

NEWS RELEASE

FOR IMMEDIATE RELEASE

CE Franklin Ltd. announces a continued improvement in profitability for the second quarter of 2004

Calgary, Alberta, July 26, 2004 - CE FRANKLIN LTD. (TSX.CFT, AMEX.CFK) announced its results for the second quarter ended June 30, 2004.

CE Franklin reported net income of \$518,000 or \$0.03 per share (diluted) for the quarter ended June 30, 2004. This represents a net income improvement of approximately \$1.0 million or \$0.06 per share (diluted) as compared to the quarter ended June 30, 2003 where the Company reported a net loss of \$476,000 or a loss of \$0.03 per share (diluted).

Sales for the quarter ended June 30, 2004 increased 22.3% to \$67.0 million from \$54.8 million for the quarter ended June 30, 2003. The Company's revenue increase reflects the continued strong market activity and an improved value offering to the marketplace.

Net income before income taxes was \$983,000 for the quarter ended June 30, 2004 as compared to a loss of \$372,000 for the quarter ended June 30, 2003. The \$12.2 million improvement in sales resulted in approximately \$1.4 million improvement in income before income taxes, which represents an incremental flow through of 11.1%.

"CE Franklin continues to show improvement in its operating results. Profitability during spring breakup season when activity levels are extremely low, is another significant milestone and the result of continued execution of our strategies," said Michael West, Chairman, President and Chief Executive Officer.

Conference Call and Webcast Information

A financial analyst conference call to review the quarterly results, which is open to the public, will be held on Tuesday, July 27, 2004 at 11:00 a.m. EST (9:00 a.m. Calgary time MST; 10:00 a.m. Central). Participants may join the call by dialing 1-800-814-4859 at the scheduled time of 11:00 a.m. EST. For those unable to listen to the live conference call, a recording of the entire call may be accessed at approximately 1 p.m. EST on the same day by calling 1-877-289-8525 and entering the pass code of 21057082# and may be accessed until midnight Tuesday, August 3, 2004.

The call will also be webcast live at:

<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=854480> and will be available on the Company's website at <http://www.cefranklin.com>.

About CE Franklin

CE Franklin distributes products and related services to the Canadian oil and gas industry, including projects involving drilling and completions, production and maintenance and capital construction. In addition, we are an important provider of materials to other resource based industries. We serve our customers through our network of 37 branches across Canada – from British Columbia to Ontario – as well as internationally.

Our employees are committed to delivering on the promises we have made to our customers, partners, vendors, communities and shareholders. We promise to listen, to improve, to work in partnership, to improve economics, to generate new ideas and to create and build value.

Certain statements contained in this news release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These "forward-looking" statements have been identified by using words such as "would", "expected", "believe" and similar phrases and include all statements relating to planned activity, revenue levels, capital expenditures and statements concerning liquidity and capital resources. There are numerous risks and uncertainties that can affect the outcome and timing of such events, including many factors beyond the control of the Company. These factors include, but are not limited to, economic conditions, seasonality of drilling activity, the loss of a major supplier of tubular goods, commodity prices for oil and gas, currency fluctuations and government regulations. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, the Company's actual results and plans for 2004 and beyond could differ materially from those expressed in the forward looking statements. CE Franklin Ltd. assumes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise. For a discussion of other risk factors which could impact CE Franklin Ltd., please review CE Franklin's Annual Report on Form 20-F for the year ended December 31, 2003 as filed with the Securities and Exchange Commission.

For Further Information Contact:

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