



www.onthewavefront.com

For Immediate Release

TSX-V: WEE

**WAVEFRONT ENERGY & ENVIRONMENTAL SERVICES INC.  
Announces Third Quarter Financial Results**

EDMONTON, Alta. July 29, 2005/ Wavefront Energy and Environmental Services Inc., a provider of innovative technologies for increased oil production and groundwater remediation, announces the financial and operating results for the third quarter ended May 31, 2005.

As anticipated the Corporation's financial performance has rebounded from that of the previous year with revenues dramatically up for the third quarter. Revenues for the third quarter ending May 31, 2005 were \$1,120,897, an increase of more than three fold the revenue of \$409,827 that was recognized for comparative period May 31, 2004. The Company's consolidated net loss for the nine months ended May 31, 2005 was \$1,162,105, or \$0.05 per share, compared to the consolidated net loss of \$1,368,845, or \$0.07 per share, for the nine months ended May 31, 2004. The decrease in the net loss is due to the increase of sales, albeit not proportionately to the increase in revenue. The disproportionate decrease in the net loss was a result of lower gross margins and increased expenses associated with acquiring mineral right interests in the United States and DeepWave tool collaboration initiatives with Halliburton Energy Services Inc.

Total operating expenses for the nine months ended May 31, 2005 was \$1,432,435 compared to \$1,544,337 for the comparative in 2004. The decrease was principally a result of a decrease in professional fees and listing costs, and reduced office, depreciation and amortization costs. Other notable changes included increases in wage expense by \$65,427 and consulting expense of \$33,163, relating to the efforts to locate and secure oilfield leases.

Cash from operations decreased to negative \$358,377, compared to negative \$216,084 for the comparative in 2004. The increase in the use of cash from operations is attributed to lower gross margins, and increased costs associated with securing oilfield leases, and efforts related to collaborating on new DeepWave systems.

As at May 31, 2005 current assets totaled \$1,003,911, as compared to \$1,551,842 at August 31, 2004. As at May 31, 2005 the Company had negative working capital of \$973,338. The decrease in assets and working capital was principally due to a decrease in accounts receivable and inventory related to the completion and recognition of an integrated monitoring project.

The above financial highlights should be read in conjunction with the unaudited consolidated financial statements and management discussion and analysis of results for the Corporation's most recently completed quarter ended May 31, 2005 that have been filed on SEDAR.

Coupled with the increased revenues, the implementation of the Corporation's focused three point strategy of licensing DeepWave to industry leaders, direct sales of DeepWave to end users, and acquiring undervalued oilfield leases to implement DeepWave are now well established. Each of the strategic initiatives supports the other and should culminate in an accelerated adaptation rate of DeepWave. The Corporation and Halliburton Energy Services Inc. successfully designed a new DeepWave pulsing system to be deployed on coiled tubing for use in the oil well intervention market. Halliburton and Wavefront will deploy this tool jointly and independently. In a 2002 equity research report by Raymond James and Associates this market was estimated to be on the order of \$2 billion annually. Additionally, the Corporation closed the acquisition of mineral leases in Milam County, Texas and Rogers County, Oklahoma. Though the intent of the mineral leases is to permanently install DeepWave systems to showcase the technology to customers, licensed agents and financial markets there may exist considerable financial benefits to the Corporation from production operations. For example, several oil-bearing formations underlie the Rogers County lease but at present existing production is solely



www.onthewavefront.com

For Immediate Release

TSX-V: WEE

from a 17-foot thick zone in the prolific Bartlesville sandstone play. The Corporation's external consulting geologist estimated approximately 15 million barrels of oil in place. Due to the geologic nature of the formation and the early production techniques employed, the Corporation's external consulting geologist has estimated that 85 to 90 percent of the original oil has been bypassed. Management believes that successful implementation of the DeepWave process may result in the recovery of significantly more of the remaining oil.

In connection with the Company Short Form Offering and non-brokered private placement that closed on May 31, 2004, the Company has applied for an extension on the expiry of the 1,370,501 originally issued non-transferable share purchase warrants ("Warrants") from August 31, 2005 to November 30, 2005. The Company previously received Exchange approval for a reduction in the exercise price of 1,238,171 Warrants to \$0.40 with no change to the exercise price of the remaining 132,330 Warrants held by insiders and granted an extension of the expiry dates of all 1,370,501 warrants from May 31, 2005 to August 31, 2005.

***About Wavefront Energy and Environmental Services Inc.***

Wavefront develops, markets, and licenses proprietary technologies in the energy and environmental sectors. The Company's *DeepWave* Technology for fluid flow optimization has been demonstrated to increase oil recovery. Within the environmental sector, *DeepWave* Technology accelerates contaminant recovery and improves in-ground treatment of groundwater contaminants thereby reducing liabilities and restoring the site to its natural state more rapidly.

For further information please contact:      D. Brad Paterson, CFO  
780-486-2222 x224 Tel  
investor.info@onthewavefront.com

ON BEHALF OF THE BOARD OF DIRECTORS

**WAVEFRONT ENERGY AND ENVIRONMENTAL SERVICES INC.**

*"D. Brad Paterson" (signed)*

D. Brad Paterson, CFO & Director