



News Release

## Mostar Directional expands - increasing private investment in R&D

September, 2008 - Due to increasing international demand for its technology, and as a result of continuous growth, Mostar Directional is investing significant amounts of increased capital in its research and development program and the growth of its U.S. operations. "Our clients in Canada and the U.S. have specialized needs for new technology," adds John Petrovic, Vice President. Anticipated values to be invested in R&D were withheld, however, Mostar confirmed that, (to-date) it has already invested millions in research and development. "The development of new technology is critical to the progression of the industry as a whole," says Petrovic. "This change will enhance our existing technological offering and create even more progressive directional drilling solutions for the oil and gas industry."

In conjunction with this move, Mostar is in the midst of major expansion and reorganizational changes. The company completed extensive renovations at its main operations facility where it houses one of the industry's most well-equipped mud motor shops and its own world-class oilfield manufacturing and servicing facility. "We've expanded our engineering and design facilities... introduced a new, state-of-the-art research and development lab and extended our office space to create a more streamlined and efficient work space for our team," says Petrovic. New engineering, design and technical staff members have already joined the team from industry-leading companies as part of the growth in both R&D and MWD functions.

As part of the reorganization, Mostar's business development, relationship management and well planning functions will have more direct contact with executives, operations personnel and field staff. "Bringing our team together will strengthen our ability to provide clients with exceptional service," he adds. "We anticipate we'll have even better communication with our customers as a result." The office on 6<sup>th</sup> and 6<sup>th</sup> (downtown) has relocated to a new space on 5<sup>th</sup> Avenue and 5<sup>th</sup> Street S.W.

When asked for details regarding innovations in progress, Petrovic couldn't elaborate but offered, "We've got a number of ideas in development right now. You'll have to wait and see." The company has developed a number of successful patented innovations since its inception in 2003, and expects to earn more in the future. Its proprietary Dual Telemetry MWD was the first system of its kind to combine EM and mud pulse technology in a single reliable tool. It was released to the public in early 2008 and met with resounding commercial success in the market.

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