RYAN ENERGY TECHNOLOGIES INC.

ANNUAL INFORMATION FORM
for the Year Ended December 31, 2001

April 1, 2002

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GLOSSARY OF TERMS

Bottom Hole Assembly (BHA): Equipment including MWD / LWD technology and drilling motors attached to the end of drill pipe, casing or coil tubing to steer a well horizontally or directionally.

Downhole Motor: Mechanical equipment behind the drill bit that rotates the drill bit by converting the pressure of drilling fluids to rotational torque, as opposed to a conventional drilling rig that rotates the drill bit by rotating the entire drill string from surface.

Dynamic Pressure Device (DPD): Ryan Energy Technologies' pressure sensing and recording technology that measures up to three pressure characteristics of downhole drilling conditions.

Electromagnetic (EM) Communication Technology: EM communication technology utilizes low frequency radio waves to transmit downhole data from the wellbore to the surface. It has specific benefits in underbalanced drilling environments where pulse telemetry systems are ineffective.

Geological Steering Instrumentation (GSI): Ryan Energy Technologies' proprietary LWD technology that provides information respecting the geology the wellbore is intersecting as well as its relative three-dimensional slope. This is useful in determining the location of the wellbore relative to the boundaries of the producing reservoir.

Logging While Drilling (LWD): Refers to technology that records (logs) various geological zones through which the wellbore is intersecting while drilling. This allows the oil and natural gas client to make decisions on a real-time basis concerning the trajectory of the wellbore relative to the geology being encountered.

Measurement While Drilling (MWD): Refers to technology that determines the position of the wellbore relative to a surface location while drilling. This allows the directional driller to steer a wellbore to the intended oil and natural gas reservoir.

Multi-Lateral Wells: Oil and natural gas wells in which additional wellbores are extended from a common vertical or horizontal section.

Pulse Telemetry Systems: A method by which information is communicated from the wellbore to the surface by encoding pulses into the drilling fluids, which are then decoded on surface.

Re-Entry Wells: New wellbores drilling from an existing well. Re-entry wells are utilized to extend the life of an existing producing formation or provide access to reservoirs passed during the well's original completion.

Tru Vu®: A proprietary well site data management (WDM) system developed by Ryan Energy Technologies to integrate data derived from all facets of oil and natural gas drilling.

Underbalanced Drilling: Usually involves the use of natural gases (e.g. nitrogen) or foams to reduce the pressure exerted on the reservoir caused by the weight of drilling fluids, typically resulting in less damage to the producing formation.

Well Site Data Management (WDM): Electronically recording, processing and presenting surface and downhole information produced while drilling oil and natural gas wells. This information may be used on a real-time basis during drilling or later for analysis by the oil and natural gas client.

THE CORPORATION

Corporate History

Ryan Energy Technologies Inc. (“Ryan Energy Technologies” or the “Corporation”) was incorporated under the laws of the Province of Alberta on January 22, 1993 under the name “Adesso Corporation”. On March 15, 1994, the Corporation acquired all of the issued and outstanding shares of Ryan Energy Technologies Inc., a private Alberta company, which was incorporated on October 30, 1991. On April 1, 1994, the Corporation amalgamated with the private company Ryan Energy Technologies Inc. under the *Business Corporations Act* (Alberta) and the amalgamated company continued under the name "Ryan Energy Technologies Inc." On January 1, 1999 the Corporation amalgamated with its wholly owned subsidiary 747253 Alberta Ltd. and the amalgamated company continued under the name "Ryan Energy Technologies Inc.". The head office of the Corporation is at 700, 505 – 2nd Street SW, Calgary, Alberta, T2P 1N8.

Material Operating Subsidiaries

Ryan Energy Technologies has five operating subsidiaries: Ryan Energy Technologies USA, Inc. (“Ryan USA”), a company incorporated under the laws of the State of Delaware; Ryan Energy Technologies de Venezuela, C.A. (“Ryan Venezuela”), a corporation incorporated under the laws of Venezuela; Data Wise Solutions Inc. (“Data Wise”), a corporation incorporated under the laws of the State of Delaware; Data Wise Solutions Inc. (“Data Wise Canada”), a corporation incorporated under the laws of Canada; and Ryan Energy Technologies International Inc. (“Ryan International”), a corporation incorporated under the laws of Barbados. The Corporation owns all of the outstanding shares of each of Ryan USA, Ryan Venezuela, Data Wise Canada and Ryan International. Data Wise is a wholly owned subsidiary of Ryan USA.

Prior to March 1, 1999, the Corporation's United States operation was conducted through two wholly owned subsidiaries, Ryan Directional Technologies, Inc. ("Ryan DTI") and IDL Technologies, Inc. ("IDL Technologies"). Effective March 1, 1999, these subsidiaries were merged into one operating subsidiary, Ryan USA. Effective February 24, 2000, Ryan USA transferred the business and assets relating to the Corporation's United States based well site data management business to Data Wise. Effective January 1, 2001 the Corporation transferred the business and assets relating to the Corporation's Canadian based well site data management business to Data Wise Canada.

Unless the context otherwise requires, a reference in this Annual Information Form to the "Corporation" includes the subsidiaries of Ryan Energy Technologies.

DEVELOPMENT OF THE BUSINESS OF THE CORPORATION

The Corporation provides horizontal and directional drilling services, well site data management services and related technologies to oil and natural gas companies in Canada, the United States and Venezuela.

The Corporation commenced providing consulting services to the horizontal and directional drilling service industry and oil and natural gas companies through its founder, Richard T. Ryan, in October 1991.

The Corporation initially subcontracted for the supply of equipment and related field services from other horizontal and directional drilling service companies. In late 1993 and early 1994, the Corporation began acquiring its own field equipment, including downhole motors, and recruited its own field operating personnel. The Corporation also developed its own measurement while drilling ("MWD") technology and in June 1994 commenced providing this service to its customers. In June 1995, the Corporation added certain logging while drilling ("LWD") technology to its service lines.

The Corporation recognizes the need to continually develop new technologies and improve existing ones in the provision of horizontal and directional drilling services. In September 1995, the Corporation formally opened its research and development facility in Calgary, Alberta, and in November 2001, the Corporation relocated its research and development activity into an expanded facility (the Corporation's "Technology Center"). The Technology Center accommodates the Corporation's research, development and engineering activities and its assembly and quality control operation. The Corporation's Canadian MWD/LWD operation and training programs are also coordinated from this location.

In November 1995, the Corporation acquired rights to certain Electromagnetic ("EM") communication technology for the purpose of developing of EM communication equipment for horizontal and directional drilling applications. EM communication technology uses low frequency radio waves to transmit real-time directional and logging information from the wellbore to the surface while drilling. After commercial development of its EM communication technology in 1997, the Corporation performed its first services utilizing this technology in January of 1998.

On January 31, 1997, the Corporation acquired certain assets relating to the horizontal and directional drilling business of Directional Technologies, Inc. ("DTI"), a Louisiana company. The Corporation paid a total of $US 3.2 million for the acquired business, comprised of $US 1.0 million cash and 557,174 common shares of Ryan Energy Technologies issued at a deemed price of $US 3.9485 (Cdn. $5.32) per share. The acquired business was initially operated through Ryan Energy Technologies' wholly owned subsidiary, Ryan DTI, and is now operated by its successor, Ryan USA, with offices in Lafayette, Louisiana and Houston, Texas. DTI had established a customer base in the Gulf Coast region of the United States through the provision of directional drilling services. DTI's growth had been achieved while subcontracting the supply of external MWD equipment, including Ryan Energy Technologies' equipment. The acquisition of DTI allowed the Corporation to leverage DTI's already proven sales and field operation, by adding the Corporation's MWD and LWD technology to DTI's service lines, and in 1997, Ryan DTI established an MWD/LWD service line in the United States with the introduction of an MWD/LWD maintenance facility and field coordination center in its existing facility in Lafayette, Louisiana.

On September 24, 1997, the Corporation acquired all of the outstanding shares of IDL, Inc. ("IDL"), a Texas corporation, which provided computer software and hardware for well site data acquisition and processing, and also provided mud-logging services. The purchase price paid for the shares was $US 3,991,994, which was satisfied by the payment of $US 691,994 in cash and the issue by Ryan Energy Technologies of 459,610 common shares at a deemed price of $US 7.18 ($CDN 10.00) per share. The Corporation also paid $US 700,000 at closing for the purchase of debt owed to a former shareholder of IDL. IDL was the developer and owner of Tru Vu® hardware and software, used for horizontal and directional drilling, well site data acquisition and processing. In 1997, subsequent to the acquisition, the Corporation began integrating Tru Vu® within its fleet of horizontal and directional drilling equipment. The Corporation is currently further refining its Tru Vu® technology for purposes of pursuing Well Site Data Management (WDM) services in North America and other international locations. WDM refers to a

relatively new service being provided in the industry, in which a wide range of well site data, previously manually recorded, is captured electronically. Effective March 1, 1999, IDL was merged into one operating subsidiary, Ryan USA. Effective February 24, 2000, Ryan USA transferred the business and assets relating to the Corporation's United States based well site data management business to Data Wise. Effective January 1, 2001, the Corporation transferred the business and assets relating to the Corporation's Canadian based well site data management business to Data Wise Canada. At December 31, 2001, Data Wise operated seventy WDM systems in the United States and twelve in Canada, compared to operating twenty WDM systems in the United States and twelve in Canada as at December 31, 2000.

In December 1998, the Corporation opened a district office in Caracas, Venezuela, and at December 31, 2001 had transferred four MWD/LWD systems and twenty-eight well site data management systems to that location.

On November 18, 1999, the Corporation acquired the directional drilling assets and business of Whipstock Systems Inc., a western Canada-based directional drilling company, for $1.7 million. The purchase price consisted of $600,000 cash and 318,840 common shares of Ryan issued at $3.45 per share. Of the $1.7 million purchase price, $0.9 million was allocated to directional drilling equipment and $0.8 million to goodwill. The Corporation did not purchase MWD/LWD equipment as part of this acquisition, but reached an agreement with Whipstock to utilize Whipstock's MWD/LWD equipment on an exclusive basis. Mr. Gerry Edwards, President and co-founder of Whipstock, continued to maintain his active role in the business acquired by the Corporation until November 2001. The Corporation's objective is to continue to build on the strong customer relationships established by Whipstock over its twenty-year history in western Canada.

In the fourth quarter of 1999, the Corporation transferred MWD/LWD equipment and drilling motors to Abu Dhabi of the United Arab Emirates. In the first quarter of 2000, the Company drilled two directional wells for the Abu Dhabi National Oil Company. Although technical successes, the equipment configurations required for these wells precluded the Corporation from utilizing certain of its own equipment. As a result, the Corporation did not achieve its profitability targets. In the second quarter of 2000, the Corporation decided to cease operation in Abu Dhabi and transferred its equipment back to its North American operation.

On January 10, 2001, Ryan USA acquired the operating assets, excluding working capital, and business of Smith Services, Directional Group (“Smith Directional”), a business unit of Smith International, Inc., a United States based directional drilling business, for approximately $US 10.4 million paid in cash. The acquired assets included directional and horizontal equipment capable of maintaining a concurrent job capacity of ten. The equipment included MWD/LWD systems, drilling motors and repair and maintenance facilities operating from three locations in Houston, Texas; Lafayette, Louisiana; and Traverse City, Michigan. At December 31, 2001, Ryan USA maintained twenty MWD/LWD systems.

The Corporation continually investigates the potential for its expanding services inside and outside North America. The Corporation's equipment is very mobile and is transportable by aircraft as well as by truck. The Corporation believes that the development of selective markets for its services in areas outside of North America will allow it to increase utilization of its equipment and services in periods of low demand for drilling services in North America due to seasonal and cyclical factors.

The following table sets forth the Corporation's concurrent job capacity and equipment capacity at the dates indicated, as it relates to horizontal and directional drilling services. Concurrent job capacity refers to the number of oil and natural gas wells for which the Corporation can provide its own personnel and MWD/LWD equipment at any given time. Equipment capacity refers to the number of MWD/LWD systems available, without taking into account the Corporation's ability to provide personnel to operate them.

Concurrent Job Capacity	December 31, 2001		December 31, 2000		December 31, 1999		December 31, 1998		December 31, 1997	
	Concurrent Job Capacity	Equipment Capacity Only	Concurrent Job Capacity	Equipment Capacity Only	Concurrent Job Capacity	Equipment Capacity Only	Concurrent Job Capacity	Equipment Capacity Only	Concurrent Job Capacity	Equipment Capacity Only
Canadian Operation [1]	20	22	25	25 [3]	20	23 [3]	12	22	18	20
United States Operation	20	20	11	11 [4]	8	9	8	9	9	9
Venezuela Operation	4[2]	4	3 [2]	3	3 [2]	3	-	1	-	-
TOTAL	44	46	39	39	31	35	20	32	27	29

Note:

(1) At December 31, 2001 and 2000, the Corporation had capacity to perform twelve EM jobs concurrently in Canada. The Corporation had the capacity to perform seven EM jobs concurrently as at December 31, 1999 and three EM jobs concurrently in Canada as at December 31, 1998.

(2) The Company's Venezuelan operation provides MWD/LWD services only.

(3) Includes three MWD/LWD systems contracted exclusively from an external supplier.

(4) Excludes the acquisition of Smith Directional, which occurred on January 10, 2001 and added an additional concurrent job capacity of ten.

The following table sets forth the Corporation's concurrent job capacity and equipment capacity at the dates indicated, as it relates to well site data management services. Concurrent job capacity refers to the number of oil and natural gas drilling rigs for which the Corporation can provide its own personnel and well site data management equipment at any given time. Equipment capacity refers to the number of well site data management systems available, without taking into account the Corporation's ability to provide personnel to operate them.

Concurrent Job Capacity	December 31, 2001		December 31, 2000		December 31, 1999	
	Concurrent Job Capacity	Equipment Capacity Only	Concurrent Job Capacity	Equipment Capacity Only	Concurrent Job Capacity	Equipment Capacity Only
Canadian Operation	12	12	12	12	4	4
United States Operation	40	70	20	20	10	10
Venezuela Operation	28	28	12	12	-	-
TOTAL	80	110	44	44	14	14

DETAILED DESCRIPTION OF THE BUSINESS OF THE CORPORATION

The Corporation provides horizontal and directional drilling services to, and develops related technologies for, oil and natural gas exploration and production companies in Canada, the United States and Venezuela. The Corporation's strategy is to expand through expansion of services, commercialization of new technologies, selective acquisitions, and selective international expansion.

The Corporation is organized into two divisions: horizontal and directional drilling services and well site data management services.

Horizontal and Directional Drilling

The Corporation's horizontal and directional drilling division encompasses the provision of services, engineering innovation and manufacturing.

Services

Horizontal and directional drilling involves steering of oil and natural gas wells from their natural trajectory to a predetermined reservoir to expose or access a targeted portion of the pay zone, improving economics for oil and natural gas producers. Horizontal and directional drilling is also used to access reservoirs that are inaccessible with conventional vertical wells due to surface obstructions like mountains and lakes, or environmentally sensitive surface locations.

Additional economic efficiencies can be achieved by drilling multiple directional or horizontal wells from a single surface location or vertical well. These wells account for a large percentage of offshore drilling and a growing proportion of land-based wells. Finally, horizontal and directional drilling is utilized in "re-entry" drilling of pre-existing vertical or horizontal wells, extending the life of the producing formation or providing access to reservoirs passed during the well's original completion.

Horizontal and directional drilling utilizes a bottom hole assembly ("BHA") attached to the end of a conventional string of drill pipe, casing or coil tubing supplied by a conventional drilling contractor. The BHA includes downhole motor and MWD/LWD equipment supplied by Ryan Energy Technologies. Downhole motors rotate the drill bit by converting the hydraulic energy of drilling fluids to rotational torque. MWD equipment, which incorporates technology similar to that found in missile guidance systems, provides real-time positional information about the location of the wellbore relative to a surface location. LWD technology records real-time geological information concerning the formations the wellbore is intersecting. This information is communicated to the surface by encoding pulses into the drilling fluids, which are decoded on surface in a process referred to as pulse telemetry. The Corporation's EM communication technology can also be used for the transmission of this information.

The Corporation is typically contracted by oil and natural gas companies and performs its services in conjunction with conventional drilling contractors. The conventional drilling contractor typically drills the vertical section of the well, while the Corporation supervises the drilling of the horizontal or directional component utilizing its own personnel and equipment. Well planning and engineering services are provided to the Corporation's customers prior to the commencement of drilling.

The Corporation subcontracts its MWD/LWD equipment and operators to other directional drilling companies. Typically, these companies do not possess MWD/LWD technology, or as a result of high demand, experience a shortage of internally supplied equipment. The Corporation also supplies its directional drilling services separately from its MWD/LWD services to oil and natural gas customers who choose to rely on an alternative source of MWD/LWD services.

Planning, engineering and coordination of the Corporation's Canadian field operation is carried out from its head office and its Technology Center, both located in Calgary, Alberta. The Technology Center also accommodates repair and maintenance operation for its Canadian MWD/LWD equipment. The Corporation's United States horizontal and directional drilling operation is carried out through its offices located in Houston, Texas; Lafayette, Louisiana; Midland, Texas; and Traverse City, Michigan. Equipment repair and maintenance facilities have also been established in the Lafayette, Louisiana facility

and in a separate facility located in Houston, Texas. The Corporation's South American operation is coordinated from its office in Caracas, Venezuela.

Technology Innovation

Research, development and engineering activities are located in the Corporation's Technology Center. The Corporation is committed to the development of new technologies that enhance the application of horizontal and directional drilling and related services. These developments, while promoting further utilization of horizontal and directional drilling, provide the Corporation with a competitive advantage over some of its competitors. In certain instances, these technologies also enable the Corporation to expand its revenue base, without a proportionate increase in operating expenses. For the year ended December 31, 2001, the Corporation incurred expenditures related to research and development (excluding engineering expenses) of $1.2 million.

The Corporation's recent research and development activities include the following technologies:

Electromagnetic ("EM") Communication Technology

In addition to conventional pulse telemetry, which transmits downhole data to the surface by encoding pulses into the drilling fluids, the Corporation has developed EM communication technology. This technology uses low frequency radio waves to transmit downhole data to the surface. The advantages of this technology over conventional pulse telemetry include:

- radio wave transmission provides data at rates as much as four times faster than pulse telemetry
- without the need to rely on the drilling fluid as a transmission medium, EM communication technology has specific application to underbalanced drilling where entrained gases in the fluid prohibit the transmission of information to the surface using conventional pulse telemetry
- EM communication technology is inherently more reliable as it has no moving parts
- EM communication technology can be utilized during the drilling process when drilling fluids are not being circulated, improving the efficiency of horizontal and directional drilling while reducing costs

The Corporation's EM communication equipment is, to the Corporation's knowledge, the only fully "retrievable, re-seatable" EM system available in the market. Retrievability refers to the ability to secure and remove the electronic modules from the equipment in the event of either a tool failure or where the drill string becomes stuck and cannot be removed from the well. This aspect of the Corporation's EM communication technology is considered a competitive advantage, potentially saving customers significant economic losses where the drill string is lost in the hole.

The Corporation obtained rights to exploit certain EM communication technology pursuant to the terms of a Technology License Agreement (the "License Agreement") dated November 15, 1995 with McAllister Petroleum Services Ltd. The License Agreement requires the Corporation to make certain payments to McAllister, as the licensed technology is adapted for horizontal and directional drilling

applications. The Corporation pays a royalty based on operating days in which the technology is commercially supplied to the Corporation's customers. The License Agreement has a term of 20 years.

Certain geological structures inhibit the transmission of radio waves, which results in the necessity for pulse telemetry equipment, also supplied by the Corporation. The Corporation's strategy is to develop and provide industry leading technology available for both applications.

The Corporation commenced offering limited EM communication technology services in conjunction with its horizontal and directional services in late 1997. In January 1998, the Corporation performed its first services utilizing this technology. The Corporation has received two patents related to certain aspects of this technology. Ryan Energy Technologies is currently developing its next generation of technologies involving EM communication applications, including a slim-hole and a range extended format.

Dynamic Pressure Device ("DPD")

In 1998, the Corporation successfully developed the Dynamic Pressure Device (DPD), a real-time, downhole pressure measurement instrument capable of determining annular and internal drill pipe pressure in both static and dynamic modes. When DPD is used in underbalanced drilling, real-time pressure measurements allow the operation to optimize the amount of inert natural gas to be injected to balance wellbore pressure and formation pore pressure, ultimately providing cost savings to oil and natural gas companies.

The Corporation's DPD has numerous other applications to the oil and natural gas drilling industry as a result of its ability to measure various pressure characteristics in the wellbore. Monitoring fluid pressure changes in the wellbore helps oil and natural gas producers to anticipate potential drilling problems. The Corporation's DPD also assists in identifying casing points at various depths of the well in order to avoid lost circulation problems.

In November 2001, the Corporation launched the next generation DPD-2 system, which combined with Tru Vu® technology, enables the provision of real-time information, including downhole pressure data direct from the well site to the client's office. By December 31, 2001, the Corporation had an approximate six job capability for DPD-2 services. Development of slim-hole 3 ½" version of DPD-2 is expected to be completed in the first half of 2002.

Geological Steering Instrumentation ("GSI")

Certain LWD equipment, utilizing gamma-ray analysis, measures and transmits to the surface, real-time geological information concerning various formations surrounding the wellbore. This allows oil and natural gas companies to verify previous geological models or change the planned course or target of the directional well bore, based on the geology encountered.

The Corporation's proprietary Geological Steering Instrumentation ("GSI") equipment advances conventional LWD capability, by providing real-time information on the three-dimensional orientation of geological zones. The gamma sensor in the GSI device acquires geological data through a "window" in the drill string, enabling "geosteering" capability in the formations with good contrast in gamma response between the geological zones. Geosteering the well in real-time enables the client to optimize the placement of the wellbore in the zone of interest. During 2002, the Corporation anticipates the commercialization of its next generation GSI-2 system, which will have the capability to further focus the

measurement by sorting gamma data into quadrants in addition to using the window in the drill string. GSI-2 will also be combined with Tru Vu® to enable remote access to real-time well site information.

Additional Technologies

The Corporation is engaged in the research and development of other technologies including additional logging parameters for its LWD equipment and alternative forms of communicating information to the surface. These innovative technologies are intended to facilitate the Corporation's goal of competitive distinction in its markets. The Corporation, through its technology innovation group, also continues to refine existing technology, including the Corporation's pulse telemetry equipment.

Manufacturing

The Corporation's manufacturing MWD/LWD operation is carried out in its Technology Center located in Calgary, Alberta. To date, the Corporation manufactures MWD and LWD equipment for internal use, and for sale to certain external customers. The Corporation uses external suppliers to manufacture proprietary designs for component parts of its MWD and LWD equipment and is also reliant on external suppliers for other non-proprietary components. Assembly, testing and maintaining inventory of these various components for supply to its Canada, United States and Venezuela operations constitutes the majority of the Corporation's manufacturing activity.

Well Site Data Management (WDM)

Tru Vu® is a well site data management (WDM) system developed by the Corporation to meet its customers' need for technology that integrates the ever increasing amount of data derived from all facets of oil and natural gas drilling. In 1997, the Corporation anticipated the industry's need for such technology and purchased IDL, Inc., a Houston-based company. IDL, Inc. developed Tru Vu®, a proprietary hardware and software platform, which records and processes data derived from horizontal and directional drilling operation and mud logging services. The Corporation believed that Tru Vu®'s flexibility and open-architecture made it ideal for the broader application of WDM and has further enhanced the original Tru Vu® technology.

The Tru Vu® system is a unique product:

- Tru Vu® is an open-architecture data acquisition, integration and management system which is configurable for operation in conventional, directional and underbalanced drilling; mud logging; wireline logging; production testing; and many other applications;

- Tru Vu® interfaces downhole information, including horizontal and directional data and LWD information, with surface-related data;

- Tru Vu® provides an engineering platform for recording, processing and presenting data generated by a wide variety of services at the well site including logging, conventional and underbalanced drilling operating parameters;

- Tru Vu® provides real-time viewing of all data being monitored, allowing important decisions to be made during the drilling process;

- Tru Vu® transmits data from the well site to clients' offices via satellite and is viewable via the Internet utilizing Tru Vu® WEB software. These transmissions can occur as the client requires, or automatically at predefined intervals without the need for WDM personnel at the well site;

- Tru Vu® provides file import features which allow real-time comparison of offset wells with wells currently being drilled; and

- Tru Vu® provides enhanced operation reporting capabilities such as morning reports and tour books in accepted industry standard form through Tru Vu® PRO software.

The Corporation maintains a facility in Houston for the development and manufacture of its Tru Vu® technology. The Corporation manufactures the required equipment for internal use and for sale to third parties. The Corporation uses external suppliers to manufacture proprietary designs for component parts of its equipment and is also reliant on external suppliers for other non-proprietary components. Assembly and testing of these various components constitutes the majority of the Corporation's manufacturing activity.

The Corporation uses the Tru Vu® technology in three areas: software licensing, hardware sales and "turn-key" rental of WDM systems. From service centers in Houston, Tyler, Alice and Midland, Texas; Lafayette, Louisiana; and Calgary, Alberta, the Corporation provides full service instrumentation and data management services to the oil and natural gas operators and drilling and service rig contractors. The WDM services include secure internet data access from the Corporation's data hub located in Houston, Texas.

The Corporation also provides custom system engineering and manufacturing services which create custom data acquisition and management solutions for oil and natural gas service companies.

Segmented Revenue Information

The Corporation currently operates in two industry segments being horizontal and directional drilling and well site data management services. The Corporation provides these services to customers in Canada, the United States and Venezuela. The following table shows the approximate percentage of revenue derived from each of these segments for the periods indicated:

Revenue by Segment

	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999	Year Ended December 31, 1998	Year Ended December 31, 1997
Horizontal and Directional Drilling	91%	96%	93%	99%	100%
Well Site Data Management	9%	4%	7%	1%	-

Location of Revenue

	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999	Year Ended December 31, 1998	Year Ended December 31, 1997
Canada	38%	65%	47%	53%	78%
United States	55%	31%	51%	47%	22%
Venezuela	7%	4%	2%	-	-

The Corporation commenced offering services to customers in the United States on April 1, 1996 and to customers in Venezuela in April 1999.

Employees

As at December 31, 2001, the Corporation had a total of 309 full-time employees of whom 117 were employed in the Corporation's Canadian operation, 145 were employed in the Corporation's United States operation and 47 in the Corporation's Venezuela operation. As at December 31, 2001, the Corporation employed 226 full-time employees in its directional drilling operation, 60 full-time employees in its well site data management operation and 23 full-time employees in various corporate functions.

Market for Services and Competition

The Corporation's markets for well site data management and directional drilling services are affected by the same overall industry drivers of commodity pricing, level of exploration and development expenditures incurred by oil and natural gas companies, and the number of oil and natural gas wells drilled in the Corporation's principal markets. The market for directional drilling services is further affected by the proportion of oil and natural gas wells drilled using directional and horizontal services.

The Corporation estimates that approximately 25 percent of the oil and natural gas wells drilled in western Canada in 2001 were horizontal or directional wells (as compared to 30 percent in 2000). The Corporation estimates that in 2001 approximately 31 percent (30 percent in 2000) of the oil and natural gas drilling activity in the United States was horizontal and directional wells.

Oil related drilling activity, especially heavy oil drilling, has typically used horizontal drilling applications. The Corporation believes that the reduction in world oil prices and the price of natural gas in North America, along with the current trends employed in the drilling of oil and natural gas wells, resulted in the reduced proportion in wells drilled in Canada utilizing this technology. The Corporation estimates that in 2002, approximately 25 percent of the wells to be drilled in Canada and 30 percent of the wells to be drilled in the United States will be horizontal and directional wells.

The Corporation estimates that, based on active drilling rig days, in 2001 it supplied 6 percent of the horizontal and directional drilling services market in western Canada and approximately 7 percent in the areas in which it operates in the United States. The Corporation's most significant competitors are Sperry Sun Drilling Services, a division of Halliburton Energy Services; Baker Hughes Inteq, a subsidiary of Baker Hughes Incorporated; Anadrill, a division of Schlumberger Limited; and Computalog Ltd., a division of Precision Drilling Corp. See "Business Risks".

The Corporation estimates that it has less than 1 percent market share in well site data management services in Canada and 4 percent market share in the United States. In Venezuela, the Corporation has established a market share of approximately 30 percent as of the end of 2001. The Corporation's significant competitors in well site data management include Pason Systems Inc., MD Totco (a Varco company), Epoch Well Services Inc., and Petron Industries Inc. See "Business Risks".

The Corporation's customers for directional drilling are major, intermediate and junior North American oil and natural gas companies. Customers are identified by the Corporation through an analysis of their horizontal and directional drilling activity from public sources and are contacted by one of the Corporation's sales representatives. Contracts in the industry are generally awarded on the basis of

technical expertise, equipment requirements, equipment availability and price. The Corporation's customers for well site data management are major, intermediate, and junior oil and natural gas companies as well as drilling rig contractors and other oil and natural gas service companies.

During the year ended December 31, 2001, one customer of the Corporation represented 12.6 percent of the consolidated revenue of the Corporation. During the year ended December 31, 2000, income from one customer of the Corporation represented 10.9 percent of the consolidated revenue of the Corporation. During the year ended December 31, 1999, income from one customer of the Corporation represented 10.2 percent of the consolidated revenue of the Corporation.

Capital Expenditures

The following table summarizes the various categories of capital expenditures incurred by the Corporation for the periods indicated:

Consolidated Property, Plant and Equipment Expenditures [(1)]

(in thousands of Canadian dollars)	**Year Ended December 31, 2001**	**Year Ended December 31, 2000**	**Year Ended December 31, 1999**
Office and Computer Equipment	735	758	193
Directional Drilling Equipment	4,744	2,853	950
MWD / LWD Equipment	1,290	3,524	2,797
Well Site Data Management Systems	4,639	1,362	1,617
Building and Leaseholds	259	1,128	12
TOTAL	11,667	9,625	5,569

Consolidated Intangible Asset Expenditures [(1)]

(in thousands of Canadian dollars)	**Year Ended December 31, 2001**	**Year Ended December 31, 2000**	**Year Ended December 31, 1999**
Software	149	503	85
Development and Patent Costs	615	1,192	569
Deferred Expenditures	-	115	393
TOTAL	764	1,810	1,047

Note:

(1) Excludes the acquisition of IDL and of the business and assets of DTI, Whipstock Systems Inc. and Smith Directional.

Business Risks

Demand for Services

Demand for the Corporation's contract horizontal and directional drilling and well site data management technology and services depends largely on the level of spending by oil and natural gas companies for exploration, development and production activities in Canada, the United States and Venezuela. Oil and natural gas producers' capital spending on exploration and development activities changes significantly with fluctuations in world oil prices and North American natural gas prices along with the volatility of equity markets – impacting the access these companies have to additional capital. Horizontal and directional drilling in North America is directly affected by these fluctuations in expenditures.

Exploration and development drilling activities depend in large measure upon oil and natural gas prices, which may be affected by local or international factors or by government regulation and which cannot be accurately predicted. The business of the Corporation is directly affected by changes in the level of drilling activity carried on by its customers, which, in turn, is directly affected by fluctuations in world energy prices.

Competition

The Corporation's major competitors are principally large multinational companies, many of which are substantially larger than the Corporation, and have significantly greater resources available for marketing and research and development programs. In certain aspects of its business, the Corporation also competes with a number of other small companies, which, like the Corporation, have certain competitive advantages such as low overhead costs and specialized regional strengths. The Corporation's ability to generate revenue depends on its ability to obtain contracts and to perform services within projected times and costs.

Access to Equipment, Component Parts and Development of New Technology

The Corporation's ability to expand and compete is dependent upon the Corporation having access, at a reasonable cost, to drilling equipment and supplies, which are at least technically equivalent to those offered by its competitors. The Corporation manufactures its WDM, MWD and LWD equipment and is dependent upon suppliers for the provision of certain component parts. The Corporation's manufacturing capability could be disrupted should the existing supply of component parts be disrupted and a replacement source for these parts not be found.

The horizontal and directional drilling and well site data management industry segments are characterized by the development of new MWD and LWD and WDM technologies. The Corporation's ability to compete is dependent upon its ability to develop new or similar technologies, or alternatively, to purchase or lease such technologies from external suppliers.

Employees

The success of the Corporation is dependent upon the availability of skilled personnel. Loss of the services of such persons could have a material adverse effect on the business and operation of the Corporation. The ability of the Corporation to expand its services is dependent upon its ability to attract and retain qualified employees. Attracting and retaining qualified personnel is more difficult and expensive in periods of high oil and natural gas drilling activity, as the Corporation is competing against its competitors for these services.

Oil and Natural Gas Industry Risks

There are risks associated with the provision of drilling services to the oil and natural gas industry. The Corporation may become liable for risks against which it may choose not to insure due to high premium costs or which may be outside the limits of policy coverage. Interruptions and delays caused by adverse weather conditions, equipment failures and other events can significantly adversely affect the Corporation's revenue.

Political Risk

The Corporation, through its international operation, is dependent upon the economic and political stability of foreign oil and natural gas producing countries. Changes in the stability of the political or economic environment of these countries could have a material adverse effect on the business and operation of the Corporation.

Environmental Considerations

The Corporation maintains a corporate insurance program consistent with industry practice to protect the Corporation against liabilities due to environmental accidents and disruptions. The Corporation also has operational and emergency response procedures and safety and environmental programs in place at its Technology Center to reduce potential loss exposure.

The Corporation believes it is in compliance in all material respects with all current applicable environmental regulations. The Corporation does not expect that the costs of compliance with applicable environmental regulations will have a material impact on the Corporation's competitive position or its future capital expenditures, earnings or operating costs.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Set forth below is selected historical financial information for the Corporation for the three years ended December 31, 2001.

(in thousands of Canadian dollars except for per share data)	**Year Ended December 31, 2001**	**Year Ended December 31, 2000**	**Year Ended December 31, 1999**
Income Statement Data			
Revenue	95,715	62,866	27,340
Direct Costs	65,497	42,830	21,489
Gross Profit	30,218	20,036	5,851
Earnings (Loss) before interest, taxes and amortization	18,975	11,588	(18)
Net Earnings (Loss) from Continuing Operations[(1)]	5,798	2,843	(3,385)
Net Earnings (Loss) from Continuing Operations per share[(1)]	0.26	0.13	(0.16)
Net Earnings (Loss) from Continuing Operations per share (fully diluted)[(1)]	0.26	0.13	(0.16)
Net Earnings (Loss)	5,798	2,249	(3,385)
Net Earnings (Loss) per Share	0.26	0.10	(0.16)
Net Earnings (Loss) per Share (fully diluted)	0.26	0.10	(0.16)
Cash Flow from Operations	13,593	8,440	2,012
Cash Flow from Operations per Share	0.60	0.37	0.10
Balance Sheet Data			
Cash and Cash Equivalents	1,494	56	1,626
Property, Plant and Equipment	45,072	32,532	28,548
Intangible Assets	4,473	4,682	3,766
Goodwill	15,303	8,206	8,417
Total Assets	97,091	70,175	60,962
Total Long-Term Debt	16,205	4,326	3,516
Shareholder's Equity	60,042	51,195	48,426
Other Financial Data			
Amortization Expense (excluding goodwill amortization)	7,715	5,644	4,245
Goodwill Amortization, net of income tax	618	381	362
Capital Expenditures (excluding acquisitions)	12,431	11,435	6,616

Note:

(1) excludes the loss for the Corporation’s Abu Dhabi operation which was discontinued during April 2000.

QUARTERLY SUMMARY OF FINANCIAL INFORMATION

Set forth below is a summary of selected quarterly financial information for the quarters indicated.

(in thousands of Canadian dollars, except for per share data)	**Total Revenue**	**Net Earnings (Loss) from Continuing Operations**	**Net Earnings (Loss) from Continuing Operations per Share**	**Net Earnings (Loss) from Continuing Operations per Share Fully Diluted**	**Net Earnings (Loss) from Operations**	**Net Earnings (Loss) from Operations per Share**	**Net Earnings (Loss) from Operations per Share (fully diluted)**
2001							
March 31	27,043	2,741	0.12	0.12	2,741	0.12	0.12
June 30	22,510	690	0.03	0.03	690	0.03	0.03
September 30	26,093	2,218	0.10	0.10	2,218	0.10	0.10
December 31	20,069	149	0.01	0.01	149	0.01	0.01
Twelve Months Ended December 31, 2000	95,715	5,798	0.26	0.26	5,798	0.26	0.26

(in thousands of Canadian dollars, except for per share data)	**Total Revenue**	**Net Earnings (Loss) from Continuing Operations**	**Net Earnings (Loss) from Continuing Operations per Share**	**Net Earnings (Loss) from Continuing Operations per Share Fully Diluted**	**Net Earnings (Loss) from Operations**	**Net Earnings (Loss) from Operations per Share**	**Net Earnings (Loss) from Operations per Share (fully diluted)**
2000							
March 31	15,226	573	0.03	0.03	67	0.00	0.00
June 30	10,655	(830)	(0.04)	(0.04)	(918)	(0.04)	(0.04)
September 30	16,451	1,037	0.05	0.05	1,037	0.05	0.05
December 31	20,534	2,063	0.09	0.09	2,063	0.09	0.09
Twelve Months Ended December 31, 2000	62,866	2,843	0.13	0.13	2,249	0.10	0.10

DIVIDEND RECORD AND POLICY

The Corporation has never paid a dividend on its common shares and has no express or stated policy in respect of any such dividends. Dividends on common shares will be paid solely at the discretion of the Board of Directors after taking into consideration the financial condition of the Corporation and the economic environment in which it is operating. There is no current intention to pay such dividends. The Corporation is restricted under the terms of its bank loan arrangements from paying dividends on its common shares without the prior consent of its bank lenders.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Reference is made to the section entitled "Management's Discussion and Analysis" on pages 10 to 20 inclusive, of the Corporation's 2001 Annual Report, which is incorporated herein by reference.

MARKET FOR SECURITIES

The Common Shares of the Corporation are listed for trading on The Toronto Stock Exchange under the symbol "RYN".

DIRECTORS AND OFFICERS

Set forth below is information with respect to each of the current directors and officers of the Corporation. The current term of office of each director expires at the end of the 2001 Annual Meeting of Shareholders.

Directors

Name and Municipality of Residence	Director Since	Principal Occupation for the Past Five Years or More
Richard T. Ryan Calgary, Alberta	March 15, 1994	President and Chief Executive Officer of the Corporation since March, 1994; prior thereto, Founder, President and Director of Ryan Energy Technologies Inc., the predecessor of the Corporation from October, 1991; prior thereto, District Manager of Anadrill Canada, a division of Schlumberger Canada Limited, an oilfield service company, from 1990.
Albert E. Chase (1) (2) Calgary, Alberta	March 15, 1994	Investor; prior to 1993, President of Chase Drilling Ltd., a private drilling rig contracting company; prior to 1984, Sales and Marketing Manager for Schlumberger Canada Limited.
Donald R. Seaman (1) (2) Calgary, Alberta	March 15, 1994	Sole shareholder of D.R.S. Resource Investments Inc., a personal investment company and Director of The Azterra Development Corporation, Best Pacific Resources Ltd., CCR Technologies Ltd., Q Energy Limited and Canscot Resources Ltd.
Tomas J. Mauro (2) Calgary, Alberta	March 24, 1994	President of Albi Corp. and Albi Homes Ltd., private home building companies, and Director of Daytona Capital Corp. and Azterra Development Corporation.
William J. Mooney (1) Calgary, Alberta	September 7, 1995	President and Chief Executive Officer of Millepede Energy Limited, a private consulting company.
C. Kent Jespersen Calgary, Alberta	December 13, 2001	Chairman of La Jolla Resources International Ltd. – his investment and international advisory firm, Chairman of C.D. Howe Institute and a director and investor in several public companies. Prior to mid-1998, Mr. Jespersen was a senior executive in the NOVA Corporation group, his last position being President of NOVA Gas International Ltd.

Notes:
(1) Member of the audit committee.
(2) Member of the compensation committee. The Corporation does not have an executive committee.

Officers

Name and Municipality of Residence	Office Held	Principal Occupation or Employment for the Past Five Years or More
Richard T. Ryan Calgary, Alberta	President and Chief Executive Officer	President and Chief Executive Officer of the Corporation since March 1994; prior thereto, Founder, President and Director of Ryan Energy Technologies Inc., the predecessor of the Corporation from October 1991; prior thereto, District Manager of Anadrill Canada, a division of Schlumberger Canada Limited, an oilfield service company, from 1990.
Leonard A. Cornez Calgary, Alberta	Vice President, Finance and Chief Financial Officer	Vice President, Finance and Chief Financial Officer of the Corporation since July 1, 2000; prior thereto, a financial services consultant, from March 2000; prior thereto, Vice President and Chief Financial Officer of Hartland Pipelines Services Ltd., from September 1999 to February 2000 (during which time Hartland initiated proceedings under the Companies Creditor Arrangement Act (Canada) on November 21, 1999 and was subsequently petitioned into bankruptcy on December 21, 1999); prior thereto, held various positions including Vice President and Chief Financial Officer of Computalog Ltd., from July 1991; prior thereto, held various positions with the chartered accounting firm of Coopers & Lybrand, from July 1981.
Bradley W. Turner Calgary, Alberta	President, Data Wise Solutions Inc.	President, Data Wise Solutions Inc., a wholly owned subsidiary of the Corporation since May 1, 2000; prior thereto, employed as a Consultant for the Corporation, from December 1999; prior thereto, Chief Operating Officer, Request Seismic Surveys Ltd., from September 1998; prior thereto, Client Executive and Project Delivery Manager, DMR Consulting Group Inc., a leading international provider of information technology, from September 1997; prior thereto, Vice President, The Rider Travel Group, from January 1990; prior thereto, Assistant Controller, CEDA Reactor Ltd., from November 1987.
Callin C. (Joe) Kerr Houston, Texas	Vice President, United States Operations	Vice President, United States Operations of the Corporation since October 14, 1999; prior thereto, employed with Baker Hughes, between 1992 to 1999 in the following capacities: Inteq, Director, Marketing - Drilling Systems (Houston, Texas); Baker Hughes, Vice President, Manufacturing and Sourcing (Houston, Texas); Baker Hughes Process Systems, General Manager (Rugby, England) and Inteq, Operations Manager (Lafayette, Louisiana); prior thereto, was employed with Eastman Christensen (which was acquired by Baker Hughes) holding several positions, from 1984 to 1992.
Brian B. Peters Calgary, Alberta	Corporate Controller	Corporate Controller of the Corporation since November 1, 2000; prior thereto, Accounting Manager of the Corporation, from April 15, 2000; prior thereto, Corporate Accountant, Canadian Hunter Exploration Ltd., from September 1999; prior thereto, employed by PricewaterhouseCoopers L.L.P., from September 1996.
Andrew G. Love Calgary, Alberta	Corporate Secretary	Partner of Macleod Dixon, L.L.P., a law firm with offices in Calgary, Alberta; Toronto, Ontario; Moscow, Russian Federation; Almaty, Republic of Kazakhstan; Caracas, Venezuela; and Rio de Janeiro, Brazil.

Shareholdings

As at March 15, 2002, Ryan Energy Technologies Inc. had outstanding 22,678,264 Common Shares and Stock Options to acquire 2,242,400 Common Shares, of which Stock Options to acquire 1,037,304 Common Shares were currently vested and exercisable.

As of that date there was no other outstanding voting or equity securities of the Corporation and no other securities of the Corporation which were convertible, exercisable or exchangeable into or for voting or equity securities of the Corporation.

As at March 15, 2002, the directors and officers of the Corporation, as a group, directly or indirectly, beneficially owned 4,598,668 Common Shares of the Corporation, representing 20.3 percent of the 22,678,264 issued and outstanding common shares. As of that date, a cumulative total of 908,500 Stock Options to acquire Common Shares of the Corporation were held by directors and officers.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interests of insiders in material transactions, if applicable, is contained in the Information Circular of the Corporation in respect of its most recent annual meeting of shareholders that involved the election of directors. Additional financial information is contained in the Corporation's comparative financial statements for its most recently completed financial year.

The Corporation will provide to any person, upon request to the Corporation at its offices at 700, 505 – 2nd Street SW, Calgary, Alberta, T2P 1N8, Telephone: (403) 269-5981 or Facsimile: (403) 233-2233:

1. When the securities of the Corporation are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus:

   (a) one copy of the Annual Information Form of the Corporation, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form;

   (b) one copy of the comparative Financial Statements of the Corporation for its most recently completed financial year that have been filed, together with the accompanying report of the auditors thereon, as well as one copy of any interim financial statements of the Corporation that have been filed subsequent to the end of its most recently completed financial year;

   (c) one copy of the Information Circular of the Corporation in respect of its most recent annual meeting of shareholders that involved the election of directors; and

   (d) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and that are not required to be provided under paragraphs (a), (b) or (c) above; or

2. at any time, one copy of the documents referred to in paragraphs 1(a), (b) and (c) above, provided the Corporation may require the payment of a reasonable charge if the request is made by a person who is not a securityholder of the Corporation.