

Calgary, Alberta

TSX Venture Exchange: "WE.A & WE.B"  
19,167,710 Class A Shares  
935,616 Class B Shares

## WaveForm Energy Announces Year-End Results

CALGARY, ALBERTA - WaveForm Energy Ltd. (TSX VENTURE:WE.A) (TSX VENTURE:WE.B) ("WaveForm" or the "Company") had an active 2004 in which it assembled an experienced team, a highly prospective land base, exclusive rights to a seismic technology and the capital to establish itself as a growth-oriented junior oil and natural gas company. The culmination of its 2004 efforts occurred on December 22, 2004 when the company closed its initial public offering and consolidated its assets into a newly-formed public company.

In 2004, WaveForm purchased a 65 percent working interest in 46 sections of land in the Torquay-Tableland area of southeast Saskatchewan. The properties are highly prospective for light, sweet oil in the Bakken formation which has already proved up considerable oil reserves and production just south of the border in Richland County, Montana, in parts of North Dakota and also in Canada. WaveForm's large land base potentially contains more than 100 drilling locations in the middle Bakken formation alone and multi-zone potential in one of the most lucrative exploration areas in North America.

The Company's growth plan involves focusing on a resource play that has the potential to provide repeatable and highly economic growth. In addition, WaveForm plans to leverage its proprietary technology to identify drilling opportunities throughout Western Canada while entering into joint venture agreements with industry partners. The following are the key financial statistics for the 2004 financial year:

### 2004 FINANCIAL STATISTICS

Total revenue	\$	72,587
Net income (loss)	\$	(164,343)
Net income (loss) per share - basic and diluted	\$	(0.15)
Total assets	\$	13,850,391
Working capital	\$	9,866,323

WaveForm's complete Management's Discussion and Analysis as well as Financial Statements will be available on WaveForm's website at [www.waveformenergy.com](http://www.waveformenergy.com) and [www.sedar.com](http://www.sedar.com).

### CORPORATE DEVELOPMENTS

At the beginning of 2004, WaveForm was a recently formed petroleum and natural gas company that was operating as WaveForm Energy Limited Partnership 1 ("the Partnership") and WaveForm License Holdings Inc. ("Holdings") The initial business opportunity related to an exploration technology called Event Resolution Imaging ("ERI") which was initially licensed on December 20, 2003, and was held in Holdings. In March of 2004, the Partnership became aware of an exploration prospect in the Torquay-Tableland area of southeastern Saskatchewan. On July 26, 2004, the Partnership entered into a joint venture agreement to obtain pre-owned lands and to acquire additional lands in the area, of which the Partnership would own 65 percent, and would operate the joint venture lands. Throughout 2004, the Partnership raised gross proceeds of \$4,000,000 from the sale of partnership units. It became clear to the management team that the Company would require additional resources to adequately develop the land acreage it had acquired. Therefore, in September of 2004, WaveForm initiated its initial public offering to obtain the necessary capital, and WaveForm Energy Ltd. was created through a name change of Holdings. Throughout the

fourth quarter of 2004, the Company recruited the necessary team to explore and develop the land base and acquired additional lands in the area. On December 22, 2004, management had the first closing of the initial public offering, and the net assets of the Partnership were acquired by WaveForm. This acquisition is described in the asset acquisition section of the MD&A and Note 3 of the annual financial statements. Upon final closing of the initial public offering, the financing was over allotted raising gross proceeds of \$10,632,000. At the end of 2004, WaveForm had the people, the technology, the land base and the capital to effectively begin the exploration and development of its core area in Torquay-Tableland.

During the first quarter of 2005, WaveForm drilled two wells into the Middle Bakken zone on its southeast Saskatchewan properties. Both wells have been logged and tested with initial results corresponding to those anticipated by WaveForm. The drilling and initial completion data gathered to date from the two wells will significantly improve the effectiveness of the fracture stimulation of the Bakken sand and shale. The oil produced during the testing was light, sweet crude with an API of 42.5 degrees. WaveForm expects to fracture stimulate both wells in late April once the road bans attributed to spring break-up are lifted.

The two wells had horizontal legs of 1200 and 1145 metres respectively, with both wells encountering oil saturated sandstone and siltstone throughout the drilling. The geological data gathered throughout the drilling process has been consistent with the Company's expectations, which are based on geological data from existing successful wells of this type in Richland County, Montana and North Dakota where operators have drilled over 150 successful horizontal Bakken wells. WaveForm expects both wells will have significant production capability after the fracture stimulation but is uncertain at this time of specific production rates in this exploratory area. These two wells are the first step in WaveForm establishing the basis for a resource play on its properties.

As at December 31, 2004, WaveForm had not yet commenced drilling its first well, and therefore, did not have any reserves, or production from operations at that date.

#### LICENSE FEE AND TECHNOLOGY LICENSE

In September 2004, WaveForm acquired the exclusive Canadian license for a proprietary and patented technology for advanced 3D seismic imaging created in the United States by Seismic Insight. As a result, the Company holds an exclusive license for Canada for this technology which was purchased for \$540,000 and the issuance of 2,382,000 Class A Shares at a deemed price of \$0.20 per share, or \$476,400. At December 31, 2004 a total of \$160,000 is still payable in monthly installments of \$20,000. The technology provides a tool to analyze hundreds of square miles of 3D seismic in a short period of time and identify missed hydrocarbon pools and reservoirs.

The Company intends to negotiate seismic review options with industry partners and intends to apply the technology over previously recorded and processed 3D seismic data. It is the Company's belief that the technology has the capability of delineating missed pools and reservoirs. The license fee revenue was a fee paid by the Partnership prior to the acquisition of the net assets by WaveForm. Recurring license fee revenues from the seismic technology are not expected.

#### LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2004, the Company had \$10,121,613 in cash and \$9,866,323 in net working capital in which to fund the 2005 capital program. Management expects the 2005 capital program to consist of a minimum of 10 wells in the core area of Torquay-Tableland which will result in anticipated capital expenditures of approximately \$17.5 million. Management also expects to finance the portion of the capital program which exceeds the existing working capital through cash flow from the production of the wells drilled early in the year, through the portion of the \$3.9 million of warrant money that is exercised at \$1.25 per share prior to expiry on June 22, 2005, and possibly through additional equity financing. The Company may also accelerate the 2005 capital program to include the drilling of the other zones on WaveForm's lands which management believes have potential, as well as possibly running two drilling rigs through the summer and fall on the horizontal Bakken wells. These plans depend on the initial drilling success and the strength of the capital markets.

## EQUITY

The Company issued 3,797,000 Class A common shares to officers, directors and employees of the Company at a price of \$0.20 per Class A share. Of the total proceeds of \$759,400 raised, a total of \$589,950 was loaned back to the management team through the issuance of notes receivable. The notes bear interest at 5.25%, have specified terms of repayment and are secured by a personal guarantee of each individual.

On December 15, 2004, the Company issued 2,382,000 Class A common shares to satisfy the obligation for the seismic technology license. These shares were issued at a deemed price of \$0.20 which was the exchange value of the obligation and is the same price used for the cash issue and the initial public offering.

On December 22, 2004, the Company acquired the net assets of the Partnership as described above. The transaction was a related party transaction for accounting purposes and was recorded at the carrying value, which was the net book value of the assets of the Partnership on that date. Management believes the fair value of the assets would be similar or slightly higher than the net book value, as the land prices in the area have appreciated.

On December 22 and December 31, 2004, the Company had two separate closings of its initial public offering. Under the initial public offering, the Company issued 10,632 units at a price of \$1,000 per unit, for total gross proceeds of \$10,632,000. Each unit consisted of 600 "flow-through" Class A common shares at \$0.20 per share, and 88 "flow-through" Class B common shares at \$10.00 per share. The Company is committed to spend 100% of the funds on qualifying exploratory and development expenditures. At December 31, 2004 in accordance with the terms of the share subscription agreements, the Corporation agreed to renounce for income tax purposes, \$10,632,000 to holders of Class A and Class B common shares. To December 31, 2004 the Company had incurred \$52,796 in eligible expenditures and must incur an additional \$10,579,204 prior to December 31, 2005.

The Company incurred a total of \$1,352,736 in share issuance costs related to the above transactions. The majority of the fees related to an 8.5% agent's commission on the initial public offering totaling \$903,720. The remaining costs consist of legal, accounting, and security commission and filing fees associated with the above transactions. Also included in the share issuance costs is \$71,426 that is the fair value of the 903,720 agent's warrants, exercisable into one Class A common share of WaveForm at \$0.20 per share until December 31, 2005. The fair value of the warrants granted during the period was calculated using a Black-Scholes Option Pricing Model \$0.079 and the assumptions used to calculate the value were a risk free rate of 4%, dividend yield of 0%, volatility factor of the market price of the Class A common shares of 100%, and an expected life of one year.

The authorized share capital consists of an unlimited number of Class A and B common voting shares. The Class B shares are convertible into Class A shares based on a formula equal to \$10 divided by the greater of \$1 and the then market price of the Class A shares. The Class B shares are convertible at the option of the Corporation at any time after January 21, 2008 and before January 31, 2010. The Class B shares are convertible at the option of the shareholder, at any time after February 1, 2010 and before March 1, 2010. Any Class B shares not previously converted will automatically convert to Class A shares on March 1, 2010.

## PROPOSED TRANSACTIONS

As of April 14, 2005, WaveForm is considering two separate joint venture proposals in which WaveForm will receive a carried interest in a minimum of one well, and possibly two wells, by giving up a working interest in a relatively small portion of its land base in southeast Saskatchewan. The joint ventures also anticipate the joint acquisition of additional lands, which will be expected to increase the overall net land position of the Company. WaveForm believes that the opportunities on its lands and additional prospective lands in the area have such potential that to adequately develop them over a reasonable period of time may require the Company to enter into some partnering arrangements.

WaveForm has also obtained a 74 square mile 3D seismic survey in a prospective area in northwest Alberta as part of an exploratory drilling joint venture. This 3D seismic survey has a market value of

approximately \$2,000,000 if obtained outside of the joint venture. WaveForm will use its proprietary seismic interpretation technology to evaluate the best possible drilling locations and the overall potential of this area. The opportunities found from the technical analysis will then be drilled as a joint venture with the company that provided the 3D seismic.

Both transactions are at a preliminary stage of negotiation and although basic terms have been agreed upon, changes may be made or the deals may not proceed based on the finalization of binding agreements.

QUARTERLY INFORMATION

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Revenue	Nil	Nil	66,600	5,987
General & Administrative	Nil	22	53,615	183,293
Tax Expense	Nil	Nil	2,334	(2,334)
Net Income (Loss)	Nil	(22)	10,651	(174,972)

Operational activity occurred in the Partnership throughout most of 2004. During the late stages of the third quarter, and the fourth quarter WaveForm became an operational entity as it began working on the initial public offering and the acquisition of the net assets of the Partnership. The quarterly data does not represent the expected future activity, as the Company began operations late in the year and had not yet begun its capital program.

About WaveForm Energy

WaveForm Energy is a junior oil and gas company focused on the acquisition, exploration, and development of oil and natural gas in western Canada with a particular emphasis on exploration of the Bakken formation in the Torquay-Tableland area of southeast Saskatchewan. The WaveForm joint venture currently has an undeveloped land base of 26,880 net acres, in the area with the potential for up to 100 drilling locations in the middle Bakken formation alone.

ADVISORY: Certain information regarding WaveForm Energy Ltd. including management's assessment of future plans and operations, may constitute forward-looking statements under applicable securities laws and necessarily involve risks associated with oil and gas exploration, production, marketing and transportation such as loss of market, volatility of prices, currency fluctuations, imprecision of reserve estimates, environment risks, competition from other producers and ability to assess sufficient capital from internal and external source. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

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