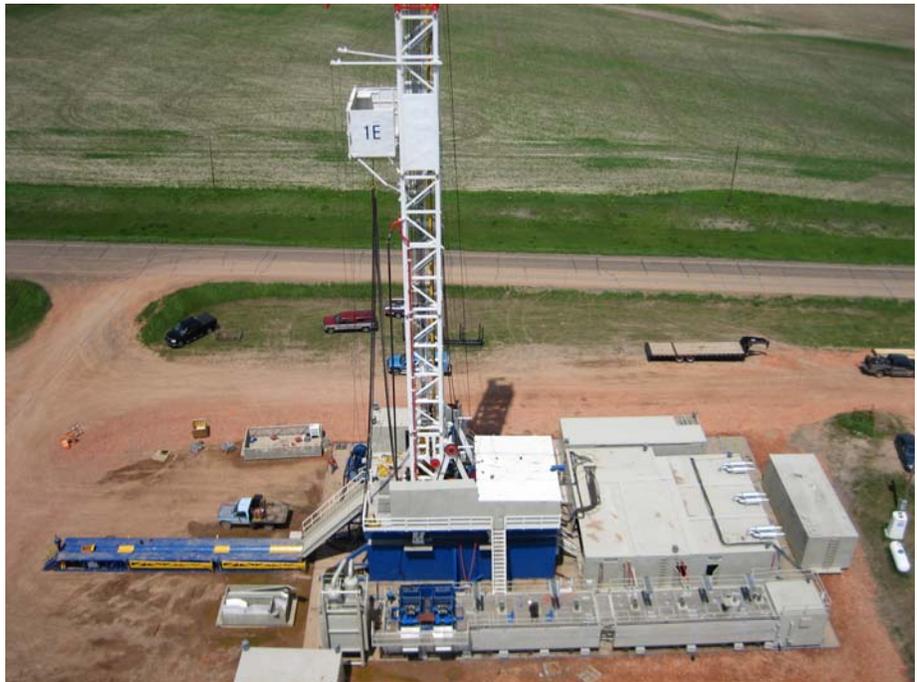




Total Value Driven

Highkelly Industries is an oilfield equipment manufacturer enviably positioned to meet the future cost control requirements faced by petroleum industry companies operating in North America.



YOUR INDUSTRY, OUR SOLUTION

The North American petroleum industry is experiencing unprecedented pressure from energy price fluctuations (Crude oil, NG) and increasing material commodity prices. As the global recession subsides, and the economy rebounds, various commodity prices will rise, driving new natural gas production unit costs higher. The industry is also facing new pressure from carbon cap-and-trade type policies and business-wide taxes aimed at funding climate-change initiatives. North American petroleum companies require immediate cost control solutions to return to favourable development conditions.

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HIGHKELLY

<i>Cost Control</i>	3
<i>Timely Delivery</i>	3
<i>About Highkelly</i>	5
<i>Services</i>	6
<i>Custom Engineering</i>	7
<i>Procurement</i>	8
<i>Engineering & CADD</i>	11

SPECIAL INTEREST

- Read about Highkelly's History on Page 8
- Highkelly opens its new modern facility, Page 10

Highkelly is the next step in the evolution of oilfield equipment and drilling rig fabrication.

We answer the need from price-sensitive budgets without compromising safety, performance, and quality.

MANUFACTURING FOR THE COST-CONSCIENCE



Highkelly Industries Facility Team

The relative cost structure for North American natural gas is important for all sized E&P companies and drilling contractors. Short term prices will be reduced, as already seen, while long-term unit costs are expected to increase by \$3 per MCF within 10 years. Those companies looking to stabilize material and equipment costs without sacrificing performance, quality, and safety standards need immediate solutions.

Highkelly's mission is to assist North American petroleum companies with total value equipment for reducing their cost structure. We achieve the balance between competitive pricing, timely delivery, and North American industry performance, safety, and quality standards.



Highkelly steel manufacturing facility

The result from our company's unique business model is lowered costs and risks to our clients - without sacrificing quality, performance, or safety.



Highkelly staff preparing a substructure for paint.

COST CONTROL

As the new era of North American petroleum production begins, companies are shifting their primary focus from technological resource development to company-wide cost control. Materials, equipment, and skilled labour (trades) costs must be reduced for natural gas development to compete globally. E&P companies stand to benefit from reductions in drilling and production equipment costs, skilled labour rates, and bulk material costs used for production and facility development.

Highkelly Industries is one company who recognizes the long-term needs of North America's petroleum development and operating environment. We own and operate an oilfield manufacturing facility in China centered on North American equipment design, quality control, and management. Our business model addresses the short-term and long-term needs of drilling contractors and producers who require reliable cost control measures for their equipment and material sources.

TIMELY DELIVERY

Timely material and equipment delivery has become a key issue for large projects, as seen from Alberta's recent oil sands projects. Crude oil price fluctuations and production declines apply a tidal-like effect on project development stability. The petroleum industry will face increasing project uncertainty, leading to delays, cancellations, and subsequent job market destabilization. Compressed material and equipment delivery will be required to meet new project schedules.

Petroleum companies with compressed equipment delivery timelines regularly contract Highkelly Industries - without experiencing budget, quality, performance, or safety sacrifices. Our staffing of full-time trades provides the qualified labour force to compress equipment and material deliveries. In fact, management estimates that production capacity from our current facility could be significantly increased over normal levels if night-time shifts were utilized. A readily available skilled labour force pool could be mobilized in a very short period to meet increased production demands.

WHAT ELSE MATTERS: QUALITY, PERFORMANCE, AND SAFETY

The petroleum industry has historically demanded valued products and services. North American standards have provided the engineering, materials specifications, and experience that ensure this level of value. What producers require today is *total value*: a balance of competitive pricing and timely delivery, and the essential engineering quality, equipment performance, and operator safety levels. Highkelly's business model creates the service that meets this balance.

Highkelly's founders and employees have spent many years in the Alberta and International oilfields; we recognize what 100 years of North American petroleum development means to workplace safety and equipment performance. That is why our Canadian engineering and construction supervision departments follow all relative API standards and practices.



Highkelly's Heavy Triple with Power Catwalk

Highkelly's unique business model provides unmatched quality, performance, and cost advantages.



At your service!

Highkelly is committed to minimizing your risk and maximizing your budget.

Highkelly's Calgary engineering and design department fulfill the responsibilities for meeting and exceeding the industry standards and practices expected by North American petroleum companies.

ABOUT HIGHKELLY INDUSTRIES

After 15 years of operating experience in China, and decades of experience in the North American drilling industry, our founders incorporated Highkelly Industries Ltd. Their vision for total value equipment was a response to the North American petroleum industries' growing demand, and the World's shift in global manufactur-

ing. What developed was a unique manufacturing business model that combines the economic strengths of China with the experience and quality levels of North America's petroleum industry. The result is a stable, efficient, and reliable facility to meet the cost control measures required by North American producers and drillers.

Highkelly Industries continues today as a privately-owned Alberta based drilling rig and oilfield equipment manufacturer operating in China. Our organization is built on:

- ◆ **Canadian engineering professionals**
- ◆ **North American business professionals with expertise in the Chinese petroleum industry**
- ◆ **Experienced full-time Canadian construction supervisors and quality control staff**
- ◆ **An exclusively owned and managed modern steel fabrication facility in Shanghai**
- ◆ **A procurement department with extensive**
- ◆ **An engineering and sales office located in Calgary**
- ◆ **Management and administration offices Shanghai**

HIGHKELLY SERVICES

Highkelly commenced full-time manufacturing of turn-key drilling rigs beginning in 2005. Today, the modern facility is capable of fabricating the majority of the drilling rig components, as well as customized oilfield equipment. Our project team of Canadian engineers, technicians, and construction supervisors are fully adapted to complex, multi-disciplined projects, including complete drilling rig systems, production equipment (engineered pump jacks), and specialty plant and facility equipment.



FACILITY SERVICES & FEATURES

- ◆ Fast-prototype construction
- ◆ On-time delivery schedule
- ◆ Full-time North American supervision
- ◆ API code adherence
- ◆ Conceptual design studies and design reviews
- ◆ Computer Aided Design and 3-D Modeling
- ◆ Structural design and analysis
- ◆ Project reporting
- ◆ Equipment inspection
- ◆ Detailed equipment manuals
- ◆ Equipment commissioning
- ◆ Engineering studies for equipment compatibility

Highkelly's commitment is to complete each project scope according to North American quality and performance standards, and inline with our customer's budget and project timeline. Our 100% project success rate and returning customer base is proof of our ability to meet those expectations.



Our experienced management team performs an equally important roll in the success of the company by ensuring stability and growth of Highkelly's operations.



Typical Custom Steel Projects saving clients 25% on their costs.

We are independently owned, with a market niche and vision of the future for oilfield manufacturing.

CUSTOM ENGINEERING

Highkelly has expanded its drilling rig fabrication operation to include custom engineering services for companies requiring cost-effective, time-sensitive fabrication of drilling, production, and facility operating equipment. Combining our staffs industry-related experience in the

oilfield, agricultural, electrical, and infrastructure sectors, we have the ability to combine client concepts and budget limitations with our professional and innovative operation. Our staff is accustomed to working with our client's North American engineering and procurement departments.

PROCUREMENT SERVICES

Highkelly's in-house procurement department provides sourcing, quality control, and logistical services for petroleum companies requiring Chinese-manufactured oilfield equipment not within our Shanghai facility's scope. The procurement department is managed by a team of experienced North American business professionals and oilfield equipment specialists. Operations are conducted from our central facility location in Shanghai.

Drilling rig accessories, tubulars, oilfield valves, wellheads, and well-site power equipment are some of the most commonly sourced equipment provided to North American and International clients by Highkelly's procurement specialists. Equipment is available with API or nationally recognized testing laboratory certifications including CSA, UL, and ASME among others.

OUR HISTORY

Highkelly Industries Ltd. was founded in 2005. Our founders and employees have owned and operated successful drilling rig companies dating back several decades in the Alberta and British Columbia petroleum sectors. We also have extensive expertise with petroleum equipment product due-diligence dating back to 1993. Quality control reporting, and logistical support are some of the services our company has mastered.

Immediately upon incorporating, Highkelly successfully completed a multi turn-key heavy-triple drilling rig project in China, designed by Canadian engineers, and supervised and directed by qualified and experienced North American oilfield technicians. After completing our first major project for North American delivery, Highkelly completed several more turn-key drilling rigs, including one for a returning customer.

Towards the end of 2007, Highkelly diversified into three core business units:

- ◆ Drilling rig manufacturing
- ◆ Custom oilfield equipment engineering and fabrication
- ◆ Oilfield equipment procurement services.

In 2008, we also designed and manufactured the first fully remote-controlled hydraulically powered catwalk in China, along with another heavy-triple drilling rig package. Highkelly also went on to successfully complete and deliver several high-volume customized equipment contracts for service in the WCSB. These contracts included specialty drilling rig components, oilfield service-road matting, production facility sub-components and wellsite equipment mounting structures for the Alberta and BC foothills regions. During the first quarter of 2009, Highkelly concluded our latest drilling rig contract, customized from a client's statement of requirements and fabricated during a compressed project schedule.

Today, Highkelly continues to focus on drilling rig fabrication while developing new oilfield production equipment experience.



Highkelly founders owned and operated drilling companies.

Highkelly's land-based drilling rigs and oilfield equipment have been designed for a variety of climate conditions and topographical operating environments.



HIGHKELLY TODAY

After a series of successful North American and international projects, Highkelly remains financially independent. Our full-time employee numbers have grown to include a select group of Alberta sourced engineers, technicians, and international oilfield operators.

Highkelly's focus is to continue providing the drilling rig industry with total value equipment, and expand our customized engineering and fabrication services to major development projects. Our expanded market focus includes the Alberta and Saskatchewan in-situ oilsands,

Highkelly is a 100% Canadian-owned and independent oilfield equipment manufacturer operating in Shanghai, China.



Highkelly's Power Catwalk

Highkelly continues to develop and upgrade our:

- ◆ Administrative, trades, and engineering employee training
- ◆ Shanghai manufacturing facility equipment
- ◆ Engineering and fabrication experience

unconventional natural gas field development typical of North America, and large-scale wellsite developments typical of Africa, the Middle-East, and South America.

Highkelly's future includes the development and completion of an Alberta R&D facility prior to the Fall of 2010 (currently underway).

FABRICATION FACILITY AND RIG-UP YARD

Highkelly's modern manufacturing facility in Shanghai establishes a benchmark for total-value oilfield equipment manufacturers. The site is located approximately 10 kilometres from a major sea port, providing substantial transportation and logistical advantages. The facility includes:

- ◆ 175,000+ square foot facility, consisting of a large-scale industrial shop, office building, and all-weather concrete pad
- ◆ 40,000+ square foot industrial shop with four overhead cranes
- ◆ 40,000+ square foot pad for all-weather equipment testing and rig-up
- ◆ 10,000+ square foot on-site paint-spray shop
- ◆ Security and safety services building
- ◆ Modern office and dormitory building for local technical, trades, and management staff.

In 2008, Highkelly was awarded ISO 9001 certification. API certification (4F) and CWB (Canadian Welding Bureau) certification are currently underway.



Highkelly is ISO certified

Our high-level of Canadian drilling and oilfield experience, and North American professionalism offers clients a secure and practical alternative for price-conscience petroleum companies.

OFFICE LOCATIONS



Highkelly currently operates from three office locations. The Calgary office serves as our sales and engineering headquarters. The downtown Shanghai office recently doubled in size to accommodate our Chinese management and administration headquarters.

Highkelly's transparent relationship development, our straight-forward approach to each project strives to renew the old North American benchmarks for client satisfaction and total-value chain delivery.

After four successful years of fabricating total-value oilfield equipment, Highkelly is poised to meet the demand from international petroleum companies requiring timely delivery of quality, performance, and price-competitive oilfield equipment.

OUR EMPLOYEES

Highkelly believes in commitment, and recognizes the differences people make. Our hiring program is centered on selecting people who exhibit a combination of training, experience, flexibility, attitude, and dedication. Highkelly knows that it's our employees who make the difference between first-time and returning clients.



Highkelly's Shanghai Staff working on a derrick.

PROFESSIONAL ENGINEERING

Highkelly Industries employs multi-discipline APEGGA professional engineers. Career experience includes field, EPC, and production engineering from Western Canada's upstream oilfield industry. Our engineer's duties include design, certification, project management, R&D, and directing Highkelly's technical department.

PROJECT MANAGEMENT

In order to meet project budgets and progress deadlines, Highkelly approaches all contracts with project management aptitude. Engineers, managers, and supervisors utilize Microsoft MS Project® to complete medium to large size projects. Clients may request regular project updates, progress reporting, or schedule snapshots.

CADD SERVICES

Highkelly employs drafting services at our Calgary engineering, and Shanghai facility locations. Specialty technical services include rapid digital modeling, conceptual prototype design, and *finite element analysis*.

Software used by the company includes:

- ◆ 3D Software: Pro/Engineer Enterprise XE
- ◆ 2D Software: AutoCAD 2008, AutoCAD Mechanical 2006

For those customers with sensitive and proprietary design information, our Shanghai office and facility are equipped with a secure server room and anti-copy mechanism at each workstation that guarantees our customer information remains safe and proprietary at all times.

CONSTRUCTION SUPERVISION

Highkelly employs a team of full-time oilfield specialists to perform construction supervision, quality control and project reporting. Specialists possess a minimum of 15 years of combined North American and International field training, operational work experience, and drilling rig construction. Each are Canadian trained, typically as mechanical technicians, power engineers, or certified electricians, and have spent the majority of their career with a major international drilling contractor.

Highkelly's full-time construction supervisors are also tasked with monitoring the fabrication work performed at our Shanghai facility against the engineering design drawings, testing and troubleshooting completed equipment components, assistance with planning, material sourcing, and quality control documentation required by all Highkelly projects.



SAFETY

Highkelly Industries' highest priority is to ensure all of our equipment provides a safe work experience to our client's employees. Our safety program is a focused two-step win-win approach with excellent results to date:

First, the common safety practices of our facility staff are monitored and reported by North American supervisors and facility foreman. This aspect of our safety program has an objective of maintaining a zero-incident target level at our manufacturing facility. Zero injuries translates into satisfied facility workers and zero lost-man hours. In effect, our staff remains confident in our

management, and our clients remain confident in our long-term production capacity.

Second, our engineering department follows all North American related safety guidelines for each particular project being developed and manufactured. For example, each drilling rig and component engineered and manufactured by Highkelly adheres to the minimum safety requirements set by current API guidelines and practices. The result is a lasting quality product, ensuring the safety of our clients' workforce and long-term success of their operations.

Highkelly's quality control staff are experienced international rig operators and builders and registered Canadian trades technicians.





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Highkelly has become a pioneer with a vision for value-driven oilfield equipment manufacturing. We understand the budgetary pressures facing the petroleum sector require suppliers to meet the necessary capital savings initiatives.



COMMUNICATION

Highkelly employs several full-time professional translators who reside and work at our Shanghai manufacturing facility. Translators are tasked with shadowing North American engineers and construction supervisors to provide thorough translation of any noted deficiencies, material and construction directives, and all other English-Mandarin communication requirements. Our translation process ensures engineering drawings details are incorporated, and North American quality and performance aspects are applied to all Highkelly equipment components.



AMERICAN PETROLEUM INSTITUTE

The following list of API standards and practices are followed by Highkelly engineering and construction supervision departments where applicable.

- ◆ 4F Specification for Drilling and Well Service Structures
- ◆ 7K Drilling and Well Service Equipment
- ◆ 8C Drilling and Production Hoisting Equipment
- ◆ 9A Specification for Wire Rope
- ◆ RP500 Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities (Class 1, Divisions 1, 2)

OUR ENVIRONMENT

Oil & natural gas development can be harmful on the environment. The equipment and processes used for fossil fuel exploration, drilling, production and eventual abandonment has not always incorporated measures to protect the environment to our fullest capabilities. Today, the petroleum industry strives for environmental excellence, and is beginning to utilize renewable technologies in order to carry on sustainable petroleum development.



Highkelly Industries Ltd. understands the issues facing companies in this sector, and as such we are in constant motion in developing our products and processes to assist with environmental protection. Creating solutions for our customer's environmental initiatives has become a major corporate value at Highkelly Industries. Contact us to learn more about our renewable energy solutions for the oil and gas industry.

OUR GOAL

Highkelly's goal is to assist North American oil and gas drillers and producers with lowering their cost structures for achieving long-term sustainable development.

OUR GUARANTEE

Highkelly is committed to excellence and desire for long-term client relationships. To accomplish our commitments, each project guarantees:

- ◆ Performance products designed from North American engineering
- ◆ 100% contract scheduled completion dates
- ◆ Quality equipment fabrication
- ◆ Firm project budgets unmatched North American equipment manufacturers
- ◆ Safe product designs that we stand behind.