

British Columbia Securities Commission
Quarterly Report
BC Form 51-901F

ISSUER DETAILS:

Name of Issuer: PE-TECH Inc.	For Quarter Ended: November 30, 2002	Date of Report: Y M D 03 10 07
Issuer's Address: Suite 104, 11430 – 168 th Street	City: Edmonton	Province: Alberta
Postal Code: T5M 3T9	Issuer Telephone: 780.486.2222	Issuer Facsimile: 780.484.7177
Contact Name: D. Brad Paterson	Contact Position: Chief Financial Officer	Contact telephone No.: 780.486.2222 ext 224

CERTIFICATE

The schedule(s) required to complete this Quarterly Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Quarterly Report will be provided to any shareholder who requests it.

SIGNED: Brett C. Davidson (signed)
NAME OF DIRECTOR

September 30, 2003
DATE SIGNED (YY/MM/DD)

PE-TECH INC.

Quarter Report
For Period Ended November 30, 2002

Schedule A: Financial Information

See Financial Statements for the fourth quarter ended November 30, 2002 attached to, and forming part of, this quarterly report. Also see Schedule C for further discussion and analysis.

Schedule B: Supplementary Information

Item 1. Analysis of expenses and deferred costs.

- a. The increase in operating expenses by \$1,172,448 to \$2,670,717 (2001 - \$1,498,269) is a result of the following:

- i. An increase of 14 operating personnel to total 30 employees (2001 - 16) throughout the fiscal year resulting in an increase in wage expenses of \$609,090 to \$1,294,083 (2001 - \$684,993). In the current reporting period, the number of employees noted involved the employ of some seasonal personnel. The increase in the number of operating personnel relates to management's expectation of greater market penetration for integrated monitoring products and services and an opportunity to build a competent infrastructure capable of implementing both monitoring and pulse technology products and services.

Further, the increase in wage expenses reflects the lower wage rates that certain employees received in consideration for nominal value share purchase options in PE-TECH's subsidiaries that were exercised in fiscal 2002. The reduction in salary in fiscal 2001 was relative to industry standards and amounted to \$310,460 in earned wages and bonus. The share purchase options issued in lieu of salary equalled the reduction in salary multiplied by a \$1.00 conversion factor, multiplied by the exercise price of \$0.0013 per share; whereas the share purchase options issued in lieu of bonuses equalled the cash salary multiplied by 10%, multiplied by \$0.50 conversion factor, multiplied by the exercise price of \$0.00013 per share.

- ii. An increase of professional fees of \$177,103 to \$280,426 (2001 - \$103,323) primarily related to the undertaking of the Company's reorganization and efforts related to its reverse take-over of New Media Systems Inc.
- iii. An increase in office expenses of \$103,796 to \$341,499 (2001 - \$237,703) primarily related to the addition, operation and leasehold improvements to an office in Cambridge, Ontario. Annual rent for the Cambridge facilities approximated \$24,150. The Cambridge office has focused on the application of pressure pulse technology in environmental applications.
- iv. An increase of depreciation and amortization expenses of \$98,202 to \$156,242 (2001 - \$58,040) resulted from the increase in asset additions at the end of fiscal 2001. As a result, less depreciation and amortization charges occurred in fiscal 2001. In fiscal 2002, the Company had capital asset additions of \$185,405.

Capital asset additions in 2002 were primarily related to pressure pulse technology tools.

- v. An increase in travel and promotion expenses of \$83,665 to \$265,173 (2001 - \$181,507) relates to efforts to expose and initiate the sales cycle of pulse technology in the environmental sector and to regulatory bodies in the United States.
 - vi. An increase in of consultant expenses of \$62,436 to \$131,130 (2001 - \$68,694) primarily relates to sales efforts related to pressure pulsing in the United States. The total expenses related to consultants in the United States was approximately \$85,110. The amount expensed in connection with the use of US consultants was offset by the Company's reduction in its use of consultants in Canada from the previous reporting period.
- b. Cost of goods sold of \$581,950 represented 50% of gross income versus 61% of gross income for the previous year (2001 - \$778,657). The corresponding increase in gross income to 50% (2002 - 39%) was a result of changes in the pricing of integrated monitoring products and movement away from introductory pricing.
 - c. Accounts payable and accrued liabilities in the amount of \$645,183 (2001 - \$619,075) are comprised of accounts payable \$422,260 (2001 - \$489,330) and accrued liabilities \$222,923 (2001 - \$129,745). The increase in accrued liabilities is a result of more established accounting procedures that reflect a better matching of expenses. The accrued liabilities primarily consists of interest payable of \$15,958 relating to related party promissory notes, professional fees of \$45,000, earned holiday pay of \$43,088 and goods and services taxes owing in the amount of \$26,341.

Item 2. Summary of related party transactions.

Wages, employee benefits, contract employees and consultants during the year totalled \$229,533. Portions of these amounts were paid to the president and director of the Company. The amounts were paid as part of the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

On February 1, 2002, a non-arms length party of New Media Systems Inc. lent the Company US \$150,000. The funds were secured by a Convertible Promissory Note and had an interest rate of eight (8%) percent per annum. On June 1, 2002 the Convertible Promissory Note and accrued interest were converted into 480,175 units, at a deemed price of CDN \$0.50 per unit, of the Company, each unit consisting of one common share of the Company and one half of one share purchase warrant, each full share purchase warrant exercisable at a price of CDN \$1.00 for a period of one year into one common share of the Company.

On October 31, 2002, a director of New Media Systems acquired 200,000 common shares of PE-TECH from a shareholder of the Company for CDN \$2.00. As partial consideration for the shares of the PE-TECH, the New Media Systems' director also advanced the Company CDN \$97,873 to be used by the Company to release a CDN \$100,000 personal guarantee of the shareholder on a credit facility of an operating subsidiary of the Company. The advance is secured by a Promissory Note from the Company bearing interest of 8% per annum and is due on demand. The promissory note will also be subject to the Debt Repayment Agreement noted in Item 3 of Schedule C.

On April 18, 2002, a non-arms length party to an insider of New Media Systems participated in a non-brokered Offering Memorandum of the Company, subscribing for 109,200 units of PE-TECH at a price of CDN \$0.50 per unit. Each unit consisting of one Class A common share and one half of one share purchase warrant, each full share purchase warrant exercisable into one class A common share of the Company at a price of CDN \$1.00 per share for a period one year from the date of issue.

On November 1, 2002, an insider of the Company advanced CDN \$100,000. The advance is secured by a Promissory Note from the Company bearing interest of 8.5% per annum and is due on demand. The promissory note will also be subject to the Debt Repayment Agreement noted in Item 3 of Schedule C.

During the fiscal year, the Company accrued interest of \$15,990 relating to promissory notes held by significant shareholders, a corporation controlled by a shareholder of the Company and a related party to an insider of New Media Systems. The funds owed by the Company to the related parties amounted to \$422,216. During the reporting period no interest payments were paid and the amounts continue to be accrued.

Item 3. Summary of securities issued and options granted during reporting period.

a) Summary of securities issued during the period.

Date of Issue	Security	Type of Issue	No. of Shares	Total Proceeds	Consideration	Commission Paid
31-Dec-01	Class A Common	Private Placement	246,000	123,000	\$0.50	nil
1-Jan-02	Class A Common	Option Exercise	360,000	360	\$0.001	nil
18-Feb-02	Class A Common	Option Exercise	485,000	48.50	\$0.0001	nil
3-Apr-02	Class A Common	Convertible Debt	480,175	240,088 ⁽¹⁾	\$0.50	nil
3-Apr-02	Class A Common	Conversion of Class B	46,154	22,000 ⁽²⁾	\$0.50	nil
31-May-02	Class A Common	Offering Memorandum	3,683,791	1,841,895 ⁽³⁾	\$0.50	nil
31-May-02	Class A Common	Acquisition of NCI	3,064,390	1,532,195 ⁽⁴⁾	\$0.50	nil

Notes:

- 1) The conversion of the Convertible Note comprised of CDN \$240,088 in principal and \$4,708 in accrued interest.
- 2) The conversion of Class B common shares into Class A common shares was at a ratio of one to one. The conversion was a non-cash transaction accounted at its carrying value.
- 3) The Offering Memorandum financing closed in three separate closings: 480,000 shares on April 3^d, 2002, 2,270,783 on April 18th, 2002, and 933,008 on May 13th, 2002.
- 4) This involved the acquisition of non-controlling interest ("NCI") in Prism Production Technologies Inc. and Wavefront Environmental Technologies Inc., both operating subsidiaries of PE-TECH Inc. The acquisition of the non-controlling interests of Prism Production Technologies Inc. received 2,345,159 shares of the Company, and the non-controlling interests of Wavefront Environmental Technologies Inc. received 719,231 shares of the Company. The non-controlling interest shareholders of the subsidiary

received 10 Class A commons shares of the Company in exchange for 13 Class A common shares of the subsidiary. The conversion was a non-cash transaction accounted for using the purchase method. The transaction was recorded at the fair market value, which was determined to be the unit price of \$0.50 per share received in the Offering Memorandum financing that occurred on the same date.

- 5) Effective March 4th, 2002, the Company consolidated all outstanding Class A common and Class B common shares, such that 13 common shares were converted into 10 common shares.

b) Summary of options granted.

As at the beginning of the fiscal period, there were 276,923 post consolidation incentive stock options outstanding. These options were granted January 1, 2001, had an exercise period of three years. The post consolidation options were vested at 23,077 per year per optionee, but had a provision that, upon commencing an initiative to become a public entity, that all options would immediately become fully vested. The stock options had a post consolidation exercise price of \$0.0013 (see note 1 below).

Date of Grant	Number of Shares ⁽¹⁾	Optionee	Exercise Price ⁽¹⁾	Expiry Date
18-Feb-02	138,462	Brett Davidson	\$0.00013	28-Feb-02
18-Feb-02	76,923	Maurice B. Dusseault	\$0.00013	28-Feb-02
18-Feb-02	80,769	Roger Kuypers	\$0.00013	28-Feb-02
18-Feb-02	76,923	Tim Spanos	\$0.00013	28-Feb-02

- (1) The number of shares and the exercise price have been adjusted to reflect the consolidation of the Company's shares, at a rate of 13 for 10, effective March 4, 2002. Note all options were vested immediately and were exercised on the date of issue.
- (2) All options outstanding during the reporting period were exercised.

In addition to the incentive stock options issued (above), a subsidiary of the Company, Prism Production Technologies Inc., also issued 330,846 post consolidation employee and director stock options during the reporting the reporting period. These options, granted on February 18, 2002, had an exercise period of ten days. The stock options had a post consolidation exercise price of \$0.0013 (see note 1 above).

Prism Production Technologies Inc. also issued 224,615 post consolidation employee stock options during the reporting the reporting period. These options were granted on February 18, 2002, had an exercise period of ten days. The stock options had a post consolidation exercise price of \$0.00013 (see note 1 above).

In addition, another subsidiary of the Company, Wavefront Environmental Technologies Inc., also issued 326,923 post consolidation director stock options during the reporting the reporting period. These options were granted on February 18, 2002, had an exercise period of ten days. The stock options had a post consolidation exercise price of \$0.00013 (see note 1 above). As well, Wavefront Environmental Technologies Inc. issued 115,385 post consolidation shares in connection with a shares for debt settlement at a deemed post consolidation price of \$0.245.

As at the beginning of the fiscal period, the subsidiaries of the Company (i.e., Prism Production Technologies Inc. and Wavefront Environmental Technologies Inc.) also had 553,846 post consolidation incentive stock options outstanding. These options, granted to directors of the subsidiaries on January 1, 2001, had an exercise period of three years. The post consolidation options were vested at 23,077 per year per optionee, but had a provision that, upon commencing an initiative to become a public entity, that all options would immediately become fully vested. The stock options had a post consolidation exercise price of \$0.0013 (see note 1 above).

Item 4. Summary of securities as at the end of the reporting period

a) Description of share capital.

Authorized Capital:

Unlimited Class A non-cumulative, voting, common shares
 Unlimited Class B non-cumulative, non-voting, common shares

Issued and Outstanding:

Class A common	14,140,433	\$ 4,134,539
Class B common	Nil	nil

b) Summary of Options, warrants, and convertible securities outstanding at the end of the reporting period.

In connection with the reverse take-over with New Media Systems, all incentive stock options of the Company were exercised. As at November 30, 2002, there were no stock options outstanding. Any future stock option issuance will be through New Media and be subject to the New Media's stock option plan.

Date Granted	Expiry date	Number of shares purchase warrants	Price per share
3-April-02	3-April-03	240,088	\$1.00
3-April-02	3-April-03	240,000	\$1.00
18-April-02	18-April-03	1,135,392	\$1.00
13-May-02	13-May-02	466,504	\$1.00

As of the date of this report the above share purchase warrants have expired. The Company and New Media however, have requested that the TSX Venture Exchange approve the extension of the share purchase warrant for a period of three (3) months from the closing of the reverse take-over with New Media. There can be no assurance that such extension will be granted.

c) Summary of shares in escrow or subject to a pooling agreement:

Not applicable.

Item 5. List of Directors:

PE-TECH Inc.

Brett C. Davidson

PE-TECH INC.

Quarterly Report
For Period Ended November 30, 2002

Schedule C: Management Discussion and Analysis

Item 1. Description of Business.

Core to PE-TECH's business is its intellectual property, including, but not limited to, *Pressure Pulse Technology*, an innovative technology that enhances fluid flow in natural and man-made porous media. Worldwide applications of *Pressure Pulse Technology* includes:

Energy Sector

- more effective placement of acids and chemicals providing improved oil production rates and /or increased injectivity resulting in high economic returns;
- increasing the injection rates of water, thereby improving oil production recovery rates;
- improving injection conformance or efficiency, i.e., the uniformity with which water displaces oil resulting in higher total recovery; and
- enabling continuous injection of fluids with dispersed solids, such as waste water, slurries, and emulsions without plugging the porous media.

Environmental Sector

- increasing the rate of removal of free groundwater contaminants and pollution;
- optimizing placement and injection rate of remediation emulsions and chemicals for the treatment of contaminants and pollution in place; and
- maximizing the contact of remediation emulsions and chemicals with contaminants and pollution in place to ensure in place destruction.

In addition to *Pressure Pulsing Technology*, the Company provides integrated monitoring services principally to energy sector companies. The energy sector companies employ these sophisticated technologies to acquire real-time, downhole information on well production systems and reservoir conditions in order to meet the challenges of reservoir optimization. The Company's integrated monitoring services include downhole pressure and temperature, and specialized services such as fibre optic, vibration or microseismics.

Item 2. Operations and Financial Condition.

(a) Sales

Sales for the year ended November 30, 2002 were \$1,173,239 and slightly below that for fiscal 2001 at \$1,283,287. Sales for the period are primarily related to the sale of monitoring products and service in the energy sector. However, sales related to pressure pulsing in both the energy and environmental sectors are continuing to grow. Pressure pulsing sales in the energy sector amounted to \$62,500 (2001 – nil), whereas pressure pulsing sales in the environmental sector amounted to \$139,124 (2001 - \$64,512).

For reporting purposes, the Company manages its operations based on the industry the products and services are provided. Prism Production Technologies Inc. reflects operation in the energy sector and Wavefront Environmental Services Inc. reflects operation in the environmental sector.

(b) Transactions with related parties

Schedule "B" of this quarterly report provides the transactions made with related parties for the fiscal year ended November 30, 2002. These transactions were made in the normal course of business and were measured at the exchanged amounts, which were agreed to by the related parties. It should be noted that the Company maintains no contractual agreements with regards to compensation for related parties.

(c) Gain on disposal of capital assets

The gain on disposal of capital assets of \$33,943 (2001 – nil) principally involved the sale of a fibre optic monitoring system to an arms length party. The fibre optic monitoring system was originally recorded as a capital asset as the Company had historically rented the unit. In connection with the disposition of the capital assets, the Company received proceeds of \$82,906 (2001 – nil).

(d) Acquisition of non-controlling interest in operating subsidiaries

Effective May 31, 2002, the Company acquired all non-controlling interest shares in its subsidiaries. The acquisition involved the issuance of 10 common shares of the Company for 13 common shares of each subsidiary. The non-cash acquisition of the non-controlling interest was accounted for using the purchase method and was estimated at the fair market value determined to be the unit price of \$0.50 per share received, the same price the Company received in its Offering Memorandum financing. Thus, the acquisition resulted in a purchase price of \$1,532,195.

The Company undertook a valuation to allocate the purchase price. No amortization was recorded during fiscal 2002 on the allocated purchase amount, inclusive of goodwill; however, at the year end the Company completed impairment testing that resulted in the impairment of goodwill of \$1,280,117 and intangible assets of \$154,189. As at the end of the reporting period, the net book value of the goodwill was nil (2001 – nil) and the intangible asset \$205,340 (2001 – nil). The intangible asset is associated with the pressure pulse technology licenses.

(e) Gain on issuance of share by subsidiary

The extraordinary gain of \$98,953 (2001 - \$613,302) resulted from the issuance of shares by the Company's subsidiaries. The Company's subsidiary, Prism Production Technologies Inc. issued 1,182,100 common shares for consideration of \$50,819 and its subsidiary Wavefront Environmental Technologies Inc. issued 935,000 common shares for consideration of \$48,094. Subsequent to the issuance of the shares by the subsidiaries, the Company acquired all non-controlling interests in its subsidiaries as noted above.

(f) Future income tax recovery

The future income tax recovery of \$85,916 (2001 – nil) relates to the expense associated with the amortization of the goodwill and intangible assets associated with the acquisition of the non-controlling interest of the Company's subsidiaries (see Schedule C, Item 2. (d)).

Investor Relations Activity

As the Company was not a reporting issuer, there were no investor relation activities undertaken. However, the Company undertook the following in the advancement of pressure pulse technology:

1. During the year, the Company's subsidiary, Prism Production Technologies Inc., initiated its pressure pulse technology in the energy sector in Germany. The project involved a continuous field simulation designed to optimize a waterflood. The primary objectives of the project were to see if the pressure pulse technology tool could be continuously operated and remotely monitored for three months, and to increase waterflood injectivity rates. The pressure pulse technology tool operated flawlessly from its installation, and analysis of the data by Prism Production Technologies and the client's personnel revealed a significant increase in injectivity. Further, a couple of production wells have shown increased oil rates with a decrease in water cuts. Based on these results, the client, together with Prism personnel, wrote and will present a paper on the result to the Society of Petroleum Engineers on "Improved Oil Recovery" in Kuala Lumpur, Malaysia in October 2003.
2. During the year, the Company's subsidiary, Wavefront Environmental Technologies Inc., used its pressure pulse technology in an environmental application. The project involved the injection of a zero valent iron emulsion that was designed (by the client) to neutralize a contaminant *insitu* in a test cell. Based on the results, the client is attempting to access further funding for a larger field-scale operation where the Company's pressure pulse technology will again be used to deliver the emulsion into the subsurface. A project summary site tour was held in November 2002 for approximately 200 engineers, scientists, and environmental practitioners who were interested in both the use of zero valent iron emulsion and pressure pulse technology as a stand alone technology.
3. During the year, Wavefront Environmental Technologies also initiated its pressure pulsing technology in an environmental "pump and treat" site. The project involved Wavefront injecting water to increase the rate at which the client could extract or pump out the contaminant for treatment. Initial application of pressure pulse technology resulted in the site being liquefied as too much water was injected into the formation at too quick a rate. Results, however, were very encouraging both for the mobilization and the transport of water into zones of varied permeability. It was observed for the first time in the field that pressure pulse technology could lead to increases in fluid flow in the lower permeability zone of a geologic cross section having several zones of varied permeability.

Natural Resource Properties

The Company has no right to natural resources or any property claims.

Item 3. Subsequent Events.

Subsequent to the year, the Company's subsidiary, Wavefront Environmental Technologies Inc., undertook a paid third-party lab study that was designed to assess the effectiveness of pressure pulse technology and determine if it could increase the recovery of creosote with a third party surfactant.

Subsequent to the year-end, revenues for the second quarter ended May 31, 2003 totaled \$1,920,110 compared to \$910,868 for the prior year's comparative period, an increase of approximately 211%. The increased revenues related to the Company's monitoring business related to the energy sector in the Western Canadian market, and are reflective of the efforts initiated in past fiscal year.

Item 4. Financings, principal purposed and milestones.

The Company has effectively changed its working capital policies such that there was no need for financing at the year-end to allow the Company to maintain operations. However, in connection with the Company's reverse take-over of New Media Systems and in order to meet the TSX Venture Exchange's minimum listing requirements, New Media Systems will undertake a private placement of CDN \$1,100,000. The placement was priced at \$0.50 and consisted of one common share of New Media and one half of one share purchase warrant, each full share purchase warrant exercisable at CDN \$1.00 into an additional common share of New Media.

Future milestones relate to the capitalization of three additional downhole environmental tools and the successful implementation of environmental pressure pulsing projects with varying degrees of permeability.

Item 5. Liquidity and solvency

Cash flow from operations as at the end of the year amounted to (\$2,014,345). This is an increase in the use of cash in operations of \$1,425,987 from the prior years comparative period. Capital expenditures for the quarter totaled \$185,405 and primarily consisted of pulsing technology tools.

At year-end, the Company had negative working capital of \$647,616 compared to negative working capital of \$837,462 at the end of fiscal year 2001. The negative working capital position primarily results from notes payable to principal shareholders of \$422,262. Subject to the closing of the reverse takeover with New Media Systems, all the notes payable and \$47,218 of accounts payable and accrued liabilities owing to another principal shareholder of the Company will be moved from current liabilities to long-term debt. By excluding these amounts, the working capital for the year-end increases to negative \$178,136. As at year-end, the bank indebtedness was \$100,604 relating to a revolving credit facility of an operating subsidiary, which is secured by principal shareholders. The credit facilities of the Company and its subsidiaries as at the end of the year include revolving credit facilities of \$250,000. The Company had no long-term debt at the end of the quarter.

As at the end of the year, the Company had \$87,907 in cash and accounts receivable of \$252,906. Monthly expenditures of the Company are estimated at \$150,000. Given the large proportion of direct materials required in implementation, the Company established a policy of requiring clients to provide a deposit upon execution of a purchase order, allowance (?) for expenditure or contract. This assisted the Company in better managing its cash flow and allowed it to continue operations through the 2002 / 2003 monitoring products and services seasons.