

This Newsletter covers the activities of Phase Separation Solutions (PS2), a wholly owned subsidiary of West Mountain Capital

DIGGING DEEPER

A Seasonal Report For Investors From West Mountain Capital
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2009 A Record Year For PS2

2009 witnessed the resurgence of the PCB contaminated soil market. This was largely due to the adoption and enforcement of the amended Federal PCB Handling and Storage Regulations which stipulated destruction of all stored PCB contaminated soils by the end of 2009 and all other PCB and PCB containing material by 2014. The soil segment of this

market, served only by two dedicated operations, resulted in a near full capacity for PS2 for 2009. With national soil disposal capacity fully committed for the year several projects have been pushed into 2010.

For 2009 PS2 generated sales of \$5.8 million on an EBITDA of \$2.9 million versus nil sales and

a loss of \$821,000 in 2008. Net income increased for the year to \$2.5 million and available working capital increased to \$2.2 million.

PS2 shares finished the year at \$0.15 and have since averaged in the mid \$0.30's representing a ten-fold increase from its 2008 low with a 52 week high of \$0.41.

- 2009 A Record Year For PS2
- Feds Propose Open Border Consultation
- Opportunity Abounds In China
- Amendments to PCB Disposal Regulation Changes

	Year Ended December 31, 2009	Year Ended December 31, 2008
Revenue	\$5,884,361	\$Nil
Net Income (Loss)	\$2,508,147	\$(1,430,758)
Net Income (Loss) per share	\$0.07	\$(0.04)
Total Shares Outstanding	34,724,667	34,724,667

	As at	
	December 31, 2009	December 31, 2008
Cash	\$3,255,003	\$783,993
Working Capital	\$2,505,997	\$229,509
Total Assets	\$6,920,842	\$4,467,696
Long Term Liabilities	\$210,683	\$725,701
Share Capital	\$6,935,817	\$6,935,817

Feds Propose Discussion on Opening US Border to PCB Imports

The Federal Ministry of the Environment adopted the PCB Storage and Handling Regulations in 1990 which all Provincial jurisdictions used as the foundation for governing rules. These Regulations predate the International Basel Convention of 1992 which governs cross border shipments of hazardous wastes. In 1996, largely due to a court challenge in the US, the US/Canada border was closed to the import and/or export of PCB impacted materials >50ppm. This restriction



significantly restricts the options for PCB owners on both sides of the border and closes a significant market to Canadian providers of PCB disposal services.

In March 2010 the Ministry of the Environment announced that it was beginning a review of this and other provisions relating to the *Export and Import of Hazard-*

ous Waste and Hazardous Recyclable Material Regulations, 2005 (EIHWHRMR). The review is to consider whether the US/Canada Border should be opened for PCB imports/exports. While this change, should it be implemented, would offer US options to PCB owners in Canada it represents a significant opportunity for PS2 to service a market estimated to be 10 times the size of Canada whose national capacity is already significantly engaged. It offers significant long-term volume after the 2014 projected deadline for the elimination of PCBs in Canada.

Head Office

137 LeMarchant Road

St. John's, NL

A1C 2H3

Tel: 709 726 5198

www.phaseparation.com

www.westmountaincapital.com

WMT:TSX.V



Digging Deep Into Chinese Soil

Armed with its license extension and several meet and greet visits under its belt PS2 took to the skies in the 2nd Quarter with a mission to China. "The TPS is clearly a welcome addition to the Chinese remedial marketplace and a valuable commodity at this time. There are outstanding



projects planned by the Chinese authorities that have been financed and are eagerly awaiting a proven, world class technology like ours. The Year of the Tiger (2010) will be very interesting for PS2", stated Paul Antle, President and CEO who just returned from China after a number of meetings with senior Chinese executives in Shanghai, Hangzhou, Nanjing and Beijing.

PS2, through its contacts have identified several potential projects that are ideally suited to the TPS and management's international remedial expertise. They range from a 50,000



metric tonne organo-chlorine impacted site to a location housing several million cubic metres of hydrocarbon impacted soil where the object is recovery. These are compounds and objectives for which the TPS is unparalleled. PS2 will be looking to bid on projects of this nature in China over the course of the next 6 months and early into 2011.

Amendments To PCB Regulations Adopted

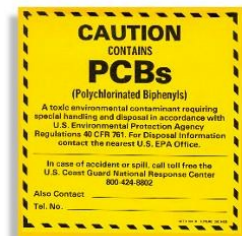
Environment Canada has recently addressed an oversight in the 2008 Amendment to the Federal PCB Regulations with respect to elimination of stored inventories by the end of 2009. Several PCB owners and service providers noted that the Regulations required disposal "off-site" allowing disposal service providers to store the waste for up to two years until December 31, 2011 but did not allow for the treatment of these soils "on-site" by those dates. The

Regulations have now been amended to allow for "on-site" destruction extending the elimination deadline for existing storage sites where on-site destruction technologies are being applied to the end of 2011.

As PS2's TPS technology represents both an "off-site" and "on-site" option this amendment holds little impact.

In that same notice Environment Canada made it clear that the period under which a PCB owner could apply for continued use of PCB containing equipment has passed and all such equipment should now be stored for elimination under the existing timelines. This notification, while significant to several of

PS2's existing clients who possess a multi-phase PCB inventory, has no impact on PS2 as it deals exclusively with soils, which by their definition are not "in use".



The more information about any of these stories or about investment opportunities please contact Mr. Paul Antle, President and CEO. He can be reached by phone at 709 726 0336 or email at pantle@phaseparation.com.

Financial Highlights for 2009:

- EBITDA increase of \$3,728,059 from 2008
- Earnings per share of \$0.07
- Net income of \$2,508,147
- 52 week high of \$0.41 per share

