



President's Message

I am pleased to announce that Zedi recorded the strongest revenue quarter in the company's history with revenues for Q1 2010 of \$14,720,000 compared to \$12,712,000 in Q1 2009. This is very encouraging as we come off of a strong Q4 in 2009 and is a reflection of the strong performance by the Zedi team, building on existing relationships and developing new ones.

The increase in revenue is a result of healthy organic growth in the Canadian market where our current customers are continuing to invest in Zedi products and services. We have experienced an increase in our customer base as our sales team extended their reach in the market. We were also positively impacted by the growing trend of Tier 1 producers disposing of conventional assets to junior and intermediate producers which is a strong target market for us.

Our Canadian customer base has adapted to the new regulatory and commodity market conditions with the increased stability and predictability that has become evident, we are cautiously optimistic that a drastic reversal in business will not be experienced in Q2 this year in the manner that it was in Q2 2009. However the changes we have made in our own business has positioned us well to be prepared to respond to any type of market volatility, positive or negative.

The Zedi Field Operations division continues to outperform our expectations and the remaining Zedi business units are consistently meeting our expectations. The business model, based on our strong recurring revenue foundation, continues to prove its value, covering 173% of our operating expenses and 158% of our total cash requirements in Q1.

As I look to the remainder of 2010, I am excited about the opportunities that lay ahead. The ERCB's Enhanced Production Audit Program (EPAP) is creating a greater demand for technologies and information systems that improve the controls and accuracy of volume measurement and production accounting. This presents a compelling reason for customers to implement our solutions. In addition, we continue to see new areas for growth in both new geographies and existing markets with our enhanced products and services.

Finally, I am extremely proud that for the second year in a row, Zedi placed among the top 75 employers in the Great Places to Work Survey as published in the Globe and Mail on April 13, 2010. Zedi is a company that is built from the bottom up and it is the effort from each and every one of our employees that continues to contribute to our success. We have created a winning environment to continue our pursuit of becoming a global leader in production operations.

A handwritten signature in black ink, appearing to read "Matthew Heffernan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Matthew Heffernan
President & Chief Executive Officer