Growth Stocks Weekly

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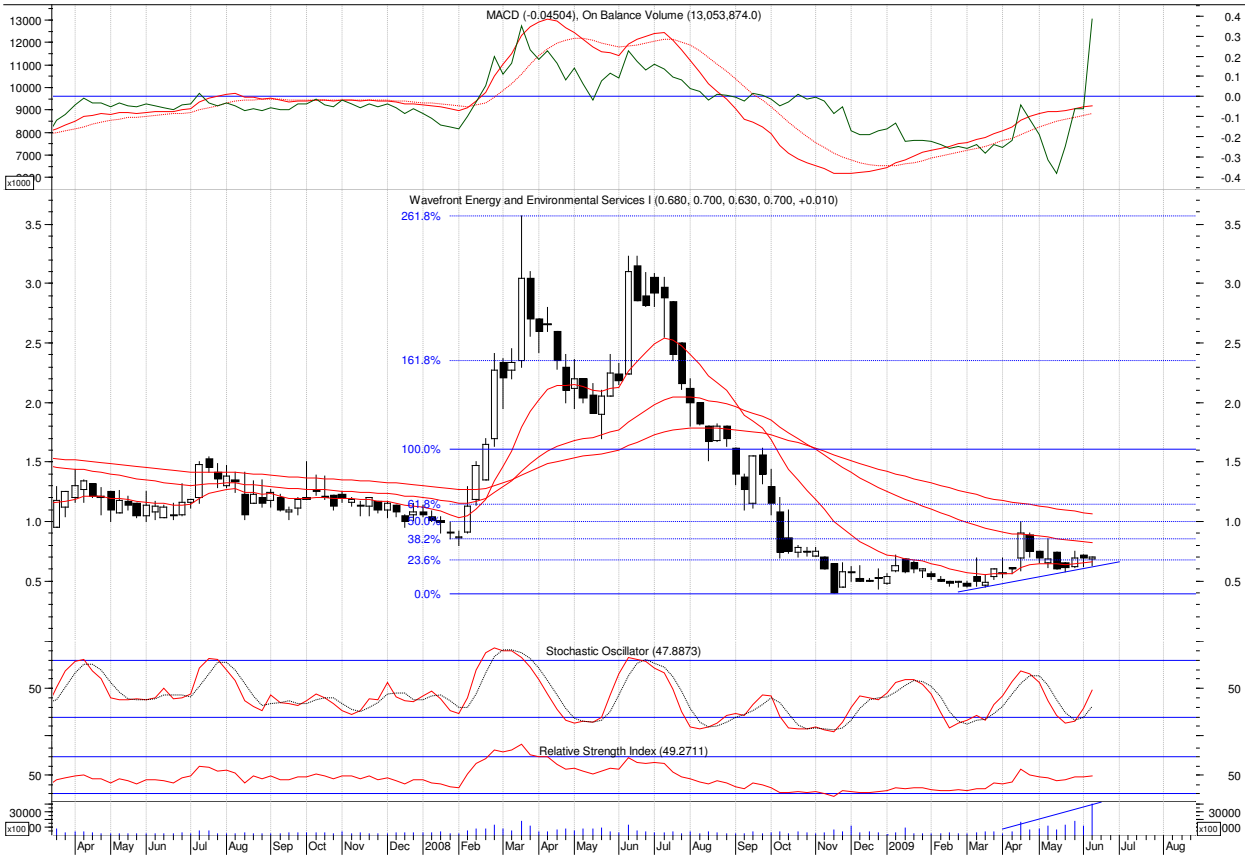
Growth: 1996 **116.9%**; 1997 **28.1%**; 1998 **36.4%**; 1999 **39.4%**; 2000 **180.9%**; 2001 **-50.5%**; 2002 **18.7%**; 2003 **28.8%**; 2004 **166.7%**; 2005 **28.2%**; 2006 **153.3%**; 2007 **8.8%**; 2008 **–25.2%**; 2008 **–50.3%**

Junior Natural Resource Sector Research

June 14, 2009

INITIAL REPORT

WAVEFRONT TECHNOLOGY SOLUTIONS INC. (WEE-TSXV)



Weekly chart, High $3.57, Low $0.40, Last trade $0.70

Wavefront Technology Solutions Inc. (WEE-TSX Venture) is one of North America's largest providers of secondary oil recovery and environmental technologies. It has developed a simple new technology that increases production in mature oil fields that is now being deployed. Increases in production per well, and per field, is usually 10-20%, but sometimes a lot more.

The company was founded in 1997 by CEO Brett Davidson and University of Alberta professor Tim Spanos. The company was named Wavefront Technologies and Environmental Services and then became Wavefront Technology Solutions Inc. It is best known for its patented technology that sends pulses through the ground to simulate the effects of the aftershock of an earthquake to aid in the recovery of stranded oil.

Their technologies simulate the beating of a heart. When a human heart pumps, it sends pulses through the body's blood vessels, causing the network of capillaries to expand and contract. When a pulse is applied to the ground, it expands and contracts the porous rock, essentially freeing the trapped oil. This technology is used for fluid flow optimization having applications in both the environmental and energy sectors. In the environmental sector the process is marketed as Primawave, while in the energy sector it is marketed as Powerwave.

Powerwave technology has been put to use in more than 175 well applications throughout North America, including applications in California, Oklahoma and Alberta. Powerwave has already been used in the field by EnCana, Penn West Energy Trust, Pengrowth Energy Trust, BP, Chevron and Apache Corporation, among others. It's also being marketed in the U.S. by Halliburton, the energy services giant.

Wavefront Technology is headquartered in Edmonton, Alberta Canada and has offices in Calgary, Alberta and Cambridge, Ontario. The company also has an office in Cypress, Texas near Houston.

History

Wavefront Technology Solutions Inc., was founded in 1997 under the name PE-TECH Inc. (Pulse Enhancement Technology Inc.). PE-TECH, a privately held company holding intellectual property operated three subsidiaries; Prism Production Technologies Inc., Wavefront Environmental Technologies Inc., and E2 Solutions Inc. (US subsidiary standing for "Energy and Environmental"). In 2000 the shareholders of the privately held PE-TECH Inc., entered into an agreement with a publicly listed company (or in this case a shell of a company) on the TSX Venture Exchange.

A reverse takeover of that entity transformed PE-TECH Inc., from a privately held company to a publicly traded company under the name Wavefront Energy and Environmental Services Inc. For consistency in name branding Prism Production Technologies was renamed Wavefront Reservoir Technologies Inc. Wavefront Environmental Technologies was rolled into Wavefront Reservoir Technologies Inc. E2 Solutions Inc. was renamed Wavefront Energy and Environmental Services USA Inc. Effective March 27, 2009 the company's name was changed to "Wavefront Technology Solutions Inc."

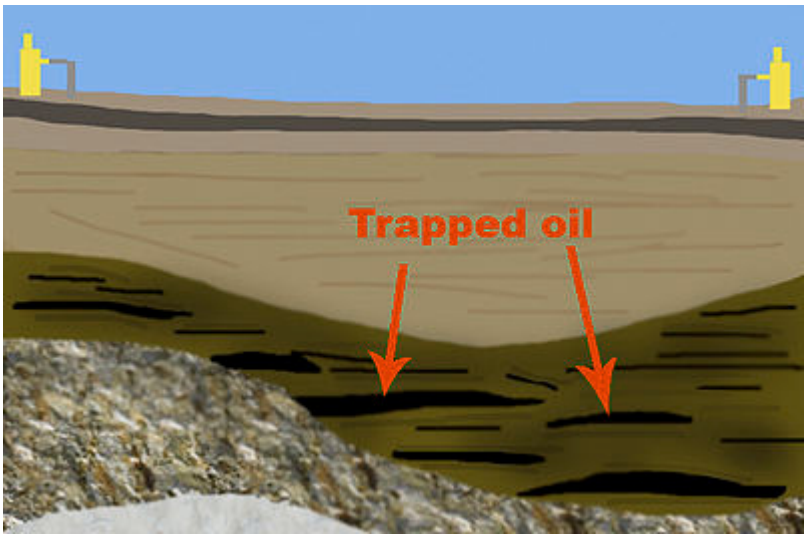


Diagram of trapped oil in soil and rock

Rationale

Brett Davidson and University of Alberta professor Tim Spanos teamed up in 1997 to fulfill a need that they believed to exist in the onshore oil drilling industry. While working on oil well stimulation site in Alberta, Canada, Davidson heard from a friend in the industry that there was a need for fast, effective, and inexpensive stimulation treatment for oil wells.

After using the most sophisticated oil recovery techniques, oil companies only retrieve a fraction of the crude oil at their sites. The oil well will become too uneconomical to continue pumping because most of the remaining oil is stuck in the nooks and crannies between the rock and sand.

Even after all work is done, around 60% of oil is left in the ground. With more than 200,000 fields in North America alone, extracting even as little as 10% more oil would translate to billions of more barrels of oil recovered.

Primary Oil Recovery Stage

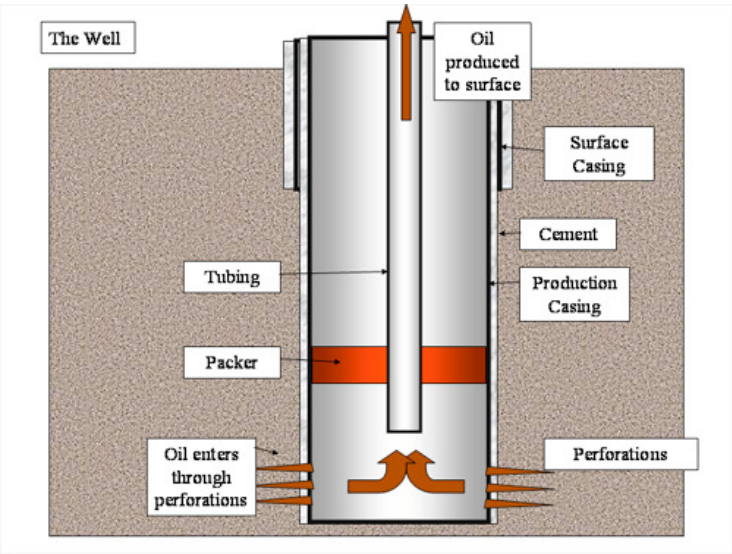


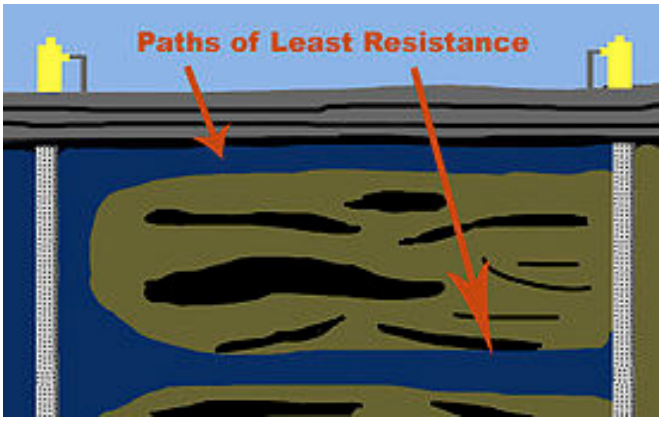
Diagram of oil well with perforations

During primary recovery, the natural pressure of the reservoir or gravity drive oil into the wellbore, combined with artificial lift techniques (such as pumps) which bring the oil to the surface. But only about 10 percent of a reservoir's original oil in place is typically produced during primary recovery.

But petroleum isn't the only thing trapped in the earth. Water hides there too. Sooner or later, the reservoir begins producing water, along with oil, and it becomes uneconomical to continue. The oil companies will then re-inject the water back into the reservoir. This stage of production is called secondary recovery.

Secondary Oil Recovery Stage

Water injection helps maintain downhole pressure so that oil can continue to flow. Water from the injection well is also used to sweep or push the oil towards the producing wells. But rock in the reservoir has varying permiabilities; the more permeable the rock is, the more easily the fluid can flow through.



Water takes the path of least resistance when pumped into the ground

Unfortunately, water flows more readily than oil, and it always takes the path of least resistance. Once water creates a channel through the permeable rock to the producing wellbore, there is little benefit in injecting additional water. It only bypasses the oil instead of sweeping it ahead. The result is poor recovery from the reservoir.

Products and Technologies

Wavefront Technology Solutions's patented technology was created to combat the "paths of least resistance". In this way, the Powerwave and the Primawave share the same scientific principles. This technology, originally penned as "Power Pulse Technology", uses pulses to improve the liquid flow in the ground for improved oil recovery (IOR) in the energy sector and groundwater remediation in the environmental sector. These identical processes generate a

fluid pulse that momentarily expands the pore structure of rock and soil. Liquid is then able to flow freely and more uniformly.

Early iterations of Wavefront Technology Solutions's Power Pulse Technology were penned the “Premier Pulse Tool”. The Premier Pulse Tool, or PPT for short, was a two-meter long steel mandrel with a valve system on top and inverted swab cups on the bottom.

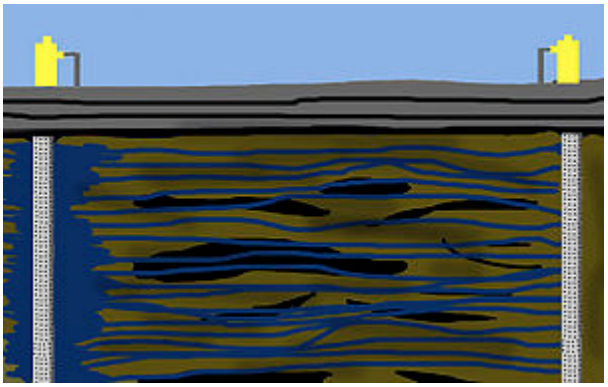


Diagram of how Powerwave and Primawave's fluid pulses generate a more uniform flow of liquid.

Using a standard well servicing rig, the PPT would be lowered to a location above the well perforations. The tool would then be raised up eight meters and dropped. This was done between 200-550 times over eight to 12 hours.

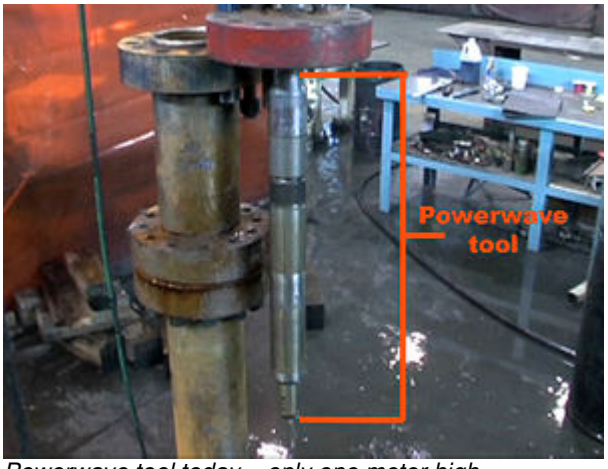
This workover and field stimulation technique used steady, non-seismic pulse vibrations to knock out perforation blockage and create a tsunami-like wave effect that encouraged flow in the reservoir.

This technology, utilized in both the Powerwave and Primawave, generates a fluid pressure pulse that causes a momentary elastic flexure of the pore structure. This pressure pulse moves fluid in and out of a larger number of pore networks, obtaining a more uniform injection front.

Powerwave

In the energy sector, Wavefront Technology Solutions Inc. has patented the Power Pulse Technology as “Powerwave.” This process has been field-tested and proven to increase the amount of oil recovered from on shore oil wells, including low-producing or even abandoned fields. Powerwave utilizes this technology to improve the flow of water through geological materials, including sedimentary soils and fractured rock. These materials are composed of a solid matrix and pore structure, which contain fluids such as gas and oil.

The Powerwave tool generates a fluid displacement wave in the porous media akin to ripples from a stone thrown in a pond. These ripples generate high liquid accelerations in the pores facing liquids out, or treatment fluids in.



Powerwave tool today – only one meter high

In the ten plus years that the technology behind Powerwave has been developed by Wavefront Technologies and Environmental Services, it has evolved from a product that had to be transported using two tractor trailers to one that can be shipped via courier. The Powerwave tool now is only one meter high and eight centimeters in diameter.

Wavefront Technology Solutions Inc. leases the product to oil companies and charges around $3,000 a month for a minimum 12-month period.

Powerwave's ability to improve uniformity in oil wells has translated to higher production rates, extending the life of a field, and enhancing its value. In Texas, one recent field trial raised production rates from eight wells by 26%. A similar project in Alberta, Canada initially raised output by 18%.

Primawave

In the environmental sector, Wavefront Technology has patented the Power Pulse Technology as "Primawave." Primawave is used largely in the United States. It is licensed to service providers to use the process in conjunction with established methods to treat and eliminate hazardous chemicals from contaminated groundwater.

NASA once used Primawave to clean up soil that had been contaminated with tetrachloroethylene (dry-cleaning fluid). In the 1960's NASA had used the hazardous chemical to remove the soot generated by rockets from the launch site. Years after using the chemical, the area was saturated with carcinogens. NASA knew that a mixture including iron fillings would decontaminate the soil. NASA then used the Primawave to get the fillings into the ground.

Current Price: C$0.70
52 Week Range: C$0.40 - C$3.23
Shares O/S: 71.55 million basic
Shares O/S: 74.75 million fully diluted
Market Cap: C$50 million
Management ownership: ~12%
Cash on hand: C$18.6 million (Feb 28, 2009)
Debt: Nil
Revenue (2008): C$1.75 Million
Operating Loss (2008): C$3.81 Million
Net Loss (2008): C$6.94 Million

Website: www.onthewavefront.com

Conclusion

It is a well-known fact that the oil and gas business is slow to adapt new technology. If you make a mistake it's usually a million dollar mistake, if not bigger. So the idea of changing the way you do things or using new technology is not quickly adopted. Horizontal drilling is all the rage these last few years, something that everyone assumes has been a huge new technology. However, it has been around for 30 years. Over the years it was slowly adapted and continuously improved and now it's no big deal at all. Wavefront Technology's "new" technology and its ability to increase production in mature fields could revolutionize the business. But they will need to get some big contracts and some big companies lined up before they become an "overnight success". This technology took ten years to develop and improve and two years for the company to start the commercialization of it.

What Wavefront needs is that one big lead contract to attract the attention from the industry. A few weeks ago Wavefront put out a small news release talking about a 6-fold increase in water injection rates from the use of the power wave tool, prompting a central Texas client to expand the program for it's oil fields. We're told it's a private Texas company of a more junior intermediate nature but apparently they're quite fond of what they have seen so far from the new technology. We also hear there could be a major contract signed with the private company shortly.

There are many that are hoping Encana adopts their technology with a lead order, sometime in the next few months. That would be a big deal because that would give the company overnight credibility. Recent filed reports disclose that a long time institutional shareholder Passport Management, LLC out of San Francisco, a hedge fund, has been selling millions of shares of Wavefront. At May 31, 2009 it controlled 7.9 million shares on behalf of clients. Needless to say, this has been capping the share price, which the charts clearly show. We see this as an opportunity to accumulate a reasonable position for the GSW Model Portfolio, looking to add 150,000 shares around $0.70.

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