

**ILI Technologies (2002) Corp.**  
**Symbol (ILI:TSX-V)**

*For Immediate Release*

**ILI Technologies Initiates Corporate Restructuring and Appoints new CFO**

CALGARY, ALBERTA - (Nov 6, 2008) Effective immediately, Guy Farebrother, currently serving as Chairman of the Board and Vice President of Operations will be assuming the leadership role of President & CEO to guide the company through a corporate and management restructuring. Guy will be stepping down as Chairman but will remain on as a Director. Tom Milley currently serving as a Director will assume the role as Chairman. Serge Bonnet, will be stepping down as President and will assume the role of Chief Operating Officer and will continue as a Director of the company. Going forward Serge will focus on the sales growth and daily operations associated with CBM, and drive new sales for the Pressure Trax and Sand Trax businesses. Serge will also take on the role for Thermoflex tubing sales in the geographical area of Gillette Wyoming including North and South Dakota as well as Montana and international markets, excluding Mexico as ILI currently has representation in this area. Ed Michielsen and John MacMillan will both continue on as Directors.

As part of the reorganization a number of measures are being taken to reduce costs, streamline operations, and focus on the expansion of current projects that afford the greatest growth potential. Current market conditions have dictated that the prudent course of action is necessary to preserve cash. By focusing on these redundancies management believes the company will increase efficiencies without impacting operations or timelines. Management remains committed to increasing shareholder value.

**NEW APPOINTMENT**

ILI is pleased to announce the appointment of Shamel Costandy as Chief Financial Officer. Shamel has 17 years of business experience including 7 years in public practice, 7 years in the pharmaceutical industry and 3 years in the oil and gas industry. Prior to joining ILI Technologies, he was the Financial Controller of Stem Cell Therapeutics, a publicly traded Canadian biotech company based in Calgary, AB for almost 4 years. His work experience throughout his career was mainly with multinationals who are leaders in their business including companies like BG Group (a leading UK based player in the global energy market), Organon Nederland BV (a leading Dutch based pharmaceutical – now a subsidiary of Schering-Plough) and he spent 7 years in public practice with Deloitte. Shamel is a licensed US CPA, and a Certified Internal Auditor.

**OPERATIONS UPDATE**

**PRESSURE<sup>trax</sup> (™)**

The PressureTrax is a temperature compensated, battery powered, stand-alone recording system that can record pressure, temperature, rate, and time simultaneously. The system operates across the temperature range of -40°C to +85°C and recorded data can be downloaded from the sensor memory and/or displayed on a remote computer in real time. PressureTrax has been awarded CSA Class 1, Group C & D certification for operation in an Intrinsically Safe environment.

In a declining oil and gas market, PressureTrax will remain the product of choice for clientele seeking to achieve significant cost savings to their operating budgets.

## **SANDtrax (patented)**

The SandTrax instrument is a non-intrusive measurement device that records acoustical energy created when fluids and particles impinge the inside wall of the pipe. The instrument then filters the frequencies with a digital signal processor to display only the signals created by the particles in the fluid stream. ILI is currently working with the Alberta Research Council (ARC) to develop a next generation sensor for our patented SandTrax monitoring system. Currently, the company has approved the initial prototype and is waiting on the initial run of sensors to begin field testing. The company has also completed the initial CSA application process for having the overall system certified for Intrinsically Safe operation. This will allow the SandTrax to be used in any hazardous location meeting Class 1, Groups C & D requirements. These areas include offshore platform, production facilities, and general worldwide acceptance for oilfield areas that the company can't currently access.

The typical application at this time is fracturing flow back and well cleanout applications which do not require IS certification. In addition to the hazardous location acceptance, the new electronics package will substantially decrease power requirements resulting in much longer run times. In order to fully utilize this extended run time we have increased our internal memory capacity by 16 times and our download speeds by 12 times while extending our cable lengths from 200 feet to 2,000 feet.

## **CBM Pumps & Services**

CBM Pumps & Services, a division of ILI operating in Gillette Wyoming, supplies and services a wide variety of ESP solutions. We offer a "hands on" approach to each and every well to ensure the ESP is running at the highest efficiency. With a wide variety of applications, our electric submersible pumps can provide a cost effective lift solution. Our ESP's are multistage centrifugal pumps designed for durability and long run times. In wells with declining reservoir pressure or even in sand producing wells, an ESP pump can provide an economical lift method versus traditional production methods.

CBM continues to be the foundation of ILI's revenue base and has grown exponentially year over year and is geographically positioned to take advantage of the expected growth in the geographic area including North and South Dakota as well as Montana. Recent oil and gas discoveries as well as ongoing production in these areas have proven that our products are being highly sought after for dewatering applications and low volume oil production.

CBM has received new orders for pump packages in Columbia. These pumps have been built to specifications and ILI is waiting on shipment instructions. This new business has the potential of leading up to a multi-well program and opens new doors for the ESP business in international markets. ILI is pleased with the progress of the CBM division and maintains that the ESP business will continue to be a stable revenue base for the company.

## **Thermoflex Pipe®**

ILI has acquired the exclusive rights to distribute Thermoflex pipe in 7 of the U.S. States, 3 of the Western Provinces in Canada, Mexico and China. Thermoflex pipe is a revolutionary new flexible piping system that can be applied in areas where only steel piping could be used in the past. Thermoflex pipe uses a multi-layer design with mixed plastics to achieve far superior performance compared to traditional flexible pipe and is ideally suited for high pressure, high

temperature applications especially when paraffin's are present. Typical applications include gathering lines, velocity strings and liners. No cathodic protection or coating is required and installation costs are significantly less than steel.

Thermoflex tubing replaces steel pipe in many oil and gas applications. The world market for steel tubing supplied to the oil and gas industry is estimated at over \$20 billion per year. The price of steel tubing supplied to the oil and gas industry has soared 80% since the beginning of 2008. Over the years, attempts have been made to replace steel pipe with fiberglass or PVC but these attempts have often failed because the materials are usually unable to withstand the heat and pressure requirements for down hole applications or flow lines.

#### Performance Advantages

- Thermoflex pipe has 30% reduction in pressure drop vs. steel
- Superior Corrosion Resistance in CO<sub>2</sub>, H<sub>2</sub>S Environments
- Resistant to Paraffin and Salt Adhesion
- 100 times less the relative roughness of steel
- No cathodic protection or coating required
- Service Applications to 250° F

#### Installation Advantages

- 1/10<sup>th</sup> the weight of steel, long continuous runs, lower installation costs compared to steel
- Pig cable pull through - capable of multiple mile runs
- Highly Flexible, easy to handle
- Utilizes existing installation equipment

#### Over Our Competitors

- Higher temperature and pressure applications
- Thermoflex only down hole pipe accepted for use by industry
- Longer pipe life, rugged, proven in extreme conditions
- Fortron lining will not corrode, is resistant to paraffin's, heat resistant to 250 degrees
- Low permeation, can withstand hydrocarbon and sour gas environments

#### **Thermoflex in Mexico**

Over 70% of Mexico's pipeline production has been depleted as a result of corrosive related issues. The Mexican oil investment budget has increased to \$21 billion for 2008 and there is an immediate need for over 7,000 kms of pipe as per recent publications in Mexico. Highest priority has been given on upgrading oilfields and installing new pipelines and Pemex has mandated for alternative technologies and the use of non-metallic pipe in lieu of steel due to availability, costs and faster installation procedures.

In the south region to date, ILI has successfully installed over 65 kms of pipe and is actively pursuing new business. In Villahermosa, the company recently delivered 7,000 meters of 4.5 inch Thermoflex tubing and is currently making arrangements for the installation of that pipe.

In the north region, ILI has recently installed a high pressure line adopting strict standards imposed by Pemex and is pleased to say that the test was a complete success. Pemex is currently evaluating the test results as well as the technology and is requesting updated information to satisfy their requirements. As a result of the timelines involving the process to meet these requirements ILI does not expect any new orders for the remainder of this year but remains highly optimistic about new business in 2009.

On March 30, 2007, ILI announced an order for Thermoflex tubing business in the amount of US\$9.5 million. Due to discrepancies associated with the bidding process as it relates to Mexican contractors and other aspects of the project to fulfill other requirements associated with the tender, this project is being put back on the market for re-tender. The company does not expect this bidding process to be completed in the near future.

ILI is also awaiting approval to proceed with a test well in the Reynosa area for down hole Thermoflex tubing that will afford the company additional opportunities. The tubing has already delivered to a major oil and gas service company and is expected to start installation in the near future. Upon successful completion of the installation, the test well will be monitored for approximately 3 to 6 months before any new orders are expected. This down hole technology is already proven in other areas of company business and ILI anticipates that this will evolve into a multi-well program in the future.

To date, ILI has quoted on over \$100 million dollars in Thermoflex business and while these quotes do not guarantee firm orders the company remains optimistic that the product will prove to be a viable replacement for steel in Mexico. The company believes there is a strong case for the Thermoflex product and is working diligently in the pursuit of new sales in Mexico.

### **Thermoflex in UAE**

ILI has received an order for CDN\$200,000 to supply Thermoflex pipe for a pull through pipe project in Dubai. This pipe is currently being manufactured and is expected to be delivered in the near future. ILI will provide on-site expertise throughout the product installation period. This order opens doors to new international business.

### **Thermoflex in China**

Through ILI's exclusive agents the Thermoflex tubing product was recently presented to China National Petroleum (CNCP) Business Development. The company has spent much time and investment marketing the Thermoflex tubing product throughout China and is working closely with its agents to develop a program for sales and distribution of our products.

### **Thermoflex in Canada**

ILI has successfully installed Thermoflex down hole pipe in 16 wells with a major oil and gas producer resulting in reduced paraffin's and increased production. Installations continue as part of this multi-well program.

The company has been working diligently to obtain ERCB certification for the Thermoflex pipe for use in Canada and is complying with the Energy Resources and Conservation Board

procedures for testing. To date, ILI has performed the following tests in accordance with standards imposed and is close to completion.

- Successfully completed 1<sup>st</sup> phase 100 hr test
- Successfully completed 2<sup>nd</sup> phase 1,000 hr test
- Currently undergoing 10,000 hr test with ERCB. This test is expected to be complete by the 2<sup>nd</sup> week in November

After the 10,000 hour test requirements have been completed, the findings will be sent to the ERCB for evaluation after which time the ERCB will notify ILI of the next step towards achieving certification. There is no specific timeline in place for this certification process and every product is evaluated on its own merits.

In conclusion, ILI is gaining traction in its business divisions and has made great progress in the past few months in advancing our commercially accepted products. In the near term, the company will focus its efforts on expense reduction, streamlining operations, finance and sales growth.

#### *About us*

*ILI Technologies manufactures and markets a line of products for the international oil and gas industry. The company provides pumps, flexible pipe and specialized measuring equipment to fulfill the needs of the oil and gas production industry.*

*ILI's immediate focus is the expansion of an innovative new flexible piping system, Thermoflex<sup>®</sup>. Through its multilayer extrusion technology, the product combines different engineered polymers and fibre reinforcement to create products to withstand corrosive environments, enhance production rates and reduce the installed costs for wells and gathering lines. Thermoflex<sup>®</sup> has unique benefits that make it more desirable than traditional steel pipe.*

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