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**TECHNICOIL CORPORATION ANNOUNCES FINANCIAL AND OPERATING RESULTS
FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2005**

This news release contains forward-looking information within the meaning of applicable securities laws. Forward-looking information may include estimates, plans expectations, forecasts, guidance or other statements that are not statements of fact. Such information, although considered reasonable by Technicoil at the time of preparation is subject to certain risks and uncertainties and may prove to be incorrect and actual results may differ, possibly materially, from expectations. The reader should be aware that historical results are not necessarily indicative of future performance. The Corporation does not undertake an obligation to update its forward-looking statements except as required by law.

Summary of Annual Financial Results

(\$ thousands except per share data)	2005	2004	2003
Number of rigs owned as at December 31	22	9	9
Average number of rigs available during the period	11.6	7.9	9.3
Revenue	\$ 37,519	\$ 25,897	\$ 18,659
Gross margin	\$ 13,856	\$ 11,067	\$ 6,779
Gross margin %	37%	43%	36%
General and administrative expenses	\$ 3,368	\$ 1,791	\$ 1,180
EBITDA	\$ 10,488	\$ 9,365	\$ 5,525
Net income	\$ 4,304	\$ 4,729	\$ 1,307
Earnings per share - basic	\$ 0.08	\$ 0.10	\$ 0.03
Earnings per share - diluted	\$ 0.07	\$ 0.10	\$ 0.03
Funds flow from operations	\$ 10,671	\$ 7,795	\$ 4,514
Total assets	\$ 82,958	\$ 56,937	\$ 30,506
Long-term financial liabilities	\$ 7,500	–	\$ 3,070
Debt to equity ratio	0.55	0.21	0.47

Highlights

Technicoil embarked on a significant capital expansion program in 2005 to add four new coiled tubing drilling rigs and eleven new coiled tubing fracturing rigs. Construction of the four new drilling rigs was completed during the second and third quarters of the year at which time the rigs were added to the fleet. Construction on the eleven new fracturing rigs encountered many construction delays as the high industry demand for equipment and labour resulted in a shortage of certain critical rig components and skilled manufacturing labour. As a result of these delays, construction of the first fracturing rig was not completed until October 2005, with two rigs being delivered in October, two in November and five in the later half of December. Construction of the final two fracturing rigs was completed in early 2006 at which time the final two fracturing rigs were added to the fleet.

Financial and Operating Results for the Fourth Quarter and Year Ended December 31, 2005

As a result of the increased fleet size, the Corporation's total revenue increased by 45% over 2004 to \$37.5 million with drilling revenue increasing by 116% and fracturing revenue increasing by 15%. The four new drilling rigs entered service between May and August, and were met with high industry demand as oil and gas prices reached record levels. The drilling operations provided 44% of the Corporation's revenue in 2005 compared to 29% in 2004, as the drilling rigs accounted for a greater proportion of the Corporation's fleet in 2005 versus 2004. As discussed above, the eleven new fracturing rigs under construction in 2005 encountered manufacturing delays throughout the year, therefore, the new fracturing rigs were not able to significantly contribute to the Corporation's 2005 operating and financial results.

The Corporation prepared for the 2005 capital expansion by investing in training and infrastructure in advance of the new rigs entering the fleet. The fracturing operations required a high investment in labour and training costs in order to ensure adequate skilled labour resources were available to operate the new rigs coming into service. This investment, combined with the delays in arrival of the rigs, resulted in higher than normal costs being incurred for the majority of the year. Continual delays in equipment deliveries resulted in increased direct and overhead costs without the benefit of increased fracturing revenue. Therefore, even though revenue increased by 45% during the year, there was not a corresponding increase in EBITDA as EBITDA increased by only 12% from 2004 to 2005. The Corporation's gross margin as a percentage of revenue decreased to 37% in 2005 from 43% in 2004 due to lower fracturing margins and the relative growth of the Corporation's drilling operations which traditionally produce a lower margin than the fracturing operations. General and administrative expenses also increased significantly over 2004 due to an increase in stock-based compensation, legal, consulting and other professional services expenses, as well as the cost of the Corporation's TSX listing which occurred on September 13, 2005.

The lower gross margin percentage, combined with higher general and administrative and depreciation expenses, resulted in a 9% decrease in net income over 2004 to \$4.3 million or \$0.08 per share in 2005 from \$4.7 million or \$0.10 per share in 2004. Funds flow from operations did not experience the same decline as net income as a large portion of the increased expenses were non-cash expenses, such as depreciation, stock-based compensation and future income tax, which increased by \$3.3 million or 108% in 2005 versus 2004. Funds flow from operations increased by 37% to \$10.7 million in 2005 versus \$7.8 million in 2004.

Results of Operations

FRACTURING OPERATIONS

Year ended December 31 (\$ thousands)	2005	2004	Variance	% Change
Fracturing revenue	\$ 21,161	\$ 18,334	\$ 2,827	15%
Operating expenses	\$ 11,960	\$ 9,316	\$ 2,644	28%
Gross margin	\$ 9,201	\$ 9,018	\$ 183	2%
Gross margin %	43%	49%	(6%)	(12%)
Utilization %	54%	57%	(3%)	(5%)
Average number of rigs available during the year	7.7	5.9	1.8	31%
Number of wells completed	1,958	1,983	(25)	(1%)

Fracturing revenue increased by 15% to \$21.2 million in 2005 compared to \$18.3 million in 2004. The revenue growth is primarily due to an increase in revenue rates and from providing additional ancillary services to customers since the middle of 2004. The average revenue per well increased to \$10,807 in 2005 from \$9,246 per well in 2004. Increases in the Corporation's fleet size did not occur until the fourth quarter of 2005, therefore the capital

Financial and Operating Results for the Fourth Quarter and Year Ended December 31, 2005

expansion had little impact on the Corporation's results in 2005. Despite having an average of 1.8 additional rigs available in 2005 compared to 2004, the Corporation fractured 25 fewer wells in 2005 versus 2004. Weather related delays were encountered in both June and November of 2005, causing field activity to decrease significantly in these months due to excessively wet ground conditions. Similar weather related delays were not encountered to the same extent in 2004, and the Corporation benefited from abnormally high utilization during the 2004 spring break up period when two rigs were able to continuously operate in the Suffield block, an area in southern Alberta, which is not subject to the highway road bans. An increase in the proportion of Coal Bed Methane ("CBM") wells fractured in 2005 compared to 2004 is an additional factor contributing to the reduced number of wells fractured in 2005. CBM wells typically have more zones to fracture than non-CBM gas wells, therefore, the average time per well increased approximately one hour in 2005 versus 2004.

The Corporation's fracturing gross margin increased by \$0.2 million to \$9.2 million in 2005 versus \$9.0 million in 2004. The 2% gross margin increase is below the 15% increase in revenue as cost increases related to the pre-expansion investments outpaced revenue growth. Gross margin as a percentage of revenue was 43% in 2005 compared to 49% in 2004. Labour costs, already the Corporation's largest expense, were much higher in 2005 than in 2004 as a shortage of skilled labour in the industry required the Corporation to overstaff its fracturing crews throughout most of 2005 in order to ensure sufficient labour resources were available to staff its 11 new fracturing rigs coming into service. The additional manpower decreased the Corporation's gross margin by approximately \$0.6 million or 3% in 2005, but was a necessary investment in order to ensure the efficient and safe operation of the new rigs. The gross margin was also negatively impacted by high maintenance costs incurred on the Corporation's older rigs in the first quarter of 2005.

Similar to the Corporation's increase in direct labour costs, operations overhead costs were also higher throughout 2005 versus 2004. The Corporation increased its field and office staff in 2005 in preparation of supporting the new fracturing rigs. Continual delays in the equipment deliveries resulted in increased overhead costs without the benefit of increased fracturing revenue.

DRILLING OPERATIONS

<i>Year ended December 31 (\$ thousands)</i>	2005	2004	Variance	% Change
Drilling revenue	\$ 16,358	\$ 7,563	\$ 8,795	116%
Operating expenses	\$ 11,703	\$ 5,514	\$ 6,189	112%
Gross margin	\$ 4,655	\$ 2,049	\$ 2,606	127%
Gross margin %	28%	27%	1%	4%
Utilization %	63%	65%	(2%)	(3%)
Average number of rigs available during the year	3.9	2.0	1.9	95%
Number of wells completed	409	258	151	59%

Drilling revenue increased by 116% to \$16.4 million in 2005 compared to \$7.6 million in 2004. The revenue growth is due to an increase in fleet size from an average of 2.0 rigs operating in 2004 to 3.9 rigs operating in 2005. Two drilling rigs were added to the fleet in the second quarter of 2005 with an additional two rigs entering service in the third quarter of 2005 to bring the Corporation's drilling fleet to a total of six rigs. In July, one of the Corporation's new drilling rigs suffered damage during transport by a third party carrier and was out of service for three months. Insurance proceeds covered the cost of the repairs, however no amount was recovered for lost revenue. The drilling rigs attained a 63% utilization rate in 2005 which is consistent with the 65% utilization attained in 2004. The 2005 utilization percentage would have been 68% if the damaged rig was excluded from the calculation for the period

Financial and Operating Results for the Fourth Quarter and Year Ended December 31, 2005

while it was under repair. An increase in revenue rates also accounted for a portion of the increased revenue, as the average day rate increased by 13% to \$18,055 per day in 2005 versus \$15,956 per day in 2004. This increase was in response to increased costs and high industry demand for drilling rigs.

The Corporation's drilling gross margin increased by 127% in 2005 compared to 2004, which exceeds the 116% increase in revenue over the same period. Gross margin was 28% of revenue in 2005 compared to 27% in 2004. The increased gross margin percentage is a result of lower maintenance and operating costs on the four new drilling rigs that were added this year versus the two older rigs that comprised of the Corporation's drilling fleet in 2004. The reduced maintenance and operating costs were offset by high initial overhead and startup costs associated with the drilling fleet expansion in the first and second quarters of 2005. The gross margin percentage was 33% for the second half of the year compared to 14% for the first half of the year.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by 88% to \$3.4 million in 2005 from \$1.8 million in 2004. Almost half of the increase in the Corporation's general and administrative expenses is attributed to stock-based compensation expense and non-cash Director compensation which increased by \$0.7 million over the 2004 amount as a result of issuing stock options and from issuing shares to outside Directors as part of their compensation package. Expenses relating to the Corporation's TSX listing also accounted for \$0.2 million of the increase, with legal expenses and consulting fees for other professional services also accounting for \$0.5 million of the increase. General and administrative expenses also rose slightly as the Corporation added additional personnel and upgraded its infrastructure and systems to accommodate its fleet expansion. General and administrative expenses were 9% of revenue in 2005 compared to 7% in 2004.

DEPRECIATION AND GAIN ON SALE OF ASSETS

Depreciation expense increased by 65% to \$3.5 million in 2005 from \$2.1 million in 2004. Depreciable assets increased by 142% over the same period due to the addition of thirteen new rigs in 2005, the majority of which were added in the second half of the year. The Corporation depreciates assets based on the month they enter service, therefore depreciation expense was much lower in the first half of 2005 compared to the second half of 2005.

The Corporation realized a small gain on the sale of assets during the year as certain technology and patent rights pertaining to methods for drilling and servicing oil and gas wells with coiled tubing were assigned to an unrelated company for nominal cash proceeds and a royalty-free perpetual license to continue to use the technology and intellectual property.

INTEREST, FOREIGN CURRENCY AND TAXES

The Corporation incurred \$0.1 million of interest expense in both 2005 and 2004, respectively. In 2005, the Corporation had no debt outstanding until late in June, and had \$9.0 million outstanding at December 31, 2005. Other interest represents interest paid on the Corporation's \$2.0 million operating line of credit, net of any interest income earned in the first half of the year as payment terms for equipment under construction, combined with construction delays, did not necessitate a use of funds during that time.

The Corporation realized a nominal foreign exchange loss in 2005 due to unfavourable declines in the exchange rate at times when it had unhedged U.S. dollar denominated payables outstanding for equipment purchases. The Corporation's operations are currently based in Canada, therefore, it has limited exposure to foreign currency risk at this time.

Financial and Operating Results for the Fourth Quarter and Year Ended December 31, 2005

The Corporation's effective tax rate was 38.4% for 2005 compared to 34.0% for 2004. The increase over the prior year is due to stock-based compensation expense, a non-deductible expense for tax purposes, increasing from 4% of our 2004 pre-tax income to 14% of the Corporation's 2005 pre-tax income. The Corporation's current tax rate was 11.7% in 2005 compared to 26.4% in 2004 due to claiming higher capital cost allowance in 2005 related to the new drilling and fracturing rigs added during the year.

2005 Fourth Quarter Discussion

The Corporation generated \$13.5 million in revenue in the fourth quarter of 2005, which is a 56% increase over the \$8.7 million of revenue reported in the fourth quarter of 2004 and marks the highest revenue and EBITDA recorded in a quarter by the Corporation. This revenue increase is primarily a result of the Corporation's increased drilling and fracturing fleet. During the quarter the Corporation took delivery of an additional nine fracturing rigs, two in October, two in November and five in December. The final two fracturing rigs from the Corporation's 2005 rig expansion were completed in early 2006.

Gross margin as a percentage of revenue in the fourth quarter of 2005 was 38% versus 44% in the fourth quarter of 2004. The lower margin is primarily due to the Corporation's drilling operations providing 52% of the Corporation's revenue this quarter versus only 27% in the fourth quarter of 2004. The Corporation's drilling operations traditionally produce a lower margin than the fracturing operations, therefore the increased proportion of drilling operations this quarter has resulted in an overall decrease in gross margin.

Funds flow from operations increased by 66% to \$4.4 million in the fourth quarter of 2005 versus \$2.6 million in the fourth quarter of 2004. However, non-cash expenses such as depreciation, stock-based compensation and future income tax increased by 159% over the same period, resulting in only a 8% increase in net income in the fourth quarter of 2005 to \$1.8 million versus \$1.6 million in the fourth quarter of 2004. Basic and diluted earnings per share were \$0.03 this quarter, which is consistent with the fourth quarter of 2004.

FRACTURING OPERATIONS

Three months ended December 31
(\$ thousands)(unaudited)

	2005	2004	Variance	% Change
Fracturing revenue	\$ 6,475	\$ 6,323	\$ 152	2%
Operating expenses	\$ 3,843	\$ 3,138	\$ 705	22%
Gross margin	\$ 2,632	\$ 3,185	\$ (553)	(17%)
Gross margin %	41%	50%	(9%)	(18%)
Utilization %	53%	70%	(17%)	(24%)
Average number of rigs available during the quarter	9.9	6.0	3.9	65%
Number of wells completed	579	631	(52)	(8%)

Fracturing revenue increased by 2% to \$6.5 million in the fourth quarter of 2005 compared to \$6.3 million in the fourth quarter of 2004. The fourth quarter revenue growth is due to an increase in revenue rates combined with an increase in the average number of rigs available. Although the Corporation's fracturing rig fleet increased in the quarter, the Corporation was not able to take full advantage of the increased fleet as a result of weather related delays in November and lower activity levels over the Christmas holidays. As a result of these lost activity days, the fracturing rig utilization rate was only 53% in the fourth quarter of 2005 compared to 70% in the fourth quarter of 2004.

Financial and Operating Results for the Fourth Quarter and Year Ended December 31, 2005

The Corporation's fracturing gross margin decreased by 17% to \$2.6 million in the fourth quarter of 2005 versus \$3.2 million earned in the fourth quarter of 2004. This decrease is a result of low equipment utilization during the month of November due to adverse weather conditions. In addition, higher operating costs were initially incurred on the new rigs as the crews worked to establish efficient operations. Gross margin as a percentage of revenue generated from the fracturing operations was 41% in the fourth quarter of 2005 compared to 50% in the fourth quarter of 2004. In addition, similar to the first nine months of 2005, operations overhead costs were higher this quarter than in 2004 due to increased field and office staff in conjunction with the fracturing rig fleet expansion undertaken in 2005.

DRILLING OPERATIONS

Three months ended December 31,
(\$ thousands)(unaudited)

	2005	2004	Variance	% Change
Drilling revenue	\$ 7,032	\$ 2,363	\$ 4,669	198%
Operating expenses	\$ 4,562	\$ 1,729	\$ 2,833	164%
Gross margin	\$ 2,470	\$ 634	\$ 1,836	290%
Gross margin %	35%	27%	8%	30%
Utilization %	67%	74%	(7%)	(9%)
Average number of rigs available during the quarter	6.0	2.0	4.0	200%
Number of wells completed	155	64	91	142%

Drilling revenue increased by 198% to \$7.0 million in the fourth quarter of 2005 compared to \$2.4 million in the fourth quarter of 2004. The revenue growth in the fourth quarter is primarily attributed to the addition of four new drilling rigs earlier in 2005, compared to having only two rigs throughout 2004. In addition to the increase in the drilling fleet, the Corporation also benefited from an increase in drilling day rates from \$17,246 per day in the fourth quarter of 2004 to \$19,005 per day in the fourth quarter of 2005. The depth of wells drilled by the Corporation has also increased, which has resulted in increased revenue per well in 2005. In 2005 the average well depth drilled by the Corporation was 736 meters, which is an increase from the average depth drilled in 2004 of 669 meters. The drilling rigs attained a 67% utilization rate in the fourth quarter of 2005 versus 74% in the fourth quarter of 2004. Consistent with the fracturing operations, the drilling operations were hampered by weather related delays in November and lower activity levels over the Christmas holidays.

Gross margin generated from the drilling operations increased by 290% in the fourth quarter of 2005 compared to the fourth quarter of 2004, which exceeds the 198% increase in revenue over the same period. Gross margin was 35% of revenue in the fourth quarter of 2005 compared to 27% of revenue in the fourth quarter of 2004. The increased gross margin percentage is primarily a result of lower maintenance and operating costs on the four new drilling rigs that have been added this year versus the two older rigs that comprised the Corporation's drilling fleet in 2004. In addition, the larger drilling fleet operated in 2005 provided for greater economies of scale versus the smaller two rig fleet in 2004.

GENERAL AND ADMINISTRATIVE EXPENSES

The Corporation's general and administrative expenses increased by 33% to \$1.0 million in the fourth quarter of 2005 from \$0.7 million in the fourth quarter of 2004. One-third of the increase in general and administrative expenses is attributed to stock-based compensation expense which increased by \$0.1 million as a result of issuing stock options to employees, officers and Directors. The remaining increase relates to increased costs associated with the larger organization such as consulting, insurance and professional fees.

Risks and Uncertainties

While the demand for the Corporation'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, pricing and terms 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 the Corporation 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, fracturing 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. Any addition to, or elimination or curtailment of, government incentives could have a significant impact on the oilfield service industry in Canada.

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 the Corporation'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

The Corporation has a significant exposure to one major customer in its coiled tubing fracturing segment. The customer is a public pressure-pumping company with whom the Corporation has a long-term (initial three year term, renewable annually thereafter) operating services contract for 12 of the Corporation's fracturing 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 fracturing rigs at stipulated prices in excess of book value upon the occurrence of a change of control arising from the acquisition of the Corporation's voting securities by a limited number of certain designated parties. This operating services agreement also extends to the Corporation the preferential right to offer to supply additional coiled tubing fracturing 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 fracturing rigs or equipment. Similar change of control provisions exist in other selected contracts that the Corporation has with other customers. In aggregate under all of the Corporation's contracts, in the event of a change of control, a maximum of nine fracturing rigs could be subject to such provisions. There is no assurance that that any of these companies would exercise their option.

DEPENDENCE ON SUPPLIERS

Failure of suppliers to deliver equipment and products in a timely and efficient manner could be detrimental to the Corporation's ability to keep customers and to grow. Certain equipment is manufactured specifically for the Corporation and it is dependent upon the continued availability of the manufacturer and the maintenance of the 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 the Corporation's pace of growth in future years.

RELIANCE ON SKILLED PERSONNEL

The Corporation's success is dependent upon its skilled personnel. The Corporation'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. The Corporation 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 our products and services, or that new competitors will not enter the various markets in which we are active. Additional competition could significantly impact the Corporation's activity levels, thereby adversely affect revenues.

TECHNOLOGY RISKS

The Corporation'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 the Corporation will be successful in our 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

The Corporation's accounts receivable are with customers involved in the oil and gas industry, whose revenues may be impacted by fluctuations in commodity prices. Although collection of these receivables could be influenced by economic factors affecting this industry, management considers the risk of a significant loss to be remote at this time.

ACCESS TO ADDITIONAL FINANCING

In the future, the Corporation may find it necessary to obtain additional debt or equity 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 the Corporation 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

The Corporation's operations are subject to hazards inherent in the oil and gas industry such as equipment defects, malfunctions, failures and natural disasters. 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, the Corporation 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

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

Financial and Operating Results for the Fourth Quarter and Year Ended December 31, 2005

Consolidated Balance Sheets

December 31, 2005 and 2004

(Thousands)	2005	2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,979	\$ 15,807
Accounts receivable	8,308	3,745
Income taxes receivable	897	-
Inventory	1,144	292
Prepaid expenses	535	201
	13,863	20,045
Property, plant and equipment	69,095	36,892
	\$ 82,958	\$ 56,937
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 15,444	\$ 4,649
Income taxes payable	-	1,769
Current portion of long-term debt	1,500	-
	16,944	6,418
Long-term debt	7,500	-
Future income taxes	5,155	3,291
	29,599	9,709
<i>Commitments and contingencies</i>		
Shareholders' equity:		
Share capital	38,445	37,573
Contributed surplus	1,273	318
Retained earnings	13,641	9,337
	53,359	47,228
	\$ 82,958	\$ 56,937

Financial and Operating Results for the Fourth Quarter and Year Ended December 31, 2005

Consolidated Statements of Operations and Retained Earnings

Years ended December 31, 2005 and 2004

<i>(Thousands, except per share data)</i>	2005	2004
Coiled tubing service and drilling revenue	\$ 37,519	\$ 25,897
Operating expenses	23,663	14,830
Gross margin	13,856	11,067
General and administrative expenses	3,368	1,791
Bad debt recovery	–	(89)
Depreciation	3,460	2,094
(Gain) loss on sale of assets	(8)	116
Interest on long-term debt	100	143
Other interest income	(95)	(97)
Foreign exchange loss (gain)	48	(55)
Net income before income tax	6,983	7,164
Income tax expense:		
Current	815	1,891
Future	1,864	544
	2,679	2,435
Net income	4,304	4,729
Retained earnings, beginning of year	9,337	4,608
Retained earnings, end of year	\$ 13,641	\$ 9,337
Earnings per share		
Basic	\$ 0.08	\$ 0.10
Diluted	\$ 0.07	\$ 0.10

Financial and Operating Results for the Fourth Quarter and Year Ended December 31, 2005

Consolidated Statements of Cash Flows

Years ended December 31, 2005 and 2004

<i>(Thousands)</i>	2005	2004
Cash provided by (used in):		
Operating activities:		
Net income for the year	\$ 4,304	\$ 4,729
Add (deduct) non-cash items:		
Depreciation	3,460	2,094
(Gain) loss on sale of assets	(8)	116
Stock-based compensation expense	980	312
Non-cash Director compensation	71	–
Future income tax	1,864	544
Funds flow from operations	10,671	7,795
Net change in non-cash working capital from operations	(7,735)	2,589
Cash flow from operating activities	2,936	10,384
Financing activities:		
Common shares issued	776	343
Private placements	–	22,018
Share issue costs	–	(1,462)
Net proceeds from revolving long-term debt	9,000	–
Repayment of long-term debt	–	(4,201)
Cash flow from financing activities	9,776	16,698
Investing activities:		
Acquisition of property, plant and equipment	(35,726)	(15,369)
Proceeds on sale of property, plant and equipment	71	113
Net change in non-cash working capital from the purchase of property, plant and equipment	10,115	1,340
Cash flow from investing activities	(25,540)	(13,916)
Net (decrease) increase in cash and cash equivalents	(12,828)	13,166
Cash and cash equivalents, beginning of year	15,807	2,641
Cash and cash equivalents, end of year	\$ 2,979	\$ 15,807
Cash income taxes paid	\$ 3,483	\$ 226
Cash interest paid	\$ 99	\$ 100

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