

# REI | DRILLING

## REI Drilling Inc. and Valley Longwall International Announce Stock Sale

**Salt Lake City Utah, September 1, 2008:** Australian based Valley Longwall International (“VLI”) furthers its dominant position as world leader of directional drilling services and products through a 50% stock purchase of US based REI Drilling Inc. (“REI”). VLI and REI have been in discussions for the last year to formulate the right fit and structure for their cooperative agreement.



REI and VLI formed a short lived joint venture called Valley USA, Inc. around 10 years ago. Since then both VLI and REI have undergone significant changes. VLI has had management and ownership change bringing about significant growth and diversification beyond directional drilling services including drill, diesel equipment, and conveyor system manufacturing and sales. VLI is the dominant provider of directional drilling equipment and services outside of the US.

REI has been in operation for over twenty five years and has also grown significantly during this time. REI has continued to add drills to its fleet and has also entered the diamond drilling market. REI also provides down hole directional and other products through recently formed Drilling Products, Inc.

Together VLI and REI offer 25 long hole directional drills available for hire, complete turnkey long hole directional drill packages and training for all drilling conditions. Collectively, VLI and REI have vast experience in a wide variety of drilling conditions and project objectives, and are well experienced to help design, implement and successfully complete directional and diamond drilling projects as required by clients.

The deal was structured so that each company will be able to share intellectual property, equipment, technical resources, and financial resources. Management and operational activities will remain basically unchanged and be seamless to clients. The logical and mutually beneficial move was made in order to diversify, expand, improve competitive opportunity, and address changing market conditions.

With VLI's rapid growth in China, Russia, and Eastern Europe coupled with REI's historical relationships and respected technical expertise in these areas, VLI and REI are particularly well placed to take advantage of these opportunities.



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