where the Corporation has one rig operating 24 hours per day. Technicoil's diversity enabled the Corporation to service activity across the entire WCSB, resulting in revenue generated from outside Alberta accounting for 62% of activity for the Well Servicing segment, including 17% in British Columbia and 45% from the combined Saskatchewan and Manitoba region.

Gross margin for the Well Servicing segment increased by 49% to \$10.2 million or 36% of revenue in the first quarter of 2011 in comparison with \$6.8 million or 35% for the same period of the prior year. The improvement in gross margin is a result of increased utilization.

DRILLING SEGMENT

The Drilling Segment provides hybrid drilling rigs to the WCSB. Results of the Drilling Segment tend to be more volatile than the Well Servicing Segment due in part to seasonal restrictions on moving equipment and fluctuations in drilling programs of exploration and production companies. The key performance indicators for this segment include rig utilization, revenue and gross margin percentage. At March 31, 2011, the Corporation had five drilling rigs available with an average age of approximately five years. The Corporation's hybrid drilling rigs are capable of drilling with both jointed pipe or coiled tubing. The majority of activity for these rigs includes drilling shallow natural gas wells, heavy oil wells, oil sands coring and shallow directional drilling.

<i>Three months ended March 31</i> <i>(\$ thousands except for revenue per operating day)(unaudited)</i>	2011	2010	Variance	% Change
Drilling revenue	\$6,632	\$5,207	\$1,425	27%
Operating expenses	4,318	3,730	588	16%
Gross margin	\$2,314	\$1,477	\$837	57%
Gross margin %	35%	28%	7%	25%
Utilization % ¹	76%	58%	18%	31%
Operating days	341	312	29	9%
Revenue per operating day	\$19,449	\$16,689	\$2,760	17%
Number of wells drilled during the period	86	149	(63)	(42%)

¹ Utilization % for the Corporation's drilling rigs is defined as the number of spud to rig release days for the period divided by the number of rig days for the period calculated from the date of possession.

Drilling rig utilization for the industry as reported by the CAODC averaged 67% in first quarter of 2011, an increase from 52% in comparison with the same period of 2010, resulting in 3,889 wells drilled (source: Nickle's Daily Oil Bulletin) in the WCSB. The

majority of drilling activity in the WCSB continues to be directed towards deeper horizontal wells that the Corporation's rigs are not capable of performing. Over the past five years, the average depth of a well drilled in the WCSB has increased by 48% to 1,760 meters. Development activity directed towards oil, including heavy oil and oil sands coring programs, are increasing as a result of more sustainable oil commodity prices. These markets are serviced by the Corporation's drilling rigs.

Technicoil recorded \$6.6 million in revenue for the Drilling Segment in the first quarter of 2011, an increase of 27% in comparison with the same period of the prior year. The improvement in revenue is attributable to an increase in operating days and improved pricing fundamentals. Revenue per operating day increased from \$16,689 to \$19,449. The Corporation's revenue per operating day includes revenues from supporting services, many of which are pass-through cost items charged to the customer such as fuel and crew subsistence. The Corporation recorded a gross margin of \$2.3 million or 35% of revenue in comparison with \$1.5 million or 28% of revenue for the same period of the prior year. The improvement in gross margin was a result of increased activity and improved pricing fundamentals more than offsetting a marginal increase in per hour operating costs. The Corporation had all five drilling rigs operating during the quarter, with activity focused exclusively on oil plays including coring in the oil sands.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation's primary sources of liquidity and capital resources are funds generated from continuing operations and banking facilities. The Corporation expects to generate sufficient cash from operations to fund liabilities as they become due and finance planned investing activity throughout 2011. Additional liquidity, if necessary, is available under the Corporation's credit facilities.

The Corporation's credit facilities are comprised of a \$4 million revolving operating facility and a \$21 million revolving term facility. The credit facilities mature on May 27, 2011 and are extendable at the banks' option in May of each year. To the extent the revolving term facility is not renewed, the outstanding balance becomes repayable over a two year period, based on a two year amortization schedule. The financial terms of the facilities enable the Corporation to borrow by either floating prime rate based advances or through Bankers' Acceptances in Canadian dollars. Depending on certain financial ratios, the facilities bear interest at the bankers' prime rate plus 1.00% to 3.00% or the bankers' acceptance rate plus a stamping fee of 2.50% to 4.25%. The credit facilities require the Corporation to maintain certain covenants. The Corporation was in compliance with the covenants at March 31, 2011 and as at May 9, 2011.

Technicoil's financial position is strong. The Corporation had no drawings against either its operating facility or revolving term facility as at March 31, 2011 or December 31, 2010. As at May 9, 2011, Technicoil had 72,755,515 common shares issued and outstanding.

Operating Activities

The Corporation generated cash flow from operating activities of \$8.6 million in the first quarter of 2011 compared with \$4.9 million for the same period of the prior year. Adjusting for changes in non-cash working capital, the Corporation generated \$11.4 million in funds flow during the period, an increase from \$7.4 million in the comparable period of the prior year. Record operating hours by the Well Servicing Segment, improved pricing fundamentals and cost efficiencies contributed to the improvement.

Financing Activities

The Corporation issued 10,000 shares upon the exercise of stock options during the first quarter of 2011 for nominal proceeds. Other financing transactions during the period related to the amortization of transaction costs for loans and borrowings and the payment of finance lease obligations, totaling \$0.1 million in aggregate.

Investing Activities

The Corporation invested \$4.8 million in property, plant and equipment during the first three months of 2011. The capital expenditures included \$3.4 million related to the pumping services capital program and other capital initiatives of \$1.4 million. During the quarter the Corporation disposed of underutilized and redundant assets, generating proceeds of \$40,000.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effective January 1, 2011, the Corporation adopted International Financial Reporting Standards. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences on recognition, measurement and disclosures. The adoption of IFRS required the restatement, for comparative purposes, of amounts reported by Technicoil for the year ended December 31, 2010, including the opening balance sheet as at January 1, 2010.

As a result of the policy choices selected by Technicoil, the Corporation recorded a reduction in retained earnings of \$6.6 million as at January 1, 2010. The table below outlines the adjustment to retained earnings upon adoption of IFRS on January 1, 2010, March 31, 2010 and December 31, 2010 for comparative purposes.

<i>(\$ thousands)(unaudited)</i>	<i>As at January 1, 2010</i>	<i>As at March 31, 2010</i>	<i>As at December 31, 2010</i>
Retained earnings under Canadian GAAP	\$ 12,025	\$ 15,633	\$ 22,117
Retained earnings adjustments:			
Property, plant & equipment	(11,675)	(11,880)	(12,126)
Finance leases	(10)	(9)	(2)
Share based payments	2,196	2,181	2,385
Taxes arising from IFRS policy decisions	2,928	2,972	3,032
Total IFRS adjustments to retained earnings	(6,561)	(6,736)	(6,711)
Retained earnings under IFRS	\$ 5,464	\$ 8,897	\$ 15,406

As a result of the policy choices selected by Technicoil and changes that were required under IFRS, the Corporation recorded a decrease in net earnings of \$0.2 million and \$0.2 million for the three months ended March 31, 2010 and the year end December 31, 2010, respectively. The following is a summary of the adjustment to the consolidated statement of comprehensive income for the three months ended March 31, 2010 and the year ended December 31, 2010.

<i>(\$ thousands)(unaudited)</i>	<i>Three months ended, March 31, 2010</i>	<i>Year ended December 31, 2010</i>
Comprehensive income under Canadian GAAP	\$ 3,608	\$ 10,092
Adjustments:		
Property, plant & equipment	(205)	(451)
Finance leases	1	8
Share based payments	(15)	189
Taxes arising from IFRS policy decisions	44	104
Total IFRS adjustments	(175)	(150)
Comprehensive income under IFRS	\$3,433	\$ 9,942

FINANCIAL MEASURES RECONCILIATIONS

This news release contains references to certain financial measures that do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. These measures are computed on a consistent basis for each reporting period and include EBITDA and funds flow from operations. These financial measures are identified and defined as follows:

EBITDA is a measure of the Corporation's operating profitability. EBITDA provides an indication of the results generated by the Corporation's principal business activities prior to how these activities are financed including the impact of share based payments, how assets are depreciated, amortized or impaired, or how the results are taxed. The Corporation calculates EBITDA as follows:

<i>(\$ thousands)(unaudited)</i>	<i>Three months ended March 31</i>	
	2011	2010
Net profit before income tax	\$6,752	\$4,616
Add: Depreciation and amortization	2,170	2,540
Net finance costs	51	225
Share based payments expense	2,483	42
EBITDA	\$11,456	\$7,423

Funds flow from operations is defined as cash from operating activities before changes in non-cash working capital from operating activities. Management believes 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. The Corporation calculates funds flow from operations as follows:

<i>(\$ thousands)(unaudited)</i>	<i>Three months ended March 31</i>	
	2011	2010
Cash generated from operating activities	\$8,617	\$4,858
Add:		
Net change in non-cash working capital from operations	2,831	2,564
Funds flow from operations	\$11,448	\$7,422

FORWARD-LOOKING STATEMENTS

This news release contains certain forward-looking information (referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "intend", "estimate", "expect", "may", "will", "should", or similar words suggesting future activities or outcomes. In particular, this news release refers to forward-looking statements: (i) by analysts relating to forecast natural gas prices and drilling activity in the WCSB; and (ii) relating to the Corporation's business plan and operational outlook.

Forward-looking statements respecting analysts' forecasts of natural gas prices and drilling activity in the WCSB are based on assumptions made by such analysts that are unknown to the Corporation.

Forward-looking statements respecting the Corporation's business plan and operational outlook are based on various assumptions and factors, including: (i) that the sources of funding which Technicoil has relied upon in the past will continue to be available to it on acceptable terms, (ii) the absence of material changes in economic and operating conditions, including, but not limited to, commodity prices, (iii) the availability and cost of labour, and (iv) no material changes in currency exchange rates, interest rates, the regulatory framework regarding oil and natural gas royalties, environmental legislation and weather conditions.

Management of the Corporation believes that such forward-looking statements are subject to certain risks, including unanticipated changes to geopolitical conditions, economic conditions, fluctuations in currency exchange and interest rates, weather conditions, the production and storage levels of natural gas, the level of consumer demand, the price and availability of alternative fuels, the effect of energy conservation measures and government regulations.

The forward-looking statements contained in this news release are made as of the date hereof and the Corporation does not undertake any obligation to publicly update or revise any of the included forward-looking statements, except as required by applicable Canadian securities law. Forward-looking statements are based upon the opinions and expectations of management of the Corporation as at the effective date of such statements and, in some cases, information supplied by third parties. Although the Corporation believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from third parties is reliable, it can give no assurance that those expectations will prove to have been correct. Forward-looking statements are subject to certain risks and uncertainties that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. Accordingly, readers should not place undue reliance upon the forward-looking statements contained in this news release and such forward-looking statements should not be interpreted or regarded as guarantees of future outcomes.

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TECHNICOIL CORPORATION

Condensed Consolidated Statement of Financial Position

<i>(Thousands) (unaudited)</i>	March 31, 2011	December 31, 2010	January 1, 2010
Assets			
Current assets:			
Cash	\$ 390	\$ 837	\$ -
Trade and other receivables	28,322	26,011	11,562
Income taxes receivable	-	-	134
Inventories	2,148	1,593	2,231
Prepayments	344	536	579
	31,204	28,977	14,506
Non-current assets:			
Intangible assets	-	-	369
Property, plant and equipment	66,079	63,444	65,135
	66,079	63,444	65,504
Total Assets	\$97,283	\$92,421	\$80,010
Liabilities			
Current liabilities:			
Bank operating loan	\$ -	\$ -	\$740
Trade and other payables	11,955	12,594	6,730
Income taxes payable	1,978	3,131	-
Current portion of loans and borrowings	257	278	2,878
Share based payments liability	4,715	2,252	523
	18,905	18,255	10,871
Non-current liabilities:			
Loans and borrowings	31	79	6,381
Deferred tax liability	7,439	7,518	6,227
	7,470	7,597	12,608
Total Liabilities	26,375	25,852	23,479
<i>Subsequent event</i>			
Equity			
Share capital	51,188	51,163	51,067
Retained earnings	19,720	15,406	5,464
Total Equity	70,908	66,569	56,531
Total Liabilities and Equity	\$97,283	\$92,421	\$80,010

TECHNICOIL CORPORATION

Condensed Consolidated Statement of Comprehensive Income

<i>(Thousands) (unaudited)</i>	For the three month period ended	
	March 31, 2011	March 31, 2010
Revenue	\$34,760	\$24,521
Operating expenses	22,277	16,233
Gross margin	12,483	8,288
General and administrative expenses	1,035	871
Bad debt recovery	-	(5)
Share based payment expense	2,483	42
Depreciation and amortization	2,170	2,540
Gain on sale of assets	(8)	(1)
Net finance costs	51	225
Profit before income tax	6,752	4,616
Income tax expense	2,438	1,183
Profit and total comprehensive income for the period	\$4,314	\$3,433
Earnings per share		
Basic	\$0.06	\$0.05
Diluted	\$0.06	\$0.05

TECHNICOIL CORPORATION

Condensed Consolidated Statements of Cash Flows

	For the three month period ended	
<i>(Thousands) (unaudited)</i>	March 31, 2011	March 31, 2010
Cash provided by (used in):		
Operating activities		
Profit for the period	\$4,314	\$3,433
Adjustments for:		
Depreciation and amortization	2,170	2,540
Gain on sale of property, plant and equipment	(8)	(1)
Share based payment expense	2,483	42
Net finance costs	51	225
Income tax expense	2,438	1,183
	11,448	7,422
Change in:		
Trade and other receivables	(2,311)	(3,283)
Inventories	(555)	186
Prepayments	192	205
Trade and other payables	(157)	328
Cash generated from operating activities	8,617	4,858
Interest paid	(11)	(119)
Income taxes paid	(3,670)	-
Cash flow from operating activities	4,936	4,739
Investing activities		
Interest received	9	1
Acquisition of property, plant and equipment	(4,837)	(587)
Proceeds from sale of property, plant and equipment	40	22
Net change in trade and other payables from the purchase of property, plant and equipment	(482)	(238)
Cash flow from investing activities	(5,270)	(802)
Financing activities		
Proceeds from exercise of share options	5	-
Payment of transaction costs related to loans and borrowings	(49)	(107)
Payment of finance lease liabilities	(69)	(92)
Repayment of revolving term loans	-	(3,255)
Cash flow from financing activities	(113)	(3,454)
Net (decrease) increase in cash	(447)	483
Cash (bank indebtedness), beginning of period	837	(740)
Cash (bank indebtedness), end of period	\$ 390	\$(257)