

# WaveForm Energy Ltd. News Release

Calgary, Alberta  
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TSX Venture Exchange: "WE.A & WE.B"  
32,017,131 Class A Shares  
935,616 Class B Shares

## WaveForm Energy Announces Sale of Property and Provides Financial and Operations Update

CALGARY - WaveForm Energy Ltd. has completed the sale of its working interests in the Antler area to re-focus its efforts in the Tableland area, and the newly acquired Ferrier and Rowley fields. The Company is also providing updated financial and operational guidance.

### Sale of Antler Assets

WaveForm had a 50% non-operated working interest in Antler, and participated recently in a new light oil discovery in the area. After an active drilling program since the last quarter of 2005, WaveForm management decided to sell this non-operated property in order to focus efforts on areas where there are more immediate, high impact drilling targets and exploration opportunities. The Company sold its interests in Antler for cash of \$7.1 million, and had accumulated costs in the field to-date for land and drilling of approximately \$5.3 million. This sale was able to service a large portion of the debt associated with the Ferrier and Rowley acquisition, announced last month.

### Financial Update

With the addition of land, production and reserves at Ferrier and Rowley, and the sale of Antler, WaveForm's asset structure and values have changed significantly from the 2005 year end.

Net Asset Value - April 1, 2006	
Ferrier and Rowley, proved plus probable value, PV10%	\$ 19.8 million(1)
Tableland, proved plus probable value, PV10%	\$ 8.1 million(2)
Disposal value for Antler	\$ 7.1 million
Undeveloped land base, based on average local prices	\$ 12.6 million(3)
Seismic	\$ 1.9 million(4)
Estimated working capital	\$ 4.0 million
Debt related to acquisition of Ferrier and Rowley	\$ (18.1
million)(5)	
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Net Asset Value	\$ 35.4 million
Net Asset Value per Share (basic)	\$ 1.11
Net Asset Value per Share (fully diluted)	\$ 1.04

### Notes

- 1) Reserve value at March 1, 2006 is the future net present value of total proved plus probable reserves before income taxes based on forecast prices and costs. The Reserve Report prepared by Ryder Scott Company ("the Ryder Scott Report") is available for viewing at [www.sedar.com](http://www.sedar.com).
- 2) Reserve value at March 31, 2006 is the future net present value of total proved plus probable reserves before income taxes based on forecast prices and costs based on a Reserve Report update for the Tableland area prepared by GLJ Petroleum Consultants (the "GLJ Report").
- 3) This is an estimate prepared by management based on the average land sale prices from 2006 land sales on acreage in the immediate area.
- 4) Management estimate of the book value of seismic the Company has acquired.
- 5) The original debt on the acquisition of the producing gas properties assuming the transaction closed on April 1, 2006. This debt has been reduced

to \$11.0 million with the proceeds from the sale of Antler. This debt will be reduced to \$10.0 million in May and the debt load is supported by reserve report values at PV10% of \$27.9 million as described above.

Based on the March 1, 2006 Ryder Scott Report and the March 31, 2006 GLJ Report, the expected revenues and cash flows from existing wells, and one target in the Ferrier area, is as follows:

	Revenues	Cash Flow
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2006(1)	\$11.9 million	\$8.7 million
2007	\$10.6 million	\$7.3 million

#### Notes

1) The 2006 revenue includes the revenues and cash flow from the first 3 months of 2006 in the Tableland area which is not included in the GLJ Report Report values. The January to March 2006 revenues and cash flow are estimated to be approximately \$1,200,000 and \$900,000, respectively.

The above noted revenues and cash flows are for the Company's existing production base including one well in the Ferrier area and do not reflect the potential results from any future drilling activities planned for the remainder of 2006. The risked capital budget for the remainder of 2006 is \$5.9 million. Based on a risked capital budget, the Company is forecasting a 2006 exit production rate of 950 boe/d. This increase in production would increase the above noted revenues and cash flows. The capital program will be funded using cash flow from existing and expected production from the risked capital budget. The Company is using commodity pricing assumptions of oil at Canadian \$60/bbl, and natural gas at Canadian \$9.00/mcf.

### Operations Results and Capital Program for the Remainder of 2006

Company production as of May 1, 2006 was 600 boe/d which is 54% natural gas and associated gas liquids, and 46% light oil.

#### Tableland, Southeast Saskatchewan

The Company is the operator of 54,000 gross (33,000 net) acres in the Tableland area. The Company is currently focusing its drilling program on developing the Midale Evaporite Formation. The Company has now drilled a total of 10 (6.85 net) wells into the Midale Evaporite zone to date and has 9 (6.2 net) producing oil wells, and 1 (0.65 net) well shut-in for evaluation. Average March production from the field was 446 gross (300 net) bbls/d.

The first two wells drilled in August and October 2005, have produced 16,000 (16,000 net) and 25,000 (16,250 net) bbls in the short time they have been on production, and averaged production for March of 47, and 88 bbls/d, respectively of 30 degree API oil. The step-out wells drilled late in 2005 and the first quarter of 2006 had lower initial gross production rates ranging from 150 bbls/d to 240 bbls/d and then declined to 30 bbls/d to 70 bbls/d. All production has little associated water. The majority of the wells were shut-in during February for production and well testing to gather information on the reservoir characteristics and to better understand the geology of the Tableland area. Management ceased drilling operations in February to revise the geological model and better understand the fracturing in the area. Where the formation has abundant natural fracturing, the formation will deliver higher production rates. Using 3D seismic data acquired in late 2005, Aeromagnetic surveys acquired in early 2006, and existing well data, the Company developed a revised geological model predicting the fracturing in the area. The Company has also been using the Event Resolution Imaging Technology to better define the geological model. Competition in the Tableland area is increasing with large juniors who are drilling offset wells in the Midale Evaporite Formation adjacent to the WaveForm land base.

In addition to the Midale Evaporite program the Company plans to continue drilling in the Midale Evaporite Formation and will be taking a more methodical drilling approach based on additional geological and drilling data. The revised geological model shows six to ten high impact drilling locations which will be pursued in the initial program however, each well will be drilled and evaluated and further drilling will be dependant upon success. Based on the modelling, the Company expects to establish

reserves in excess of 90,000 (54,000 net) bbls per well with average first year gross production of 75 (49 net) bbls/d, for a capital cost of \$1.7 (1.1 net) million per well.

In Tableland, the Company has future exploration opportunities to be evaluated in the Second White Specks, Bakken, Winnipegosis, and Red River Formations. The Company has been active in obtaining and evaluating drilling results from Bakken wells drilled in North Dakota (which is similar geologically to WaveForm lands which are adjacent to the US border) where economic Bakken wells have been drilled. The Company has encountered gas shows in shallower zones when drilling, and this will be further evaluated through 2006. The Winnipegosis and Red River Formations have structural closures which have been identified on 3D seismic, and producing wells from both zones exist within the surrounding area, and management anticipates additional work on these prospects. All the potential zones in the Tableland area will continue to be evaluated by the technical team, and the Company may use strategic joint ventures and partnering to develop higher risk prospects.

### **Ferrier, Alberta**

The Company has 1,920 gross (640 net) acres in the Ferrier area of West Central Alberta. One infill well is currently being planned in the Shunda Formation with the operator, and has the potential to add production of 400 (150 net) boe/d and reserves of 861,000 (323,000 net) boe, with a capital cost of \$3.0 million (\$1.125 million net) drilled, completed, and tied in. This well is likely to be drilled in the second quarter, or early in the third quarter of 2006. The Company has also acquired 11 square miles of seismic to identify further exploration and development opportunities in Ferrier. The Company expects one additional development well in Shunda Formation, and using the 3D seismic to evaluate further Shunda, Ellerslie, and Rock Creek exploration locations, all of which have producing offsets in the immediate area. The Company will be active in the use of the Event Resolution Imaging Technology to better define the geological model going forward.

### **Rowley, Alberta**

The Company has 3,360 gross (3,168 net) acres in the Rowley area of Central Alberta. WaveForm plans to drill a Mannville gas well late in the third quarter of 2006, which is a step-out location from existing producing wells in the area with a capital cost of \$1.25 million. The land also has several infill well opportunities that will be drilled in 2007 once the Company receives approval for downspacing. The capital costs include acquisition of 3D seismic over an extended area to geologically model further development and exploration opportunities. The lands have further Mannville, Pekisko, and Glauconite exploration potential with producing wells in the immediate area. The Company will be using the proprietary Event Resolution Imaging Technology to better define the geological model.

### **Summary**

As a result of the recent developments management believes that the Company has a solid production, and reserve base to fund future operations. The acquisition of the Ferrier and Rowley areas represent low risk but still high impact drilling inventory and has given WaveForm a more balanced production mix of oil and gas. The Tableland area has development drilling inventory in the Midale Evaporite and deeper zone potential in the Bakken, Winnipegosis and Red River Formations for future exploration or farm-out opportunities. The sale of Antler reduced the debt load of the Company to 36% of the PV10% reserve value which is manageable through conventional bank financing. WaveForm is well positioned with strong drilling inventory, and cash flow from which to fund its ongoing capital program.

### **About WaveForm Energy**

WaveForm is a junior oil and gas company focused on the acquisition, exploration and development of oil and natural gas in western Canada.

*ADVISORY: Statements in this press release may contain forward-looking statements including expectations with respect to future events and the actions of third parties. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to: the underlying risks of the oil and gas industry (i.e. operational risks in development, exploration and production; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimates; the uncertainty of estimates and projections relating to production, costs and expenses, adequate available financing and health, safety and environmental factors),*

*commodity price and exchange rate fluctuation and uncertainties.*

*In this news release the term barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of one boe for 6,000 cubic feet of natural gas is based on an energy-equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this news release are derived by converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil.*

*The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.*

**For further information:**

WaveForm Energy Ltd  
Donald C.D. Eagleton, Interim CEO  
Daniel R. Hay, CFO, and Vice President Finance  
1700, 520 - 5th Avenue SW,  
Calgary, AB, T2P 3R7  
Telephone: (403) 451-0165,  
Email: [info@WaveFormenergy.com](mailto:info@WaveFormenergy.com),  
Web: [www.WaveFormenergy.com/](http://www.WaveFormenergy.com/)