

ACQUISITION OF BRUNEL OILFIELD SERVICES BY CALEDUS

Caledus, the well construction technology oil and gas service sector business, has announced its third acquisition.

Having classified its range of individual down-hole products and services as **TD SOLUTIONS™** (Total Depth) during 2006, the Caledus range has been significantly enhanced through the purchase of Aberdeen-based Brunel Oilfield Services (UK) Limited (BOS) for an undisclosed seven figure sum.

The main Brunel product is an engineered polymer thermoplastic casing and liner centraliser that has taken the market by storm since its introduction in 2000. Caledus plans to integrate the Ezee-Glider® 2000 casing and liner centraliser into its **TD SOLUTIONS™** business over the next few months and roll-out the product-line more widely in the global oil and gas market.

In addition to wider availability of Ezee-Glider® 2000 domestically and internationally, Caledus will also invest in new mould tooling to introduce several new sizes to meet customer demand. Significant Ezee-Glider® 2000 revenue growth is forecast during 2007 and beyond, particularly in the Asia Pacific region where Caledus opened a regional office in Perth Australia in 2006.

BOS product sales increased 50% in 2004, 50% in 2005, and forecast to have risen by 25% in 2006. Caledus forecasts Brunel growth of more than 100% in 2007 due mainly to internationalisation. More than 200 wells have benefited from the use of the high performance product since its introduction during 2000. Ezee-Glider® 2000 revenue is also expected to grow from Caledus' other region office in Calgary, Canada, established in 2004.

Paul Howlett, CEO and co-founder of Caledus, said: "We are extremely pleased to have reached agreement with the shareholders of Brunel Oilfield Services to acquire an already successful company with a fantastic product range valued by numerous oil and gas operators. We look forward to growing the company further and making the products available on a truly worldwide basis.

"The Ezee-Glider® 2000 is complimentary to many of the products that Caledus already offers and we expect more and more customers to access our **TD SOLUTIONS™** as a result of this high end addition."

Caledus has previously released information relating to the development of its evolutionary well construction technology, SlimWELL® and significant progress in this area continues. During 2005 more than £1.3m of research and development spend was invested in SlimWELL® by Caledus, with no commercial income possible during 2005. In 2006 an additional investment of £1.3m has been made after successful field trialling in Canada. The first commercial income has been booked for the latter part of 2006 as inventory is ordered for 2007 use by undisclosed customers in the North Sea.

Whilst the significant investment in research and development on SlimWELL® during 2004-2006 led to trading losses for Caledus as a start-up business, overall the current interest in SlimWELL® from more than 20 different lines of enquiry worldwide confirms Caledus' belief that the investment in SlimWELL® will justify itself in the future.

Chief Operating Officer, Group CFO and co-founder Derek McLeod said: "We are ahead of our plan for the development and imminent commercialisation of SlimWELL[®], and expect several more runs of the two currently commercially available sizes during 2007 with many more runs and new sizes to be introduced during 2008.

"This technology has the potential to reduce new well construction costs significantly, increase the productivity from existing brownfield re-drilled wells, reduce environmental impact, whilst at the same time maintaining well integrity and enhancing safety.

"The North Sea is an ideal market for the up-take of SlimWELL[®] technology. We expect to play our part in increasing recovery from known reserves and reducing exploration costs to prove up new reserves and extending the production life of the North Sea. Whilst our upfront investment has been significant for an SME company only started in 2003, we believe the returns in the years to come will justify the risk."

Income for Caledus during 2005 was in excess of £2m and is forecast to be in excess of £2.75m in 2006. Caledus forecasts income of more than £7m in 2007 inclusive of Brunel and SlimWELL[®] income. Caledus, established in 2003 and with just four staff in 2004, is expecting to grow staff numbers to more than 75 in the next 12-18 months.

Caledus is a well construction company. Our patented technologies are supported by a dedicated manufacturing and engineering team. For more information on the Caledus group of companies or any of the products and services we offer please contact our corporate HQ at:

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