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News Release

XACT DOWNHOLE TELEMETRY INC. ANNOUNCES COMMENCEMENT OF COMMERCIAL SERVICES

CALGARY, February 23, 2009 - Following a 5 year development and testing programme, XACT Downhole Telemetry Inc. announced today the commencement of commercial Measurement While Drilling services for oil and gas wells utilizing their proprietary acoustic telemetry technology.

The XACT system is automated, solid state, and full through bore. The tool can easily be operated by rig crews without the need for full-time XACT operators on location. It is capable of transmitting data from downhole to surface at over 20 baud giving it the fastest commercially available wireless update rate in the industry. The system has advantages over mud pulse systems because it does not rely on the presence of non-compressible fluid in the pipe or the use of the mud pumps to generate the signal. Advantages over EM systems stem from the acoustic system being indifferent to formation type or the presence of a water gap in offshore operations. In addition, sensor nodes can be installed along the drillstring enabling the use of distributed measurements while drilling and tripping.

“We are very pleased to have the support of directional drilling companies such as Ark Directional Services who are able to see the value of our acoustic MWD system for their applications. This has led to the completion of a long-term agreement between our companies, to the benefit of both companies” said James Neff, President and CEO of XACT Downhole Telemetry.

“Ark Directional Services is very excited by our use of the XACT MWD system to date. The full through-bore makes the tools very driller friendly, especially when we have to run lost circulation material. Also, the very fast toolface updates with auto-decoding, the ability to re-charge the tools onsite between wells, and the remote communications capability all translate into real benefits for our customers allowing us to drill directional wells quicker, safer and with fewer personnel on location” said Kevin Onishenko, Director of Operations for Ark Directional Services.

XACT Downhole Telemetry Inc. is a private Canadian company with two shareholder groups, the majority holder being Shell Technology Ventures Fund I B.V. (the “Fund”). The Fund, managed by Kenda Capital B.V. (“Kenda”), is a unique large scale investment fund focused at reducing the cost of energy by accelerating the development and deployment of new technologies. Kenda and the Fund have a solid energy sector expertise, fostered through a unique technology relationship with the Shell Group. Major investors in the Fund are the Royal Dutch Shell Group, Collier Capital and the Abu Dhabi Investment Authority. More information can be found on www.kendacapital.com.

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