

NEWS RELEASE

FOR IMMEDIATE RELEASE

CE Franklin Ltd. Provides Transaction Update

Calgary, Alberta, October 6, 2004 - CE FRANKLIN LTD. (TSX.CFT, AMEX.CFK) announced today that it has made significant progress in its negotiations with respect to its acquisition of Wilson International, Inc., the distribution operations of Smith International, Inc. Despite this positive progress in the negotiations, the Corporation will not be prepared to hold a special shareholders meeting on October 28, 2004 as had been previously announced. The Corporation will provide further updates as appropriate.

“Both Smith International and CE Franklin remain committed to the transaction,” said Michael West, President and Chief Executive Officer of CE Franklin. “The Corporation believes the combination of Wilson International and CE Franklin will create value for all of our key stakeholders which include shareholders, customers, employees and vendors.”

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.

This news release includes forward looking statements within the meaning of section 27A of the United States Securities Act of 1933 and Section 21E of the United States Securities Exchange Act of 1934. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that expected results will be achieved. Important factors that could cause actual results to differ materially from those in the forward looking statements herein include whether or not a definitive purchase and sale agreement is executed and closed, economic conditions, seasonality of drilling activity, commodity prices for oil and gas, currency fluctuations and government regulations, and other risks and uncertainties as described in the Company's 2003 Annual Report on Form 20-F as filed with the United States Securities and Exchange Commission.

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