REAL TIME MEASUREMENTS INC.

INTERIM FINANCIAL STATEMENTS, 1st Quarter Fiscal 2010

April 30, 2009

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended April 30, 2009.

RTM INC

REAL TIME MEASUREMENTS INC.

Balance Sheets

As at April 30, 2009 (Unaudited) and January 31, 2008 (Audited)

	Note	April 30 2009	January 31 2009
		$	$
Assets			
Current Assets			
Accounts receivable		**158,036**	156,742
Inventories		**6,738**	6,738
Prepaid expenses and deposits		**27,693**	11,776
		192,467	175,256
Property, Plant and Equipment	**3**	**948,320**	1,073,993
Debenture Receivable	**4**	**80,000**	80,000
Investments in Private Corporations	**5**	**2**	2
Rights	**6**	**48,940**	48,940
Development Costs	**7**	**420,864**	420,786
		1,690,593	1,798,977

REAL TIME MEASUREMENTS INC.

Balance Sheets

As at April 30, 2009 (Unaudited) and January 31, 2008 (Audited)

	Note	April 30 2009	January 31 2009
		$	$
Liabilities			
Current Liabilities			
Operating overdraft	**8**	**89,376**	25,120
Accounts payable and accrued liabilities		**222,581**	324,187
Term loans payable, current portion	**9**	**4,887**	35,412
Obligations under capital leases, current portion	**10**	**11,138**	10,632
		327,982	395,351
Term Loans Payable	**9**	**3,960**	5,223
Obligations Under Capital Leases	**10**	**20,044**	23,027
Convertible Debentures Payable	**11**	**751,995**	747,166
		1,103,981	1,170,767
Nature of Operations and Continuation of Business	**1**		
Commitments	**14**		
Contingent Liability	**18**		
Subsequent Event	**19**		
Shareholders' Equity			
Equity Instruments	**12**	**3,730,547**	3,649,854
Contributed Surplus	**13**	**507,700**	505,200
Deficit		**(3,651,635)**	(3,526,844)
		586,612	628,210
		1,690,593	1,798,977

On Behalf of the Board

*(signed) "**William Grbavac**"*

Director

*(signed) "**Terry Matthews**"*

Director

REAL TIME MEASUREMENTS INC.
Statements of Operations and Deficit
For the Periods Ended April 30 (Unaudited)

	Note	2009	2008
		$	$
Revenue			
Services, rentals and sales		**165,708**	105,430
Expenses			
Operating - services division		**35,772**	77,931
Operating - products division		**38,763**	11,470
International		**15,145**	25,624
Cost of goods sold		**34,288**	14,500
General and administrative		**49,178**	68,681
Marketing		**13,654**	43,408
Information technology		**129**	5,443
Public Company costs		**2,932**	3,271
Development		**-**	42,889
Interest on long term debt		**32,390**	1,939
Foreign exchange		**(9,410)**	557
Amortization of equipment and leaseholds		**23,668**	32,204
Amortization of development costs		**-**	5,270
Amortization of debenture issuance costs		**4,829**	-
Stock-based compensation	**13**	**-**	159,750
		241,338	492,937
Loss and comprehensive loss before the following		**(75,630)**	(387,507)
Loss on Disposal of Equipment	**9**	**49,161**	-
Loss and comprehensive loss before the income taxes		**(124,791)**	(387,507)
Income Taxes		**-**	-
Loss and Comprehensive Loss for Period		**(124,791)**	(387,507)
Deficit, beginning of period		**(3,526,844)**	(2,348,628)
Deficit, end of period		**(3,651,635)**	(2,736,135)
Loss per Share			
Basic and diluted	**12**	**(0.004)**	(0.013)

REAL TIME MEASUREMENTS INC.

Statements of Cash Flows

For the Periods Ended April 30

	Note	2009	2008
		$	$
Operating			
Loss		**(124,791)**	(387,507)
Non-cash items			
Amortization of equipment and leaseholds		**23,668**	32,204
Amortization of development costs		**-**	5,270
Amortization of debenture issuance costs		**4,829**	-
Stock-based compensation	**13**	**-**	159,750
Equipment transferred to cost goods sold		**34,288**	
Loss on disposal of equipment	**9**	**49,161**	-
Cash flow from operations		**(12,845)**	(190,283)
Changes in non-cash working capital		**(117,602)**	116,013
		(130,447)	(74,270)
Financing Activities			
Payments on term loans		**(4,448)**	(10,072)
Payments on obligations under capital leases		**(2,477)**	-
Issuance of equity instruments		**94,080**	229,800
Issuance costs		**(10,887)**	(16,999)
		76,268	202,729
Investing Activities			
Cash restricted as a bid bond		**-**	(50,000)
Purchase of equipment and leaseholds		**(8,784)**	(40,636)
Development costs incurred		**(78)**	(22,757)
Acquisition of rights		**-**	(48,940)
Changes in non-cash working capital		**(1,215)**	(36,588)
		(10,077)	(198,921)
Decrease in cash for period		**(64,256)**	(70,462)
Operating overdraft, beginning of period		**(25,120)**	(45,845)
Operating overdraft, end of period		**(89,376)**	(116,307)
Supplemental Cash Flow Information			
Interest paid		**32,390**	1,939

During the periods ended April 30, 2009 and 2008, the Company also issued finders' warrants, the value of which are included in issuance costs (Note 13)

1. NATURE OF OPERATIONS AND CONTINUATION OF BUSINESS

Real Time Measurements Inc. ("the Company" or "RTM") was incorporated on December 7, 1995 under the Business Corporations Act (Alberta). The Company provides electronic measurement equipment and services to the oil and gas industry.

An assumption underlying the preparation of financial statements in accordance with generally accepted accounting principles is that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred significant operating losses and has a working capital deficiency. Management has implemented a plan of action, including raising additional equity and pursuing significant contracts and working with the bank to restructure its credit facilities (Notes 8). As well, the Company has undertaken steps to reduce cash requirements. In management's opinion, these actions mitigate the conditions that raise doubts about the validity of the going concern assumption used in the preparation of these financial statements.

These financial statements do not reflect adjustments which would be necessary if the going concern assumption was not appropriate.

If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net loss and balance sheet classifications used.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim financial statements conform to those used in the Company's annual audited financial statements. These interim financial statements do not include all of the disclosures included in the annual financial statements and accordingly, these interim financial statements should be read in conjunction with the annual financial statements.

CHANGES IN ACCOUNTING POLICIES

Goodwill and Intangible Assets (CICA Handbook Section 3064)

Effective February 1, 2009 the Company has adopted this standard which replaces GAAP section 3062 and 3450 and provides guidance relating to the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company is currently assessing the impact of this standard.

FUTURE CHANGES IN ACCOUNTING POLICIES

Business Combinations, Consolidated Financial Statements and Non-Controlling Interest

In January 2009, the CICA issued new Handbook Section 1582, "Business Combinations", Section 1601 "Consolidations", and Section 1602 "Non-controlling Interests". These three new sections replace Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements" as well as establishing a new section for accounting for a non-controlling interest in a subsidiary.

2. Significant Accounting Policies, continued

FUTURE CHANGES IN ACCOUNTING POLICIES, continued

Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value on the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3, "Business Combinations" (January, 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Section 1601 establishes standards for the preparation of consolidated financial statements.

Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to IAS 27, "Consolidated and Separate Financial Statements" (January, 2008).

Handbook Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. Management is of the opinion there will be no material impact

International Financial Reporting Standards

The Canadian Accounting Standards Board (AcSB) has confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada's current GAAP for those enterprises. These include listed companies and other profit-oriented enterprises that are responsible to large or diverse groups of stakeholders. The official changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will be required to provide comparative IFRS information for the previous fiscal year. The Company is currently evaluating the impact of adopting IFRS.

3. Property and Equipment

	April 30, 2009		
	Cost	**Accumulated Amortization**	**Net Book Value**
	$	**$**	**$**
Field equipment (Note 9)	**1,521,632**	**860,485**	**661,147**
Office equipment	**180,079**	**139,064**	**41,015**
Lab equipment	**88,431**	**23,098**	**65,333**
Shop equipment	**44,417**	**20,673**	**23,744**
Automotive equipment (Note 9)	**17,308**	**9,050**	**8,258**
Leasehold improvements	**11,725**	**9,055**	**2,670**
Spare parts	**112,273**		**112,273**
	1,975,865	**1,061,425**	**914,440**
Shop equipment under capital lease (Note 10)	**35,796**	**1,916**	**33,880**
	2,011,661	**1,063,341**	**948,320**

3. Property and Equipment, continued

	January 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Field equipment (Note 9)	1,666,131	877,848	788,283
Office equipment	180,079	136,299	43,780
Lab equipment	88,272	21,425	66,847
Shop equipment	44,417	19,915	24,502
Automotive equipment (Note 9)	17,308	8,380	8,928
Leasehold improvements	11,725	8,469	3,256
Spare parts	103,648		103,648
	2,111,580	1,072,336	1,039,244
Shop equipment under capital lease (Note 10)	35,796	1,047	34,749
	2,147,376	1,073,383	1,073,993

Field equipment at April 30, 2009 and January 31, 2009 includes equipment, having a cost of $21,837, which was under construction and therefore not available for use. Accordingly, this equipment has not been subject to amortization.

No amounts included in parts inventory were expensed during the period ended April 30, 2009 (2008 - $803).

4. Debenture Receivable

The debenture bears interest at 8% per annum and is payable as to interest only until January 15, 2014, at which time the principal is due. The debenture is secured by a fixed and floating charges over property of the issuer, Axiom Well Solutions Inc.

5. Investment in Private Corporations

The Company holds, at a cost of $1, an interest in a private foreign corporation, and, also at a cost of $1, an interest in a private Canadian corporation. The investments in private corporations are recorded at cost as the Company does not have the ability to exert significant influence as it has no representation on the board of directors or involvement in management.

6. Rights

During the current fiscal year, the Company acquired rights to certain technologies. The Rights are perpetual and, accordingly, the cost thereof is not subject to amortization. The Rights must be reviewed, at least annually, to determine if there has been any impairment in the value thereof. Management has determined that there is no impairment as of April 30, 2009.

The Rights were acquired from a non-resident corporation in which an officer and shareholder of the Company is a shareholder (Note 17).

7. DEVELOPMENT COSTS

The Company is developing electronic equipment which is intended to be used in the provision of services to the Company's customers and is also intended to be sold to other users. The first such piece of equipment, a pressure temperature gauge, entered into commercial production and use during the current year and the costs thereof are being amortized over the first 1,000 units produced (157 units as of April 30, 2009 and January 31, 2009).

A portion of the Company's costs for that project were funded by contributions from the National Research Council Industrial Research Assistance Program (IRAP). The Company capitalizes government funding related to capitalized development costs. Since inception, a total of $205,302 of such assistance was applied to the cost of the project. No IRAP funding was received in the 2009 fiscal year or the current year to date.

Development costs are summarized as follows:

		April 30, 2009	
	Cost	**Accumulated Amortization**	**Net Book Value**
	$	**$**	**$**
Pressure Temperature Gauges	**438,824**	**68,890**	**369,934**
Quartz Gauges	**29,684**	**-**	**29,684**
High Temperature Gauges	**19,023**	**-**	**19,023**
Wellhead Recorders	**2,223**	**-**	**2,223**
	489,754	**68,890**	**420,864**

		January 31, 2008	
	Cost	**Accumulated Amortization**	**Net Book Value**
	$	**$**	**$**
Pressure Temperature Gauges	438,824	68,890	369,934
Quartz Gauges	29,684	-	29,684
High Temperature Gauges	18,945	-	18,945
Wellhead Recorders	2,223	-	2,223
	489,676	68,890	420,786

There were no capitalized development costs expensed during the periods ended April 30, 2009 and 2008.

8. BANK CREDIT FACILITIES

The Company has the following credit facilities with a Canadian Financial institution:

- An operating loan to a maximum of $225,000. The loan bears interest at prime plus 1.25% (3.5% at April 30, 2009) and also carries a monthly administration fee of $75. This facility has a sublimit of $70,000 available for the Company's use in processing payroll runs using the bank's electronic funds transfer system.

The Company's operating overdraft is an advance against this facility.

- A $100,000 letter of credit facility.

- A $30,000 SEDAR filing facility available for the Company's use in its filings with securities regulatory agencies.

As security for these facilities the Company has provided a general security agreement by way of a fixed and floating first charge over all of its assets, assignments and postponements of claim by shareholders and directors and assignment of insurance.

The credit facilities also contain covenants requiring the Company to maintain a margin limit, a debt to tangible net worth ratio and a current ratio. At April 30, 2009 and January 31, 2009, the Company was not in compliance with the tangible net worth and current ratios. The bank has been working with the Company to restructure its credit facilities and has not taken any action with respect to the lack of compliance.

9. TERM LOANS PAYABLE

The Company is indebted pursuant to term loan arrangements as follows:

	April 30 2009	January 31 2009
	$	**$**
Abbet International Ltd., a related party as described in Note 17. The loan was arranged to finance the purchase of equipment to be utilized in Tunisia. This loan bore interest at 10% per annum, was repayable in blended monthly instalments of $3,547 and was due to mature on October 31, 2009. As security, the lender held title to the equipment, which had a carrying value of $76,501. The Company ceased to make payments on this debt in March, 2009. Accordingly, pursuant to the terms of the agreement, Abbet has taken possession of the related equipment.	**-**	30,632
Chrysler Finance, vehicle loan. This loan bears interest at 8.89% per annum, is repayable in blended monthly instalments of $456 and matures January 23, 2011. As security, the lender holds title to the vehicle, which has a carrying value of $8,258 at April 30, 2009.	**8,847**	10,003
	8,847	40,635
Less current portion	**4,887**	35,412
	3,960	5,223

10. OBLIGATIONS UNDER CAPITAL LEASES

The Company is indebted under the terms of capital leases for field equipment (Note 3), as follows:

	April 30 2009	January 31 2009
	$	$
Lease bearing interest at 18.69% per annum, repayable in blended monthly instalments of $832 and maturing February 12, 2012.	**28,314**	30,812
Lease bearing interest at 18.69% per annum, repayable in blended monthly instalments of $504 and maturing February 15, 2011	**11,089**	12,602
Total mimimum lease payments	**39,403**	43,414
Less interest included therein	**8,221**	9,755
Balance of obligations	**31,182**	33,659
Less current portion	**11,138**	10,632
	20,044	23,027

Repayments due under the terms of the leases are as follows:

Years ended January 31	Principal	Interest	Total
	$	$	$
2010	8,155	3,876	12,031
2011	12,798	3,243	16,041
2012	9,409	1,089	10,498
2013	820	13	833
	31,182	8,221	39,403

11. Convertible Debentures Payable

	April 30 2009	January 31 2009
	$	$
The debentures are unsecured, bear interest at 15% per annum, payable quarterly, and mature five years from the date of issue. They are convertible, at the option of the holder, into common shares of the Company at a price of $0.15 per share. The holder has the right to convert all or any portion of outstanding indebtedness into common shares not less than 6 months from the date of issuance of the debenture. The Company may, at its option, anytime after three years have elapsed from the date of issuance of the debenture, force the conversion of all or part of the outstanding or remaining indebtedness owed to the debenture holder into common shares, at $0.15 per common share, provided the 20 day weighted average price of the common shares trade at $0.30 or higher. Costs associated with the issuance of the debentures are being amortized over the term thereof.		
Maturing May 9, 2013	**230,000**	230,000
Maturing May 29, 2013	**370,000**	370,000
Maturing June 19, 2013	**230,000**	230,000
	830,000	830,000
Costs of Issuance	**95,843**	95,843
less accumulated amortization thereof	**(17,838)**	(13,009)
	78,005	82,834
	751,995	747,166

Management has valued the equity component of the convertible debentures using the residual value method and has determined that there is no equity component thereof.

The Company has reserved approximately 5,533,333 common shares in respect of the potential conversion of all of the debentures.

12. Equity Instruments

Authorized

Unlimited number of common shares
Unlimited number of preferred shares
Unlimited number of common share purchase warrants

Issued	**#**	**$**
Common shares		
Balance, January 31, 2008	27,453,172	3,446,098
Issued for cash pursuant to private placement	3,830,000	225,970
Costs of issuance		(22,799)
Balance, April 30, 2008	31,283,172	3,649,269
Transferred on expiry of common share purchase warrants		819
Costs of issuance		(4,064)
Balance, January 31, 2009	31,283,172	3,646,024
Issued for cash pursuant to private placement	**3,136,000**	**90,944**
Transferred on expiry of common share purchase warrants		**3,830**
Costs of issuance		**(13,387)**
Balance, April 30, 2009	**34,419,172**	**3,727,411**
Common share purchase warrants		
Balance, January 31, 2008	409,383	819
Issued for cash pursuant to private placement	1,915,000	3,830
Balance, April 30, 2008	2,324,383	4,649
Expired	(409,383)	(819)
Balance, January 31, 2009	1,915,000	3,830
Expired	**(1,915,000)**	**(3,830)**
Issued for cash pursuant to private placement	**1,568,000**	**3,136**
Balance, April 30, 2009	**1,568,000**	**3,136**
Equity Instruments - Balance, January 31, 2009		3,649,854
Equity Instruments - Balance, April 30, 2009		**3,730,547**

12. EQUITY INSTRUMENTS, continued

Private Placements

On March 13, 2008, the Company issued 3,830,000 common shares, 1,915,000 common share purchase warrants and 126,500 finders' warrants pursuant to a non-brokered private placement. The shares and warrants were issued in the form of $0.06 units, comprising one share and one common share purchase warrant. Each full warrant entitled the holder to acquire one additional common share for $0.12 within 12 months of the closing of the Offering. Each full warrant was valued at $0.002. The shares and warrants were subject to a four month hold period. The warrants expired without exercise.

In connection with the private placement, the Company paid $15,180 to arm's length finders and issued 126,500 finders' warrants which are exercisable at $0.12 per share and expired on March 13, 2009, being 12 months after issuance.

On April 14, 2009, the Company issued 3,136,000 common shares, 1,568,000 common share purchase warrants and 250,880 finders' warrants pursuant to the first tranche of a non-brokered private placement. The shares and warrants were issued in the form of $0.03 units, comprising one share and one common share purchase warrant. Each full warrant entitles the holder to acquire one additional common share for $0.06 within 12 months of the closing of the Offering. Each full warrant was valued at $0.002. The shares and warrants are subject to a four month hold period. .

In connection with the private placement, the Company paid $6,087 to an arm's length finder and issued 250,880 finders' warrants which are exercisable at $0.06 per share and expire 12 months after issuance.

Common share purchase warrants

On March 13, 2008, the Company issued 1,915,000 common share purchase warrants pursuant to the non-brokered private placement described above. Each full warrant entitled the holder to acquire one additional common share for $0.12 within 12 months of the closing of the Offering. Each full warrant was valued at $0.002. The shares and warrants were subject to a four month hold period. The warrants expired without exercise.

Also on March 13, 2008, the Company issued 126,500 finders' warrants pursuant to the non-brokered private placement described above. Each full warrant entitled the holder to acquire one common share of the Company, at a price of $0.12 per share, within 12 months of the closing of the Offering. The value of these warrants was determined as described in Note 13 and was charged to share issuance costs. The warrants expired without exercise.

On April 14, 2009, the Company issued 1,568,000 common share purchase warrants pursuant to the first tranche of the non-brokered private placement described above. Each full warrant entitles the holder to acquire one additional common share for $0.06 within 12 months of the closing of the Offering. Each full warrant is valued at $0.002. The shares and warrants are subject to a four month hold period.

Also on April 14, 2009, the Company issued 250,880 finders' warrants pursuant to the first tranche of the non-brokered private placement described above. Each full warrant entitles the holder to acquire one common share of the Company, at a price of $0.06 per share, within 12 months of the closing of the Offering. The value of these warrants was determined as described in Note 13 and was charged to share issuance costs.

12. EQUITY INSTRUMENTS, continued

Stock Option Plan

The Company has established an Incentive Stock Option Plan for directors, officers, employees and consultants. The maximum number of common shares which may be reserved under the Plan may not exceed 20% of the outstanding common shares at that time. Options granted under the plan generally have a term of five years and vest on the date of grant. The exercise price of each option equals or exceeds the market price of the Company's common shares on the date of grant. A summary of the Plan is as follows:

Outstanding and exercisable	Shares	Weighted Average Price
Balance, January 31, 2008	1,530,000	$0.126
Granted	2,540,000	$0.100
Balance, April 30, 2008 and January 31, 2009	4,070,000	$0.110
Forfeited	**(100,000)**	**($0.110)**
Balance, April 30, 2009	**3,970,000**	**$0.110**

Expiry	Exercise Price	Outstanding and Exercisable	Weighted Average Remaining Life (years)
February 16, 2010	**$0.15**	**306,292**	**0.80**
February 13, 2011	**$0.12**	**573,708**	**1.79**
March 14, 2011	**$0.12**	**300,000**	**1.87**
May 15, 2011	**$0.12**	**300,000**	**2.04**
February 14, 2013	**$0.10**	**2,490,000**	**3.71**
	$0.11	**3,970,000**	**2.94**

Per Share Amounts

Per share amounts are calculated using the weighted number of shares outstanding, as follows:

	April 30 2009	April 30 2008
Basic	**31,882,183**	29,495,839
Diluted	**31,882,183**	29,495,839

For the periods ended April 30, 2009 and 2008, the above options were not included in the calculations of the weighted average number of shares outstanding as they were anti-dilutive.

13. CONTRIBUTED SURPLUS

The fair value of the compensation cost recorded with respect to options granted was estimated, on the date of grant, on the following basis:

	Finders' Warrants Apr 14/09	**Plan Options Feb 15/08**	**Finders' Warrants Mar 13/08**
Number of options or warrants	250,880	2,540,000	126,500
Risk free interest rate	1.09%	3.35%	2.44%
Dividend yield	-	-	-
Expected life	1 year	5 year	1 year
Volatility	137.02%	195.94%	158.26%
Fair value per share	$0.0100	$0.0629	$0.0459
Compensation cost	$ 2,500	$ 159,750	$ 5,800

Contributed surplus comprises the following:

	$
Balance, January 31, 2008	339,650
Compensation cost related to:	
Issuance of options under incentive stock option plan	159,750
Issuance of warrants as finders' fees re private placement (Note 12)	5,800
Balance, April 30, 2008 and January 31, 2009	505,200
Compensation cost related to:	
Issuance of warrants as finders' fees re private placement (Note 12)	**2,500**
Balance, April 30, 2009	**507,700**

14. COMMITMENTS

The Company is obligated under the terms of a lease for premises which expires September 30, 2011. Minimum annual payments required under the terms of the leases are:

	$
2010	41,378
2011	56,170
2012	36,780
	134,328

During the period ended April 30, 2009, the Company terminated another lease for premises.

15. Financial Instruments and Risk Management

The Company's financial instruments consist of cash (operating overdraft), accounts receivable, debenture receivable, accounts payable and accrued liabilities, term loans payable, obligations under capital lease and debentures payable. Management has utilized valuation methodologies available as at the year-end and has determined that the carrying amounts of such financial instruments approximate their fair value in all cases.

The Company is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the Company conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Credit Risk

Credit risk is the risk of a financial loss occurring if a customer or counterparty fails to meet its financial or contractual obligations. The Company mitigates credit risk by regularly monitoring its accounts receivable position and evaluating the collect ability of accounts receivable and providing an allowance for doubtful accounts which reduces receivables to the amount management reasonably believes will be collected. An allowance of $26,500 was provided at January 31, 2009 and April 30, 2009 (April 30, 2008 - $Nil).

The Company is subject to a concentration of credit risk in its accounts receivable. As at April 30, 2009, two customers represented 35.2% and 36.0% respectively of the amount receivable. The Company's customers are in the oil and gas sector and Management is of the opinion that any risk of loss is reduced due to the financial strength of its customers.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due.

The Company's approach to managing liquidity risk is to maintain adequate cash and appropriately utilizing available lines of credit as necessary.

During the year ended January 31, 2009, the Company issued convertible debentures, as further described in Note 11, that mature in 2013. Interest payments are to be made with cash provided by operating activities. As the debentures become due, the Company can satisfy the obligations in cash or may be able to issue shares at a price determined by the debenture agreements. This settlement alternative along with forecasted cash flow from operating activities and available lines of credit should allow the Company to adequately manage liquidity.

Market Risk

Market risk is the risk that changes in market prices such as interest rates will affect the Company's net earnings or the value of its financial instruments.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates.

The Company is exposed to interest rate risk on its operating overdraft, as interest thereon is calculated on the basis of prime plus 1.25% (Note 8) and is accordingly subject to fluctuation.

The Company is not exposed to interest rate risk on its term loan obligations as interest thereon is calculated using fixed rates.

15. Financial Instruments and Risk Management, continued

Foreign Exchange Risk

In the normal course of operations, the Company is exposed to currency fluctuation in relation to US dollar denominated purchases and accounts receivable emanating from US dollar denominated sales. The Company's functional currency is Canadian dollars and foreign denominated transactions are exposed to currency risk with adjustments recognized as foreign exchange gains and/or losses in the statement of operations.

For the year ended January 31, 2009, the Company did not utilize any hedging instruments to mitigate its exposure to the US dollar. Management monitors exchange rate fluctuations and believes that this exposure is not material to its overall operations.

16. Capital Management

The Company's objective is to maintain a strong capital base and financial flexibility to maintain investor, creditor and market confidence while sustaining the future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions. The Company considers its capital structure to include cash, bank indebtedness, convertible debentures, shareholders equity and working capital. In order to maintain or adjust the capital structure, the Company may from time to time issue or re-acquire shares, adjust the amount of cash and bank indebtedness, or issue additional convertible debentures.

As described in Note 8, at January 31, 2009 and April 30, 2009, the Company was not in compliance with certain covenants related to its credit facilities and the bank has been working with the Company to restructure its credit facilities. In addition the Company ceased to make payments on a term loan as described in Note 9.

17. Related Party Transactions

The Company had the following related party transactions conducted in the normal course of business and measured at the exchange amounts for the periods ended April 30, 2009 and 2008.

The Company is indebted pursuant to a term loan arrangement with Abbet International Ltd. ("Abbet"), as described in Note 6. Abbet is controlled by an individual who is a director and officer of the Company, and his spouse, who is an employee of the Company. Management believes that the terms of the loan are consistent with third party arrangements involving similar risk.

Interest of $255 was paid during the period ended April 30, 2009 ($1,627 – April 30, 2008) and is included in interest on long term debt on the statements of operations and comprehensive loss and deficit.

Effective February 29, 2008, the Company entered into a License Agreement with a non-resident corporation of which an officer and director of the Company is a shareholder. The Agreement is perpetual and relates to technologies developed by the non-resident corporation (Note 6). Consideration for the Agreement was $50,000 US ($48,940 CAD). The Agreement provides for the Company to pay a royalty of 4% of net revenues arising from the use of the licensed technologies. No royalties are payable as of April 30, 2009.

18. CONTINGENT LIABILITY

The Company is party to a Statement of Claim and Amended Statement of Claim, by one of its suppliers. In the claim, the plaintiff alleges that the Company, its President, Mr. Terry Matthews, and others conspired to utilize the plaintiff's confidential information in unlawful competition against it. There are also allegations that the defendants engaged in conduct that amounted to unlawful interference in the plaintiff's economic relations, improper solicitation of the plaintiff's employees and customers and usurping of the plaintiff's corporate opportunities. The Statements of Claim make certain allegations against all the defendants jointly and severally, and it also makes other allegations that are specific to individual defendants or groups of defendants.

The claims for joint and several liability against all defendants include, but are not limited to, $1 million in general damages, $1 million for interference with economic conditions, $1 million for punitive or exemplary damages, $1 million for usurping corporate opportunities, $1 million in special damages and costs plus prejudgment interest. The additional claims against the Company and Mr. Matthews include a further $1 million for general damages plus the disgorgement of any profits arising from the alleged conduct, plus costs, plus interest.

A statement of defense has been filed which denies the allegations made by the plaintiff and denies that the plaintiff suffered any damages arising from any alleged conduct by the defendants. Management intends to vigorously defend itself against the claim and does not believe that the claim will be successful.

19. SUBSEQUENT EVENT

Private Placement

Subsequent to April 30, 2009, the Company closed the second tranche of a non-brokered private placement for 3,713,334 units at a price of $0.03 per unit. Total proceeds were $111,400. Each unit comprised one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one additional common share for $0.06 within 12 months of the closing of the Offering. Each full warrant is valued at $0.002. The shares and warrants are subject to a four month hold period.

In connection with the private placement, the Company paid $8,912 to an arm's length finder and issued 297,067 finder's warrants which are exercisable at $0.06 per common share and expire 12 months after issuance.