

## **TORR Canada Reports 2007 Fourth Quarter and Year End Results**

**MONTREAL, QUEBEC – August 16, 2007** - TORR Canada Inc. (TSX: TOR) ("TCI"), dedicated to providing water treatment to the Oil & Gas industry, today reported its financial results for the fourth quarter and year ended June 30, 2007. The Company's financial statements and Management Discussion and Analysis are available at [www.torrcanada.com](http://www.torrcanada.com) or at [www.sedar.com](http://www.sedar.com).

### **Highlights of the year include:**

- Highest revenues ever recorded;
- Delivered all systems sold to SK Engineering & Construction;
- Improved potential from the portfolio of quotations;
- Generated high level of activity in the Middle-East with several successful field trials;
- Successful commissioning and start-up of the Triton Platform systems;
- Built an efficient RPA cartridges manufacturing plant;
- Strengthened our international sales team; and
- Successfully implemented the M&A strategy and concluded a very promising and accretive acquisition (conditional to TSX and shareholder approval).

"Over the last few years, we have been focused on implementing our strategic growth plan by developing our produced water expertise, improving our sales and distribution activities and securing the necessary funds to set the pace for future growth," said M. Ferland, CEO of TORR Canada. "2007 has truly been a milestone year for us. We have completed delivery of our biggest system ever sold and expect increased interest as this unit becomes a reference in its market. These successes, combined with our recently announced acquisition of Pure Group are positioning TORR Canada to be a global leader in upstream process technologies."

### **Financial Results**

Revenues were \$26,055,117 for the year ended June 30<sup>th</sup> 2007 compared to \$3,232,270 in 2006. Most revenues were generated by the delivery of seven systems to SK Engineering & Construction. Other revenues came from services rendered to Expro in Angola, the sale of RPA cartridges to Wood Group for the platform Triton located in the North Sea and by field trials mainly in Western Canada and the Middle-East. It is important to note that TCI recorded a 10% warranty provision (\$2,561,841) during the year related to the SK project.

The Company now recognizes revenue from the design, fabrication and delivery of TORR™ systems under contract accounting using the completed contract method. The company changed to this method during the third quarter to more appropriately reflect the production type nature of the arrangements to deliver TORR™ systems.

The gross loss was \$2,439,680 for the year ended June 30<sup>th</sup> 2007 compared to a gross profit of \$315,685 in 2006. The gross margin for the year was negatively impacted by a warranty provision of \$2,561,841 related to the delivery of the systems to SK Engineering. To the extent the provision is not used, TCI will progressively reverse it some time within the next 18 months.

During 2007, TCI delivered seven water treatment systems to SK Engineering & Construction. Year 2007 net loss was \$7.9M. There are many reasons explaining this loss: (i) TCI has provisioned \$2.5M for warranty on the SKEC contract; (ii) it has significantly invested in engineering to optimize the systems as it was its very first contract integrating other systems with the TORR; (iii) it also has significantly invested in project engineering to supervise the overall management of the SKEC project to ensure the respect of delivery and quality of the systems; and (iv) finally, rather than establishing a large sales force in Kuwait and South Korea, TCI dealt with agents who opened these markets and worked a long time before getting the contract with SKEC.

During the third quarter, in light of information related to the commissioning and the start-up of systems installed on the Triton platform, management decided to reverse \$249,000 of warranty provision. In addition, management decided to reverse \$8,000 of warranty provision related to the system sold to Expro as it has been operating in Western Africa periodically and successfully since last October.

The new RPA<sup>®</sup> cartridge plant has been producing at an optimal speed since the beginning of October 2006. The production capacity is up to 30,000 cartridges per year. This new plant enables TCI to reduce unit cost of fabrication and increase fabrication capacity to meet expected demand, while insuring better quality control. TCI also started manufacturing RPA<sup>®</sup> plastic cartridges. This will again significantly decrease unit costs.

Sales and marketing expenses were \$1,525,820 for the year ended June 30<sup>th</sup> 2007 compared to \$1,723,360 in 2006. In 2006, the amount includes a commission paid to a commercial partner in relation to the Triton project. During the year, TCI signed with several agents in the Middle-East and Malaysia, hired a sales expert in Houston to cover the Gulf of Mexico and an experienced process engineer who will soon be relocated in the Middle-East.

Research and development ("R&D") expenses, net of R&D tax credit, were \$474,198 for the year ended June 30<sup>th</sup> 2007 compared to \$543,375 in 2006. Both the TORR<sup>™</sup> and RPA<sup>®</sup> technologies are ready to be deployed, but TCI will continue its R&D program in order to keep its technological edge, develop its intellectual property portfolio, and expand the conditions under which the technology can perform in light of increasing potential markets. During the year, TCI engineers designed a 120,000BPD TORR<sup>™</sup> system. This will enable TCI to quote on very large systems and benefit from lower costs.

General and administrative ("G&A") expenses reached \$3,222,026 for the year ended June 30<sup>th</sup> 2007 compared to \$2,351,083 in 2006. Relative to revenues, G&A expenses have significantly decreased, but it remains that on an absolute basis G&A expenses are higher than last year. This is mainly due to a much higher level of activity, higher consulting fees due to more complex transactions and a larger company (auditors, tax experts, human resources, strategic planning, etc.), new mergers & acquisitions related expenses (advisors, travel, legal fees, etc.), and a significant increase in insurance premiums due to larger revenues. In addition, usual G&A expenses include rent, utilities, salaries, benefits, director's fees, office supplies, travel, telecommunications, and transfer agent fees. TCI has also implemented new accounting software that has significantly improved internal controls, cost management, inventory, and procurement management. Increased G&A expenses also resulted from increased administration expenses to support a larger commercial network, an expanding manufacturing plant, and the formal implementation of a mergers & acquisitions strategy.

Financing charges reached a negative \$134,727 (revenues) in 2007 compared to a positive \$667,266 in 2006. During the year, TCI earned \$849,423 of interest on short term investments. A total of \$103,550 (revenues) has been accounted for in relation to derivative financial instrument. Other charges are mainly interest expenses, amortization of the conversion feature attached to the convertible loan issued in 2004, and amortization of the value of the attached warrants. Amortization costs increased to \$408,548 in 2007 compared to \$327,371 in 2006. This is mainly due to the investment in demonstration units and equipments for the RPA<sup>®</sup> cartridges plant.

TORR Canada Inc. had \$19M of cash and equivalents as at the end of June 30<sup>th</sup> 2007.

Net loss for the year ended in 2007 reached \$7,935,545 or \$0.17 per share, compared to \$5,326,543 or \$0.16 per share for the same period in 2006.

### **2007 Fourth Quarter and Year End Results Conference Call & Web Cast**

Management of TORR Canada will host a conference call to discuss its 2007 fourth quarter and year end financial results on August 20<sup>th</sup> at 8:30 a.m. EST. The conference call will also be audio-cast live at [www.newswire.ca](http://www.newswire.ca) and archived for 90 days at [www.torrcanada.com](http://www.torrcanada.com). For replay please call either 1-877-289-8525 or 1-416-640-1917 and enter in reference number 21243824 followed by the number sign.

## **About TORR Canada Inc.**

TCl is dedicated to providing water treatment solutions to the oil and gas industry. TCl designs, develops, manufactures and commercializes the TORR™ and Reusable Petroleum Absorbent ("RPA®") cartridge technologies to separate oil and water in produced water generated by oil and gas production. For more information, please visit [www.torrcanada.com](http://www.torrcanada.com).

### Caution concerning forward-looking statements

*This press release contains forward-looking statements. Such statements inherently involve numerous risks and uncertainties. Actual future results may differ from the anticipated results expressed in the forward-looking statements contained in this press release and TCl does not undertake to update this information. Investors are cautioned against placing undue importance on forward-looking information contained herein and should consult the final short form prospectus and the documents incorporated by reference therein, which contain a more exhaustive analysis of risks and uncertainties connected to TCl's business.*

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