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Company Summary

June 3, 2008

ILI Technologies (2002) Corp. (ILI : TSX-V)

Current Price : \$0.33

Coverage Initiated:
\$0.42 (Nov. 17, 2003)

Highlights:

- record annual revenues in 2007 of \$5.3 million
- multiple Thermoflex contracts announced in February 2008
- potential for significant Thermoflex orders based on current negotiations
- working capital of approximately \$4.1 million or \$0.19 per share and minimal long-term debt as at March 31, 2008
- Sprott Asset Mgmt has acquired up to a 17% equity interest via Jan. 2007 financing

DISCUSSION:

ILI Technologies Corp. is a rapidly emerging small-cap company specializing in providing innovative products to the oil and gas sector. The scope of ILI changed dramatically in 2006 with the purchase of a coalbed methane (CBM) pump supplier along with the distribution rights for an innovative tubing product. ILI's strategy is to tap existing and new distribution channels to increase sales for pumps and piping products as well as to manufacture automated data collection systems to assist customers in increasing profitability and economic productivity.

In 2006, ILI acquired CBM Pumps and Services Inc., a company based in Gillette, Wyoming that sells and services submersible pumps and support products for CBM wells and other oil and gas applications. In addition, during August 2006, the company commenced distribution of Thermoflex Tubing, an innovative, lightweight, reinforced tubing product with significant advantages over conventional steel tube for use in the oil and gas industry.

Another one of ILI's product offerings is *Touch Trax*, a cost effective inventory recognition product that utilizes RFID (radio frequency identification) technology. Typical applications for these tags include local asset management, inventory control, and field equipment service record keeping. ILI also offers *Sand Trax*, an innovative method for oil and gas producers to determine the presence of sand in the flow stream without the use of radioactive materials, dyes, or other hazardous markers. The company has also developed *Pressure Trax*, a battery powered, stand-alone system that can record pressure, temperature, rate and time simultaneously while displaying this data on a remote computer.

In January 2007, the company completed a \$3 million private placement by issuing 4 million units at \$0.75 per unit. Each unit consisted of a common share and a one-half warrant exercisable at \$1.25 per share for a 2-year period. Sprott Asset Management Inc. participated in this financing and would hold 17% of ILI's outstanding shares if all warrants are exercised.

On March 30, 2007, ILI announced the receipt of a substantial US\$9.5 million order for Thermoflex Tubing, associated connectors and ESP pump products from a large Mexican corporation. Delivery under this contract is now anticipated to commence in 2008. Sales of Thermoflex Tubing to date represent only a fraction of the potential market in Mexico as old flow lines are in need of replacement or repair and companies are looking for longer-lasting and more efficient methods of flow lining new wells. The company is also looking to expand sales into untapped markets within the U.S. and Canada. ILI intends to expand the manufacturing facilities for Thermoflex Tubing in order to accommodate expected future orders.

In April 2007, ILI announced that a larger facility was acquired in Gillette, Wyoming due to recent sales growth and increasing demands on inventory, manufacturing, and testing requirements. The new facility will consolidate the company's operations under one roof rather than two separate buildings, thus allowing for better inventory control and improved performance and efficiencies. The company has also opened an office in Shanghai, China and has hired a procurement manager. This office will assist ILI in facilitating delivery of product from China on a more regular schedule and will save the company in carrying costs and space.

On February 26, 2008, the company announced several new Thermoflex contracts as well as the potential to secure further

orders in 2008. In Mexico, ILI has been contracted to install a downhole string in a highly corrosive environment with a major oil and gas service company. Management is in negotiations for a multi-million dollar, multi-well 24-month contract after the first well is completed and tested to ensure that all quality parameters are met. In the Northern region of Mexico, ILI is working on a direct assignment contract covering approximately 40 km for its Thermoflex Piping. This project is expected to commence in Q2/08. The company has also been selected to supply a major oil and gas company in Wyoming with Thermoflex Piping. This project, which is ILI's first major Thermoflex contract outside of Mexico, is expected to run for approximately 30 months and represents the opening of a major new market as Thermoflex Piping gains international acceptance. ILI also continues to progress in negotiations for several significant orders in Mexico and the U.S.

In April 2008, ILI received exclusive distribution rights for Thermoflex Tubing and associated connectors in China. This development opens up a very large sales region in a country that is experiencing increased oil and gas activity to meet a growing demand for energy. ILI already has an office in China that was opened in 2007.

ILI has built the foundation for significant revenue and earnings growth through the CBM acquisition and the distribution rights for Thermoflex Tubing. The company has dramatically increased its sales and marketing efforts with operations in Canada, USA, Mexico and now China. Negotiations can be lengthy when dealing with major international producers and service companies, but management is confident that ILI's superior products and services will lead to several additional orders during 2008. As at March 31, 2008, ILI had a positive working capital position of \$4.1 million or \$0.19 per share.

FINANCIAL HISTORY (For the fiscal years ending December 31 - expressed in 000's)

	2000	2001	2002	2003	2004	2005	2006	2007
Revenues	\$ 557	\$ 1,112	\$ 551	\$ 849	\$ 619	\$ 1,100	\$ 4,726	\$ 5,306
Gross Profit	355	756	374	743	532	961	2,431	2,124
Cash flow	(672)	(229)	(245)	226	(216)	69	(127)	(1,411)
Net Income (loss)	(906)	(281)	(295)	205	(378)	(68)	(447)	(2,185)
per share	(0.055)	(0.017)	(0.017)	0.036	(0.042)	(0.007)	(0.033)	(0.102)

SHARES OUTSTANDING

(As at March 31, 2008)

Basic	21,564,928*
Fully-diluted	25,720,766

* management and insiders own approximately 5% of the total shares issued and outstanding

MANAGEMENT & DIRECTORS:

Serge Bonnet, *President, CEO & Director*

Guy Farebrother, *Chairman & CTO*

Tom Milley, *Corporate Secretary & Director*

Ed Michielsen, *Director*

John MacMillan, *Director*

Mark Yu, *Controller*

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FINANCIAL SUMMARY

	3 Months Ended Mar. 31		Year Ended Dec. 31	
	2008	2007	2007	2006
Revenues	\$ 1,033,814	\$ 2,962,923	\$ 5,306,492	\$ 4,726,456
Gross Profit	410,948	1,190,058	2,123,687	2,413,941
Cash Flow	(377,044)	472,354	(1,410,583)	(126,664)
Net Income	(419,823)	409,857	*(2,184,802)	(447,476)
per share	(0.019)	0.019	(0.102)	(0.033)

*includes foreign exch. loss of \$251,580 and S.B.C. expense of \$632,521

BALANCE SHEET

(As at March 31, 2008)

Current Assets	\$ 4,859,536
Total Assets	7,064,474
Current Liabilities	749,113
Long-Term Debt	381,198
Shareholders' Equity	5,934,163

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