Wavefront Energy and Environmental Services Inc.

Second Quarter Report

For the six month

period ended

February 28, 2007

The accompanying unaudited interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The following discussion and analysis of financial results should be read in conjunction with the unaudited financial statements and the accompanying notes for the period ended February 28, 2007 and is based on information available to April 26, 2007. Additional information on Wavefront Energy and Environmental Services Inc.'s (the "Corporation" or "Wavefront") is available on SEDAR at www.sedar.com.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Responsibility

The management of the Corporation is responsible for the accuracy of the information disclosed in the Management Discussion and Analysis. The interim and annual Management Discussion and Analysis of Financial Condition and Results from Operations are also reviewed and approved by the Audit Committee of the Corporation's Board of Directors. This Management Discussion and Analysis of Financial Condition and Results from Operations contain information available to April 26, 2007.

Overview of Business

The principal business of Wavefront Energy and Environmental Services Inc. ("Wavefront" or "the Corporation") is the development and commercialization of innovative technologies for improved oil recovery and expedited groundwater remediation.

Core Intellectual Property

At the core of Wavefront's strategic value proposition is its patented fluid flow process marketed in the energy sector as Powerwave™ and in the environmental sector as Primawave™ (collectively known as 'PW'). PW is an injection process that dramatically improves the flow rate and distribution of liquids in the ground.

PW has been proven to be an effective method of achieving oil production revitalization through the following techniques:

Short-term Well Intervention Applications
- Well intervention (single wells)
- Matrix Acid – typical near wellbore cleanup
- Remedial sand control
- Acid Inhibition treatments
- Paraffin removal

Long-term Stimulation Applications
- Add-on to water injectors for improved injectivity rates, sweep efficiency, and reservoir conformance
- Add-on to water disposal wells
- Liquid CO_2 Injection
- Surfactant and Polymer floods

PW has been successfully applied in heavy and light oil, as well as in groundwater. The method of implementation or system utilized depends upon, among other things, the geology and fluid viscosity. The operation of PW system must be specific to suit the geological situation. PW can be modified to increase injection and production flow rates, production well efficiency, and oil recovery ratios in a wide variety of configurations.

Environmentally, groundwater contamination came to the forefront in the early 1980s. Since the physics of fluid flow is similar in shallow groundwater conditions to that of the oil industry, Wavefront has diversified its client base and utilizes a scaled-down PW system for groundwater remediation. PW has also been verified as an environmental remedial strategy by Environment and Industry Canada. The following are some applications of PW in the environmental sector:

- Enhancement of "pump-and-treat" systems to extract the contaminant; a similar methodology to an oilfield waterflood;
- Improved injection of "*in situ*" or in-ground remedies, such as the injection of biological, chemical or oxidant agents to neutralize the groundwater contaminant; and,
- Rehabilitation of water wells.

The optimization of PW is dependant upon, among other things, the frequency and amplitude of the fluid waveform created. Thus, part of Wavefront's value proposition is to monitor and model, and optimize PW outcomes. Wavefront's intellectual property strategy is to maintain absolute control over its PW modeling software known as the "PW Analyzer". The software enables Wavefront to evaluate reservoir characteristics and provides key insights into the optimized waveform required for the desired outcome in any given geological setting.

Energy Sector Applications of the Powerwave Process

Wavefront continues to maintain Technology Licensing and Collaboration Agreements with Halliburton Energy Services Inc ("Halliburton"). The License Agreement provides Halliburton non-exclusive rights in Canada and the United States to market Powerwave and exclusive rights outside of Canada and the United States. In consideration of the exclusive component of the Licensing Agreement, Wavefront entered into a Collaboration Agreement which allows both parties to jointly research, develop and manufacture Powerwave systems for the improvement or enhancement of oil recovery, oil well stimulation and oilfield disposal methodologies. The Halliburton agreements will assist Wavefront in the following:

- Expedite the adoption rate of Powerwave by utilizing Halliburton's sales network;
- Eliminate potential Powerwave system manufacturing and implementation bottlenecks;
- Provide the Corporation and Powerwave with greater credibility; and,
- Through the Collaboration Agreement, expand the markets for Powerwave by having different systems that can operate in different geological environments.

Environmental Sector Application of Primawave Technology

With the negative net present value of environmental remediation projects and the long sales cycles, Wavefront, in parallel fashion, has also licensed to Environmental Resource Management ("ERM"), and AIM Environmental Group Ltd. ("AIM") non-exclusive rights to market Primawave in the environmental sector. Wavefront also has one registered sales agent in Finland promoting the technology to the user sector. Utilization of licensing and securing outside agents has allowed Wavefront to gain market exposure for Primawave while limiting the resources required growing a revenue stream from the environmental sector. The sales cycle of environmental remediation projects has approximated between three to six months.

RESULTS OF OPERATIONS

Consolidated Results – six months ended February 28, 2007

Revenues

Revenues for the six months ended February 28, 2007 were $357,877, an increase of $92,548 from the revenue recognized in the corresponding period of February 28, 2006 of $265,329. The increase in revenue however, is a result of the increase in interest income generated from guaranteed investment certificates that resulted from recent private placements.

During the current reporting period the Corporation has focused its resources on Powerwave showcasing the technology in oilfields where the Corporation has acquired mineral rights. Approximately 14% of revenues for the quarter were generated from activities associated with the Powerwave technology, and 29% of revenue was generated from activities related to the activities and production of Rogers County, Oklahoma and with Greentree Oil and Gas Ltd. ("Greentree") Farm-in (see Capital Resource below).

At the beginning of the second quarter, the Corporation reclassified certain direct costs amounting to approximately $19,900 to operating expenses to better reflect the classification of the expense.

Operating Expenses

The Corporation's operating expenses through the six month period were $2,400,879, an increase from the $1,026,377 incurred for the same period of last year.

Operating expenses increased by $1,374,502, primarily due to increases in wages expense of $906,347, travel and promotion of $119,393, professional fees of $163,559, and consulting fees of $77,167. The aforementioned variances in expenses reflect the following:

- The inclusion of the fair value of stock option valuation as an employee wage expense of $779,898 (or approximately 57 percent of the increase of all operating expenses) for the six months ended February 28, 2007. The increase in the fair value is a result of the Corporation's increased liquidity, which as a result has mitigated the Corporation's ability to discount the expense by 60%. The majority of the expense relates to the 725,000 incentive stock options issued on January 11, 2006 and 200,000 incentive stock options issued on May 15, 2006.

- The Corporation's involvement in developing the Rogers County oilfield to showcase Powerwave. This includes increases in the number of staff employed, associated wage rates, and maintaining an office in Houston, Texas and a field office in Oklahoma, amounting to $65,222, to better react to operations in Rogers County as well as seeking business development opportunities.

- The increase in professional fees of $163,559, relates to the use of executive search consultants to hire a senior petroleum engineer to both assist in the management of current oilfield assets, and to conduct due diligence in the assessment, valuation and bidding on potential oilfield acquisitions. Professional fees for the reporting period also included legal expenses related to the Applied Seismic Research Corporation ("ASR") lawsuit (as reported in the August 31, 2006 annual report) that was settled in October 2006, legal work related to placing bids for oilfield acquisitions, and work on the Corporation's licensing and collaboration agreements.

- The increase in travel and promotion of $119,393 relates to efforts to bring the Rogers County into production mode, perform due diligence related to the acquisition of an additional oilfield, and business development activities in the United States.

- The use of external consultants of $77,167 to assist the Corporation in the assessment, valuation and bidding on potential oilfield acquisitions, and geological studies related to the Rogers County venture. External consultants were also used during the reporting period in public relations, investment relations capacity, and for the design of new tools internal and separate from the Halliburton collaborated tools (see point below). The Corporation, subsequent to the reporting period, has terminated the public relations company.

- The successful collaboration of a coiled tubing Powerwave tool with Halliburton Energy Services had allowed the Corporation to reduce its research and development costs in the short-term. These costs however, are expected to marginally increase as the Corporation develops additional tools for use in well stimulation, waterfloods, disposal wells, etc. The new generation tools will be an addition to the Powerwave systems ("Dragonfly" tool) the Corporation is currently deploying or tools it will be co-developing with Halliburton.

- Efforts associated with the development of new Powerwave tools.

Included in the foreign exchange gain (loss) for the quarter is the translation adjustment for the period of $41,965 that is associated with the translation of the Wavefront Energy and Environmental Services USA Inc.'s financial statements.

Net Loss and Loss Per Share

The net loss for the six months ended February 28, 2007 was $2,073,463 ($0.04 per share), compared to $925,221 ($0.03 per share) in 2006. The increased losses were a result of focusing resources on having an oilfield to showcase Powerwave, which is affecting short-term profit in favour of longer-term oil production revenue. Additionally, the losses of the Corporation were impacted by stock based compensation. The Corporation expects financial results to improve, moving towards profitability, as Powerwave licensing revenues and oil production revenues from mineral rights increase, while operating costs are expected to remain relatively stable.

Consolidated Results – three months ended February 28, 2007

Revenues

Revenues for the three months ended February 28, 2007 were $169,020, fundamental stable to the revenue recognized in the corresponding period of February 28, 2006 of $169,972. The composition in the revenue however, differed in that revenue from PW and integrated monitoring decreased in the current reporting period by $92,985 but this was offset by additional interest income of $92,033.

At the beginning of the second quarter, the Corporation reclassified certain direct costs amounting to approximately $19,900 to operating expenses to better reflect the classification of the expense, which had an affect of creating a negative expense.

Operating Expenses

The Corporation's operating expenses through the three month period were $1,239,901 from the $637,191 incurred for the same period of last year. Operating expenses increased by $601,910, primarily due to increases in wages expense of $396,375, professional fees of $74,039, office expenses of $40,066, consulting fees of $25,635, and travel and promotion of $23,698. The aforementioned variances in expenses reflect the Corporation's inclusion of the fair value of stock options as a wage expense, involvement in developing the Rogers County oilfield to showcase PW, its litigation with ASR, the addition of a field office in Rogers County, OK and an office in Houston, TX, and increased travel related to efforts to bring the Rogers County into production mode and to perform due diligence related to the acquisition of an additional oilfield.

Net Loss and Loss Per Share

The net loss for the three months ended February 28, 2007 was $1,025,658 ($0.02 per share), compared to $573,273 ($0.02 per share) in 2006. The increased losses were a result of focusing resources on having an oilfield to showcase Powerwave, which is affecting short-term profit in favour of longer-term oil production revenue. Additionally, the losses of the Corporation were impacted by stock based compensation.

Seasonality of Operations

The integrated monitoring services offered by the Corporation are seasonable and related to the product offering and geographical extent to which products were offered for sale. The Corporation's main product offering as it relates to integrated monitoring are pressure measuring systems suitable for two distinct well types: steam injection wells and independent pressure monitoring wells. The target geographical area of the product offering is Alberta, and more specifically the heavy oil belt in the area north of Cold Lake. Due to temperature influences on ground conditions, the majority of work is completed in the months between November and March when the ground is in a "frozen" state passable by vehicles as well as drilling and services rigs. The Corporation however, is focusing its resources on PW and where it can showcase PW technology in oilfields where it has mineral rights. As such management believes that the seasonality of operations has not impacted the Corporation's financial statements for the reporting period and will have little impact moving forward.

In regards to the application of PW and the Corporation's mineral rights, there are no known seasonal fluctuations.

LIQUIDITY AND CAPITAL RESOURCES

Assets and Liabilities

Total assets decreased by $1,259,763 to $17,444,633 since August 31, 2006, which was principally due to supporting activities associated with the commercialization of PW. The activities associated with the Rogers County venture and Greentree farm-in has an affect of decreasing cash with a corresponding increase in long-term assets of $3,251,919.

During the year ended August 31, 2006, the Corporation entered into a purchase agreement to acquire fifty (50%) percent of the outstanding membership units of Oil Enhancement Tools LLC ("OET"), a privately held Wyoming company, from an arm's length individual. In connection with entering into the Letter of Intent, the Corporation advanced a U.S. $100,000 refundable deposit (the "OET Deposit). The OET Deposit was secured by a demand promissory note, with the membership units or shares in OET placed in trust with the Corporation's lawyers. During the due diligence period, however, the OET members decided to dissolve OET and the patent holder then formed Gas and Oil Enhancement Tools, LLC ("GOET"), a Phoenix, Arizona company. Given the desire of the patent holders to continue a relationship with the Corporation, Wavefront acquired a fully paid-up, irrevocable license granted by GOET in consideration of the OET Deposit. The change in approach resulted in the Corporation securing intellectual property rights for the remaining life of the patents for less consideration than what was originally contemplated. The fully paid up license is classified as an intangible asset that will be amortized over the remaining life of GOET's patent, and is considered a non-cash transaction for the Statement of cash flows.

Subsequent to the reporting period, the Corporation closed the acquisition of a 100% undivided interest (the "Top Gun Acquisition") in Top Gun Sand Pumps and Rentals ("Top Gun"), an arms length privately held Saskatchewan company. Total consideration for the Top Gun Acquisition was $1.2 million (the "Top Gun"). Of the total Purchase Price, the Corporation issued 600,000 common shares in its capital at a deemed price of $1.00 per common share. In addition, Top Gun's principals have agreed to have all shareholder advances, loans, debts and interest to be restructured as unsecured and non-interest bearing, to be repaid over three (3) years.

Total liabilities increased by $18,802 to $1,653,976 from the year-ended August 31, 2006. This was principally due to the increase of unearned revenue, and asset retirement obligations, related to the Rogers County operation.

Off-Balance Sheet Arrangements

The Corporation has no off balance sheet arrangements.

Liquidity

As at the end of the reporting period, the Corporation had working capital of $8,689,042. The Corporation will see its working capital continue to decrease as the developments of Rogers County and farm-in with Greentree advance. The successful acquisition of ICI Solutions (see Proposed Transactions below) may also affect the Corporations working capital to assist ICI Solutions in increasing its sales and manufacturing processes. The Corporation, however, anticipates greater cash inflows as a result of the following:

- increasing production (as was disclosed subsequent to the quarter end) at Rogers County;
- the completion of the producing wells associated Greentree Farm-in; and
- increased pulsing revenue and revenue generated from Top Gun, as a newly acquired entity.

Given the upfront costs associated with building Powerwave systems, the Corporation has continued its policy of requiring customers to provide a deposit upon execution of a purchase order, allowance for expenditure, or contract. This assists the Corporation in better managing its cash flow and requires less external working capital financing.

Financings

During the reporting period no financing activities took place. However, 30,000 stock options were exercised during the period ended February 28, 2007 at a price of $0.50 by an employee of the Corporation for gross proceeds of $15,000.

In the six month period ended February 28, 2006, the Corporation closed the following private placements:

- 1,959,160 units of the Corporation at a price of $0.23 for gross proceeds of $450,607. The units were issued by way of a non-brokered private placement. Each unit consisted of one common share and one common share purchase warrant, with each full share purchase warrant entitling the holder to acquire a common share at a price of $0.40 for a period of 12 months ending September 1, 2006. Of the 1,959,160 units issued, a director of the Corporation subscribed for 276,767 units. In connection with this non-brokered private placement, the Corporation issued 128,696 common shares at a deemed price of $0.23 as a finder's fee to two arm's length parties. In addition, the Corporation paid filing and legal fees of $3,225 resulting in net cash proceeds of $447,381. As proceeds from this private placement were receive in a prior reporting period, this was treated as a non-cash item for the purposes of the statement of cash flows.

- 7,038,008 common shares at a price of $1.35 per common share for gross proceeds of $9,501,311. The 7,038,008 common shares were issued by way of a non-brokered private placement. The Corporation paid a finder's fee in the amount of $450,079 to an arm's length party. In addition, the Corporation paid filing and legal fees of $48,181 resulting in net cash proceeds of $9,003,051.

  The proceeds from the above private placement have been designated to support Halliburton's marketing efforts, to collaborate on new Powerwave systems, to develop mineral properties rights to showcase Powerwave, to initiate the manufacturing of an inventory of Powerwave systems for a field-wide implementation and for unallocated working capital.

In addition, during the six month period ended February 28, 2006, the following convertible securities were exercised to net the Corporation gross proceeds of $2,198,330:

- 329,783 incentive stock options were exercised at prices ranging from $0.40 to $0.50 resulting in gross proceeds of $149,477, of which 295,200 were exercised by a director of the Corporation.

- 5,200,037 common share purchase warrants were exercised at prices ranging from $0.35 to $0.55 resulting in gross proceeds of $2,010,389, of which 906,484 were exercised by directors of the Corporation.

Liquidity risk associated with financial instruments, which is generally related to accounts receivable and non-participation amounts due. The liquidity risk associated with accounts receivable is believed to be very low based on the Corporation's history and the customers generally serviced. The liquidity risk associated with the non-participation amounts due however, is related to the production with the initial mineral rights of the Roger County venture.

The Corporation did not default nor was it in arrears on any lease interest or principal payments. Interest remains outstanding on notes payable and is payable on demand. It is anticipated that the accrued interest will be paid in the near term.

Capital Resources

Currently, the Corporation has the following commitments for capital expenditures:

At August 31, 2006, the Corporation entered into a "Farm-in" Agreement with Greentree Oil and Gas Ltd. to develop Greentree's Rodney South oilfield lease. Under the Farm-in Agreement the Corporation will supply its Powerwave technology and fund up to $2.25 million for initial capital expenditures and working capital requirements. Additional development costs are expected to be financed from cash from operations. Greentree will act as the Operator of the lease and will contribute the petroleum leases, existing seismic and geological data, and the use of its existing field facilities. Greentree will also provide its field maintenance staff, administrative, and office support staff. In consideration for each party's contributions, cash flows from operating activities will be allocated 70% and 30% to the Corporation and Greentree, respectively, until payout of the Corporation's initial $2.25 million capital investment.

Subsequent to payout, cash flow from operating activities will be allotted 50% to the Corporation and Greentree.

As at February 28, 2007, the Corporation has paid Greentree an aggregate $983,383 and accrued $80,821 under the Farm-in Agreement, which has been recorded as a component of intangible assets on the consolidated balance sheet (a reclassification form the presentation in previous periods where it was recorded to property, plant and equipment to better reflect the nature of the underlying asset). The Corporation is obligated to the remaining balance of up to $1,185,796 under the Farm-in Agreement.

In addition, and in accordance with the Corporation's strategic plan, cash resources will be required for the following:

- To support the ongoing collaboration efforts with Halliburton for the development of Powerwave systems. The research and development of such systems allows the Corporation (and Halliburton) to expand the types of potential applications that Powerwave can be used in.
- To support the marketing efforts with, and to train licensees, on the implementation of Powerwave Primawave.
- To further develop the Rogers County lease in proportion to the Corporation's working interest.
- To build an inventory of Powerwave systems for deployment in Rogers County, Oklahoma, in Rodney, Ontario, and for license to external clients for use in waterfloods.
- To fund, should they close, the Top Gun, OET and ICI acquisitions (see Proposed Transactions below) and provide capital to grow their market and revenue base.

There are no known trends or expected fluctuations in the Corporation's capital resources.

As of April 26, 2007, there are no amounts owed in respect of the lines of credit and the Corporation had $8,134,677 of cash on hand.

TRANSACTIONS WITH RELATED PARTIES

During the period ended February 28, 2007, the Corporation had the following related party transactions:

i. The Corporation incurred charges for wages, employee benefits, and consultants totalling $239,334 (2006 - $157,332) that were paid to significant shareholders or a company controlled by a party related to a director of the Corporation. At the end of the period, no amounts (2005 – nil) were included in the accounts payable and accrued liabilities.

ii. In connection with the September 1, 2005 non-brokered private placement, whereby the Corporation issued 1,595,069 units at a price of $0.23 per unit for gross proceeds of $450,586. Each unit consisting of one common share and one share purchase warrant expiring on September 1, 2007. A director of the Corporation subscribed for 276,676 units for total subscription proceeds of $63,635.

iii. During the period there were no exercises of incentive stock options by related parties (2006 – 295,200 incentive stock options were exercised at a price of $0.44 to $0.45 for aggregate consideration $130,510).

iv. During the period there were no exercises of common share purchase warrants by related parties (2006 – 906,484 common share purchase warrants were exercised at a prices ranging from $0.44 to $0.45 for aggregate consideration of $382,443).

In the prior period, the Corporation entered into an Option Agreement (the "Option Agreement") to acquire ninety percent (90%) of the working interest in the production, equipment and mineral leases of Phoenix Oil, LLC of Claremore, Oklahoma, for total consideration of U.S. $180,000. The leases, known as the Chelsea-Alluwe Waterflood Leases, are comprised of 780-acres and are situated in Rogers County, Oklahoma. For the Option Agreement, the Corporation paid a U.S. $15,000 deposit that was applied to the total purchase price. A related limited liability company, Boulder Oil, LLC ("Boulder") executed the Option Agreement on behalf of the Corporation by paying the remaining U.S. $165,000 of the purchase price for a sixty percent (60%) working interest in the leases. A director and a related party to a director of the Corporation control fifty-five percent (55%) of the voting membership units of the Boulder. In consideration of the U.S. $15,000 deposit paid by the Corporation, it retained an initial thirty percent (30%) working interest in the leases. The Corporation then acquired the ten percent (10%) working interest in the Rogers County venture from Phoenix Oil LLC in exchange for $214,352 owed from a third party. Each working interest party is responsible for operating and field development costs in proportions relative to their working interest percentage.

For the reporting period, the Corporation capitalized and included in capital assets its proportionate share of the oil well development costs totaling $509,329 for the six months ending February 28, 2007 (for the year ending August 31, 2006 - $1,254,293) related to the Rogers County venture. During the fiscal year ending August 31, 2006, the Corporation became the operator of record, and Boulder, as a non-operating partner, exercised its non-participation right in the Joint Operating Agreement. As at February 28, 2007, amounts due to the Corporation by the Boulder totaled $2,193,952 and are included in non-participation amounts due. Under the Joint Operating Agreement, the Corporation will receive all production revenues from production wells associated with the costs incurred till such time that the Corporation is repaid 200% of the costs incurred, after which, production revenues will revert back to the working interest proportions.

PROPOSED TRANSACTIONS

During the reporting period, the Corporation entered into a Letter of Intent to acquire a 100% undivided interest in ICI Solutions Inc. ("ICI Acquisition"), an arms length privately held Alberta company. Total consideration for the ICI Acquisition will not exceed $16,000,000 (the "ICI Purchase Price"). Of the total ICI Purchase Price, the Corporation will issue common shares in its capital, such value equal to fifty percent (50%) of the Purchase Price (i.e., up to $8,000,000), based on the closing share price of the Corporation's listed common shares on the TSX Venture Exchange on the trading day prior to the execution date of the Purchase Agreement(s). In addition, ICI Solution's principals have agreed to have all shareholder advances, loans, debts, interest, etc. to be restructured as unsecured and non-interest bearing, to be repaid over three (3) years.

The common shares to be issued by Wavefront will be subject to the required hold periods, escrow restrictions, earn-out profits or other restriction that the TSX Venture Exchange may impose.

Completion of the above acquisition is subject to a number of conditions, including but not limited to, TSX acceptance, further due diligence by the Corporation, execution of definitive purchase agreements and the Corporation's board approval. There can be no assurances that the transaction will be completed as proposed or at all.

OUTLOOK

Looking forward, some industry experts expect that the high price environment for crude oil and natural gas appears to be sustainable for the foreseeable future. As a result, production efforts in North America and on a worldwide basis are expected to remain strong. This focus on production will be a strong driver on how Powerwave is commercialized and will affect the Corporation's financial performance in fiscal 2007.

Efforts for fiscal 2007 will be focused on bringing the Corporation to a positive cash flow position. We will endeavor to accomplish this through (1) increased cash flow from production operations in the Oklahoma and Greentree ventures and licensing revenues; (2) actively acquiring additional assets that fit the business model of Powerwave; (3) the acquisition of ICI Solutions Inc., and (4) implement a field-wide Powerwave waterflood project with mainstream producers.

RISK FACTORS

The Corporation's business risks are the same as disclosed in its annual MD&A issued for the year ended August 31, 2006.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Corporation's critical accounting policies and estimates are the same as disclosed in its annual MD&A issued for the year ended August 31, 2006.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in any accounting policies.

FINANCIAL AND OTHER INSTRUMENTS

There are no significant changes, since the annual MD&A issued for the year ended August 31, 2006, in financial or other instruments.

SUPPLEMENTARY INFORMATION

Summary of Quarterly Results

	2nd Qtr Feb 28 ' 07	1st Qtr Nov 30 '06	4th Qtr Aug 31 '06	3rd Qtr May 31 '06
Revenue	$ 169,020	$ 188,857	$ 294,863	$ 203,345
Loss from Operations	1,057,742	997,006	1,245,512	821,883
Net Loss	$ 1,025,658	$ 1,047,805	$ 1,302,976	$ 801,700
Basic and diluted loss per share	$ 0.020	$ 0.022	$ 0.035	$ 0.024
Common shares outstanding				
Weighted average shares outstanding	47,918,911	47,913,796	34,940,952	33,926,976

	2nd Qtr Feb 28 ' 06	1st Qtr Nov 30 '05	4th Qtr Aug 31 '05	3rd Qtr May 31 '05
Revenue	$ 169,972	$ 95,357	$ 123,387	$ 469,616
Loss from Operations	553,911	350,065	452,468	392,249
Net Loss	$ 573,273	$ 351,948	$ 447,248	$ 400,202
Basic and diluted loss per share	$ 0.020	$ 0.012	$ 0.009	$ 0.020
Common shares outstanding				
Weighted average shares outstanding	31,818,243	30,388,119	25,250,710	25,005,307

(1) This Financial data has been prepared in accordance with Canadian GAAP
(2) All amounts in Canadian dollars except share data

DISCLOSURE CONTROLS

In fiscal 2006, an evaluation of the effectiveness of our disclosure controls and procedures as defined in Multilateral Instrument 52-109 was performed under the supervision of the President and Chief Executive Officer and the Chief Financial Officer who attested that the design and operation of these disclosure controls and procedures were effective, as at August 31, 2006. The Corporation's management can therefore provide reasonable assurance that material information relating to the corporation is reported to it in a timely manner so that it can provide investors with complete and reliable information.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Corporation undertook the documentation and assessment of the design of internal controls over financial reporting for its operating and accounting processes. Similar to the evaluation of disclosure controls and procedures referred to above, the design of internal controls over financial reporting was evaluated as defined in Multilateral Instrument 52-109. Based on the results of this evaluation, the President and Chief Executive Officer and the Chief Financial Officer attested that the internal controls over financial reporting are designed to provide reasonable assurance that its financial reporting is reliable and that Corporation's consolidated financial statements were prepared in accordance with Canadian GAAP.

Management also concluded that during the quarter ended February 28, 2007, no changes were made to internal controls over financial reporting that would have materially affected, or would be reasonably considered to materially affect, these controls.

Financial Systems and Segregation of Duties

There are inherent limitations in the systems of internal control due to the small size of the Corporation and its inability to segregate incompatible functions and use of manual systems, which may result in unauthorized acquisitions or disposition of assets and human error.

During the reporting period the Corporation hired additional staff involved in the accounting function, which has reduced the risk related to financial reporting due to greater segregation. As well, during the reporting period the Corporation has initiated the processes of selecting new accounting related software that will reduce the Corporations reliance on manual systems. Currently effective disclosure controls and procedures are achieved, despite these limitations in internal controls over financial reporting, because of the Chief Financial Officer's direct involvement in the disclosure controls and procedures process.

Scope of Internal Controls Over Financial Reporting

The Corporation's internal controls over financial reporting do not extend to that of Greentree Gas and Oil Ltd. Additional procedures have been performed by the Corporation in order to ensure that the amounts relating to the Greentree Farm-in Agreement in the consolidated financial statements were recorded in accordance with GAAP.

Management, including the CEO and CFO, believe that the Corporation is taking the appropriate steps necessary for the remediation of the above weakness and will continue to monitor the effectiveness of these procedures and to make any changes as is deemed appropriate.

Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING INFORMATION

Statements in this Management Discussion and Analysis relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results implied by such forward-looking statements. Such factors include fluctuations in acceptance rates of Wavefront's Powerwave and Primawave (formerly known as Pressure Pulsing Technology) technology, demand for products and services, fluctuations in the market for oil and gas related products and services, the ability of Wavefront to attract and maintain key personnel, technology changes, global political and economic conditions, and other factors that are described in further detail in Wavefront's continuous disclosure filings.