Wavefront Technology Solutions Inc.

Quarterly Report

For the first

Quarter ended

November 30, 2016

The following discussion and analysis of financial results should be read in conjunction with the unaudited financial statements and the accompanying notes for the quarter ended November 30, 2016 and 2015 and is based on information available to January 27, 2017. Additional information on Wavefront Technology Solutions Inc.'s (the "Company" 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

Management has prepared this Management's Discussion and Analysis ("MD&A"). The MD&A is based upon Wavefront Technology Solutions Inc.'s (the "Wavefront" or "the Company") financial results prepared in accordance with IFRS. The MD&A primarily compares the unaudited financial results for the first quarter ended November 30, 2016 and 2015. Management has established and maintains an accounting and reporting system supported by internal controls designed to safeguard assets from loss or unauthorized use and ensure the accuracy of the International Financial Reporting Standard's ("IFRS") financial records (also see section titled "Controls and Procedures" page 14). The financial information presented throughout this MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the quarter ended November 30, 2016 and 2015 as well as the audited consolidated financial statements for the period ended August 31, 2016 and 2015 and the related notes.

Unless otherwise indicated, all amounts shown below are in Canadian dollars. Additional information regarding our Company is available on SEDAR, www.sedar.com. Such additional information is not incorporated herein, unless otherwise specified, and should not be deemed to be made part of this MD&A.

The Audit Committee of the Board of Directors, whose members are independent as defined in National Instrument 52-110: Audit Committee, met to review the condensed consolidated interim financial statements with management, and has reported to the Board of Directors thereon. On the recommendation of the Audit Committee, the Board of Directors has approved the condensed consolidated interim financial statements on January 27, 2017.

NON-IFRS MEASURES

The Company uses both IFRS and additional and non-IFRS measures to make strategic decisions, to set targets and use in operating activities, and believes that these non-IFRS measures provide useful supplemental information to investors. "Working capital", "gross profit", "gross profit margin", "other technology revenues", and "EBITDA" are measures used by the Company that do not have a standard meaning prescribed by IFRS and may not be comparable to similar measures used by other companies.

- Working capital is calculated by subtracting current liabilities from current assets. Working capital is a non-IFRS measure with no comparable IFRS measure;

- Gross profit is calculated by deducting cost of sales which includes direct costs, such as direct materials, direct labour, travel related expenditures, sub-contractors, shipping, duties and taxes, from gross revenue. Gross profit margin is calculated by dividing the gross profit by gross revenue. Gross profit is a non-IFRS measure with no comparable IFRS measure;

- Other technologies revenue consists of Primawave and Performance Drilling revenues. Core revenues and Other technologies revenues are non-IFRS measure with the most comparable IFRS measure being revenues, and,

- EBITDA, an acronym for earnings before interest, taxes, depreciation, and amortization, is calculated by adding back all interest, tax, depreciation and amortization to net loss. EBITDA is an additional IFRS measure with the most comparable IFRS measure being net income (loss).

Non-IFRS measures are viewed as key information as the chief decision maker, being the President and Chief Executive Officer, regularly reviews such measures in making expense and capital investment decisions.

OVERVIEW OF BUSINESS

As an Oil Field Service ("OFS") provider Wavefront is a leader in injection optimization methods that improve the distribution of fluids in the ground. Wavefront's core technology, marketed under the brand name, "Powerwave™", has proven to increase oil and gas production rates; decrease oil production decline rates; and, reduce chemical costs associated with well stimulation programs.

Powerwave is marketed in two primary areas to exploration and production companies ("E&P's"):

i. Well stimulation; and,

ii. Improved or Enhanced Oil Recovery ("IOR/EOR").

A well stimulation is an operation performed on a well to restore or enhance productivity or improve injection. In most instances a chemical is pumped into the well to stimulate a producing or injection interval. In other cases stimulation is used to remove scales such as calcium carbonate or barite, to rid a well of accumulated waxes on tubulars or to remove sand fill.

IOR/EOR targets stranded or bypassed oil in reservoir which is very difficult to produce due to various physical limitations. The common theme in all IOR/EOR (except acoustic or electromagnetic) projects is the injection of a fluid to mobilize bypassed oil.

OUTLOOK

The oil industry recently experienced a rise in oil prices, largely the result of a brokered arrangement on production constraints by OPEC and some non-OPEC countries. However, due to numerous geo-political nuances coupled with global supply/demand for oil the sustainability of these higher prices remains uncertain over the longer term. Accordingly, we expect calendar 2017 will see continued oil price volatility and fiscal conservatism by oil companies on field services related to well stimulation and IOR/EOR activities.

The key to Wavefront's future and success is revenue generation. A key to accomplishing that revenue generation is in reinforcing the progress we have made in marketing Wavefront's core technology, Powerwave, in the Middle East. Wavefront now has technology approval in both the Kingdom of Saudi Arabia ("KSA") and Kuwait. The focus in calendar 2017 will be on increasing the use of Powerwave in Oman, KSA and Kuwait as well as in Bahrain where Wavefront recently initiated Powerwave well stimulations. Additionally, based on previous successful pilot program results we anticipate the commencement of a new waterflood project in Oman as well as new projects in South America.

For Wavefront to maximize shareholder value our suite of technologies must "touch more wells." To achieve this Wavefront must look to diversification of Wavefront's portfolio within the oil and gas sector but also to alternative industries where Wavefront technology may be beneficial. Two recent examples of diversification include WaveAxe for Steam Assisted Gravity Drainage well stimulation and Powerwave stimulation tools to aid in potash cavern dissolution with a Saskatchewan potash producer.

The greatest opportunity for Wavefront to touch more wells is to provide a more complete service package other than just downhole tools to inject fluids during well stimulation. This package would include Wavefront stimulation tools in combination with a delivery means such as wire/slick line; service rigs; snubbing rigs; or, coil tubing. In this manner the oil and gas producer needs a single service provider to bring the tool and tool conveyance means. To this end Wavefront will identify and evaluate possible acquisitions of such companies in the North American service market but more specifically in Alberta and Texas.

OVERALL RESULTS FROM OPERATIONS

Wavefront operates with one reportable segment that covers all aspects of the Company's business.

Wavefront considers the basis on which it is organized, including the economic characteristics (such as the nature of the products and service and any bundling or cross use thereof, types of customers, operating segment served within the industry and similarity of segments with other OFS companies, quantitative and qualitative thresholds, etc.) and geographic areas, in identifying its reportable segment. The operating segment(s) of the Company is defined as components of the Company for which separate financial information is available and is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. The chief operating decision maker of the Company is the President and Chief Executive Officer.

Within this MD&A, however, Wavefront provides additional product level information such as revenues by product line and geography, and gross profit margins by product line, as it believes this additional information is useful supplemental information to investors with respect to the development of the business.

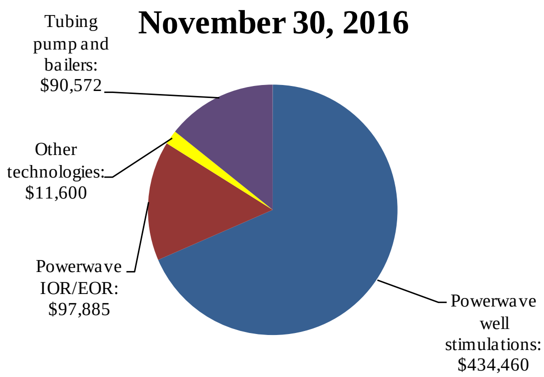
In the first quarter 2017, Wavefront's total revenue amounted to $634,517, a decrease of $280,114 over the comparative quarter. The decrease in revenues over the comparative period is principally related to the expiry of IOR/EOR projects, many of which were not renewed in the current period. However, during the reporting period, and despite the lower commodity prices, the Company was able to secure a new IOR/EOR contract with an estimated value of US $303,000 with Pan American Energy in Argentina as a result of prior projects resulting in increases in production and estimated ultimate recoveries. The decrease in IOR/EOR projects revenues however, was partially offset by increases in Powerwave stimulation revenues, which increased by $226,879 over the comparative period. For the reporting period the Company was able to reduce expenses by $104,340 over the comparative period.

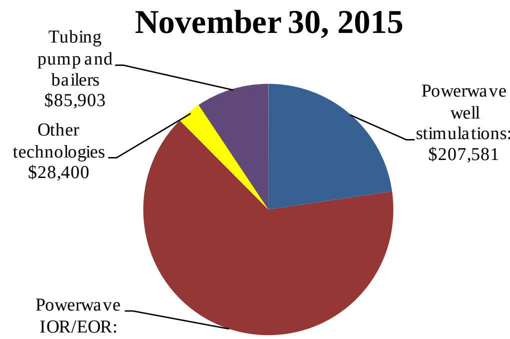
With the recent strengthening commodity prices the Company was able to increase revenues over the prior quarter (i.e., the three months ended August 31, 2016) by $139,401 or by 28.2%. Of the prior quarter revenue increases $124,727 relates to Powerwave, with Powerwave stimulation revenues increasing over the prior quarter by $340,108. Of the Powerwave stimulation revenue increases over the prior quarter, $213,987 relate to work in the USA and $117,619 relates to Middle East.

Consolidated Results – three months ended November 30, 2016

Revenues

Revenues for the three months ended November 30, 2016 were $634,517, a decrease of $280,114 over the comparative quarter ended November 30, 2015 that recognized revenues of $914,631. The changes in product line mix can be characterized as follows:





Revenue attributed to Powerwave product lines were $532,345, a decrease of $267,983 over revenues in the comparative quarter of $800,328. The Powerwave product line revenues can then be broken into short-term projects involving well stimulations and long-term projects related to using Wavefront's technology in IOR/EOR projects.

For the first quarter 2017, the total revenue related to Powerwave IOR/EOR projects totalled $97,885 compared to $592,747 in the comparative quarter. The past years' lower oil prices has had a substantive impact on Powerwave revenues as E&P's were pressed to reduce both capital and operating costs affecting the longer term IOR/EOR type project renewals and expansions.

For the first quarter 2017, Powerwave revenues related to well stimulations totalled $434,460, an increase of $226,879, compared to $207,581 in the comparative quarter. The recent oil price appreciation has had a near term positive impact on recent stimulation activity. In its North American operations the Company does not anticipate approaching a return to past Powerwave activity levels until such time there are higher sustained oil prices. As Wavefront executes its strategy in the Middle East, and as Powerwave continues to provide benefits to oil producers, the Company may see increased activities in the Middle East.

For the first quarter 2017, revenues from the tubing pumps and bailer product totalled $90,572 compared to $85,903 in the comparative quarter. Tubing pumps and bailer revenues comprise of tool rental, delivery and refurbishment fees. Although the current period results are relatively flat, the Company expects to see continued variation in tubing pump and bailer revenues resulting from lower levels of activities in Western Canada stemming from continued low oil prices.

For the first quarter 2017, Other Technology revenues totalled $11,600 for the reporting quarter compared to $28,400 from the comparative quarter. The Company expects to see continued variation in Other Technology revenues quarter over quarter.

Geographically, $137,193 (November 30, 2015 - $212,088) in revenue was generated in Canada, $248,947 (November 30, 2015 - $159,956) from the United States, and $248,377 (November 30, 2015 - $542,587) internationally. In this tumultuous period of low oil prices our Company's goal is to globally set the stage for accelerated growth in good market conditions for both well stimulations and IOR/EOR projects. The geographic revenues are more specifically described as follows:

Canada. Revenues in our Canadian operation decreased by $74,895 to $137,193 compared to $212,088 in comparative quarter. Powerwave IOR/EOR project revenues totalled $nil (November 30, 2015 - $112,192); Powerwave stimulation revenues in Canada totalled $37,621 (November 30, 2015 - $13,993); tubing pump and bailer revenues totalled $90,572 (November 30, 2015 - $85,903); and Other Technology revenues totalled $9,000 (November 30, 2015 - $nil).

United States. Revenues in our United States operations increased by $88,991 to $248,947 (November 30, 2015 - $159,956). Powerwave stimulation revenues totalled $246,347, an increase of $114,791 (November 30, 2015 - $131,556); and Other Technology revenues totalled $2,600 (November 30, 2015 - $28,400).

International: Revenues outside our Canadian and United States operations decreased by $294,210 to $248,377 (November 30, 2015 - $542,587). For Powerwave IOR/EOR projects revenues totalled $97,885 (November 30, 2015 - $480,555); and Powerwave stimulation revenues internationally totalled $150,492 (November 30, 2015 - $ 62,032).

Direct Expenses

IFRS cost of sales includes direct labour, wage benefits and associated stock option benefits, consumable (i.e., inventory) parts, third party installation costs of Powerwave, Primawave, and tubing pump and bailer product lines.

Any losses related to Powerwave IOR/EOR projects are immediately recognized and have the effect of increasing direct cost for the period in which they occur or are known to occur.

Costs of sales for the three month period ended November 30, 2016 were $200,747 or 31.6% of revenues (November 30, 2015 - $427,662 or 46.8% of revenues). Costs of sales for Powerwave product lines approximated 31.9% of Powerwave product line revenues. Costs of sales associated with Powerwave IOR/EOR projects totalled $70,288 or 71.8% of Powerwave IOR/EOR revenue, whereas costs of sales for all Powerwave stimulations approximated 22.9% of Powerwave stimulation revenues.

Gross Profit

The following table sets out the gross profit margins by product line for the first quarter ended November 30, 2016:

	Powerwave EOR	Powerwave Stimulation	Tubing pumps & bailers	Other Technologies	Total
Revenues	$ 97,885	$ 434,460	$ 90,572	$ 11,600	$ 634,517
Costs of sales	70,288	99,647	30,812	-	200,747
	$ 27,597	$ 334,813	$ 59,760	$ 11,600	$ 433,770
Gross profit margin (note 1)	28.2%	77.1%	66.0%	100.0%	68.4%

note 1: Gross profit margin is calculated by subtracting direct costs from revenue and dividing the result by revenue, and is further discussed in Non-IFRS Measures

The following table sets out the gross profit margins by product line for the first quarter ended November 30, 2015:

	Powerwave EOR	Powerwave Stimulation	Tubing pumps & bailers	Other Technologies	Total
Revenues	$ 592,747	$ 207,581	$ 85,903	$ 28,400	$ 914,631
Costs of sales	336,800	61,160	29,319	383	427,662
	$ 255,947	$ 146,421	$ 56,584	$ 28,017	$ 486,969
Gross profit margin (note 1)	43.2%	70.5%	65.9%	98.7%	53.2%

note 1: Gross profit margin is calculated by subtracting direct costs from revenue and dividing the result by revenue, and is further discussed in Non-IFRS Measures

The Company's goal is to continue to accelerate revenue growth while maximizing gross profit margins.

Other Expenses

Other expenses for the first quarter ended November 30, 2016, amounted to $1,329,094, compared to $1,206,519 in November 30, 2015. The change in expenses was principally a result of the following changes:

i) Amortization and depreciation decreases by $37,172 to $84,005 from the comparative quarter. The decrease in amortization and depreciation expense is a result of prior period non-cash impairment charges.

ii) Research and development expense remained relatively stable, decreasing by $4,179 to $36,253. Of the wage expense within research and development $27,030 (November 30, 2015 - $38,696) relates to labour of our physicist and reservoir engineer that support our Powerwave product line. Wage expense declined as less theoretical physic modelling, less tool and other research have been undertaken as the Company focuses on more near term revenues. At present, it is expected that wage expenses related to research and development will be reduced in future periods.

iii) General and administrative expenses increased by $140,560 (November 30, 2016 - $1,026,652; November 30, 2015 - $886,092) and principally relate to the following:

- Wage and employee benefits decreased by $109,401 to $302,574 principally relates to a decrease in overall staffing levels versus the comparative period. The decrease in staffing levels corresponded to efforts through the prior year to ensure any reductions in revenue were matched by expense reductions.

- Decreases in repairs and maintenance expense of $23,999 to $22,350 principally relates to reductions in facility, and general tool and equipment maintenance expense of $17,229, and in reductions in shop supplies of $5,115, which corresponds to general reductions in revenue generation.

- Decreases in vehicle expenses of $21,794 to $29,319. The decreases principally relates to decreases in vehicle maintenance of $13,146, fuel of $7,511 and non-sales related ground transportation of $1,828. These decreases related to reduction in revenue generating activity principally in Canada

- Decreases in public company and listing fees of $15,902 to $31,410 principally relates to timing differences in period expenses incurred.

- Decrease in bad debt expense of $17,785 is principally a result of comparative period having a greater number of specific accounts at risk, and having a higher proportion of accounts aged longer than 90 days that required bad debt allowances.

- Increases in professional fees of $198,195 to $270,643. During the reporting period the Company incurred litigation, or legal, expenses of $202,200 related to a patent infringement lawsuit Wavefront initiated against Impact Technology Systems AS, American Resources Inc., and, MMB Oil, LLC (together the "Defendants"). The Company will continue to aggressively defend its intellectual property rights against the named Defendants, and as such expenses may vary from quarter to quarter based on the actions to be taken.

- Share based payments within the general and administrative functional expense increased by $99,586 to $106,676 as it relates to the stock option expense allocated to general and administrative functional expense associated with the issuance of 2,050,000 incentive stock options that were issued near the conclusion of fiscal 2016.

- Increases in consulting fees of $34,206 to $79,582 principally relates to the direct engagement of devoted Wavefront Powerwave representation in the Middle East at a cost of $28,195 in only the current period, as the Company seeks strategies to generate greater number of touches on E&P wells, which is believe that it may increase Powerwave revenues.

iv) Selling and marketing expenses also increased by $23,366 to $182,184. The increase principally relates to an increase of $17,649 in stock option expense allocated to sales and marketing functional expense associated with the issuance of 2,050,000 incentive stock options that were issued near the conclusion of fiscal 2016. The Company has seen an increase in travel expense of $24,191 and wage expense of $5,093, which was partially offset by a reduction of subsistence and entertainment expense that decrease of $24,486.

Net Finance Section of Income

Interest income of $27,563 (November 30, 2015 - $22,454) includes interest earned for the reporting quarter of $14,406 (2016 - $16,058), and foreign exchange gain of $13,157 (November 30, 2015 - $6,396). Interest earned remained relatively flat. Interest earned was based on a weighted average rate of 1.31% for the quarter ended November 30, 2016 versus 1.42% in the comparative quarter. The increase in foreign exchange gains of $6,761 relates to the strengthening of the US currency.

Financing cost of $92 (November 30, 2015 - $1,223) only includes interest expenses for each period.

Operating Cash Flows

The following table sets out the cash used in operations for the first quarter ended November 30, 2016 and 2015:

	As at November 30, 2016	As at November 30, 2015
Net loss	$ (867,853)	$ (698,319)
Items not affecting cash		
Share-based payment	139,040	7,977
Amortization and depreciation	84,005	121,177
Interest expense	92	1,223
Gain on disposal of property, plant and equipment	(1,554)	-
Impact of foreign translation	(14,303)	497
Funds used in operations	(660,573)	(567,445)
Interest paid	(92)	(1,223)
Net change in non-cash working capital items	(214,915)	320,470
Cash used in operating activities	$ (875,580)	$ (248,198)

Net Loss and Comprehensive Loss, and Loss Per Share

The basic and diluted net loss for the quarter ended November 30, 2016 increased by $169,534 to $867,853 ($0.010 per share), compared to $698,319 ($0.008 per share) for the comparative quarter ended November 30, 2015.

Earnings before interest tax, depreciation and amortization ("EBITDA")

The following table sets out the Company's EBITDA loss and EBITDA loss per share:

	As at November 30, 2016	As at November 30, 2015
Net loss	$ (867,853)	$ (698,319)
Items not affecting cash		
Amortization and depreciation	84,005	121,177
Interest and tax expense	92	4,967
EBITDA	$ (783,756)	$ (572,175)
EBITDA loss per share	$ (0.009)	$ (0.007)

note 1: EBITDA is calculated by adding back all interest, tax, depreciation and amortization to net loss, and is further discussed in Non-IFRS Measures

LIQUIDITY AND CAPITAL RESOURCES

Assets and Liabilities

Total current assets decreased by $227,640 to $6,019,524 from the prior year end. Of the net decrease, $870,882 relates to a reduction of cash resources, of which $875,580 was used to fund operations, and $16,525 was used for the acquisition of additional Powerwave tools, equipment and leasehold improvements.

Trade and other receivables amounted to $893,939 (as at August 31, 2016 - $444,291), an increase of $449,648. The increase in trade and other receivables principally relates to increases in trade receivable of $61,333, receivable accruals of $383,502 and the accrual of IOR/EOR project revenues amounting to $98,126. The increase in trade and other receivables reflect timing differences in the underlying work or services being performed and the issuance and collecting of receivables, and our financial accounting policy of recognizing Powerwave revenues and direct costs equally over the term of the contracts.

Inventories include the transfer of certain Powerwave tools from fixed asset at the net book value of $45,596 to inventory, as they are designated to be sold for a bundled IOR/EOR project. The transfer to inventory was classified as a non-working capital change in the interim statement of cash flows.

Prepaid expenses and other current assets increased by $149,844 to $193,382 related and principally relates to annual insurance premiums paid versus that expensed in current reporting quarter.

Non-current assets included a decrease of $113,664, of which $84,005 relates to amortization, transfers of Powerwave tools, with a net book value of $45,596, to inventory, which is being sold as a part of a new IOR/EOR project with Pan American Energy, with an offset of $16,525 due to purchases of property, plant and equipment.

Liabilities

Total liabilities increased by $381,521 from the prior year-end to $990,268. Of the liabilities, $807,956 relates to trade accounts payable and includes $161,726 related to aforementioned patent infringement lawsuit Wavefront initiated, and $154,473 relates to accruals related to the Powerwave project costs, design and manufacturing of Powerwave tool inventory, sales and marketing liabilities and other various corporate services. Additionally some of the increase in liabilities relates to the prior year end accruals of professional fees with very little relief of the expenses in the current period.

Liquidity

The following table presents working capital information as at November 30, 2016 and August 31, 2016:

	As at November 30, 2016	As at August 31, 2016	Change
Current assets	6,019,524	6,247,164	(227,640)
Current liabilities	(990,623)	(609,102)	(381,521)
Working capital(note 1)	5,028,901	5,638,062	(609,161)

note 1: Working capital is calculated by subtracting current liabilities from current assets, and is further discussed in Non-IFRS Measures

Wavefront believes that its working capital position will continue to fluctuate and that our Company's cash flow break-even will also be affected by the degree of commercialization and the product mixes between Powerwave well stimulation, Powerwave IOR/EOR, as well as its tubing pumps and bailer product line.

The Company did not default nor was it in arrears on any operating lease payments.

Financings

There were no financings during the reporting or the comparative quarter.

Capital Resources

Currently, and in addition to the Contractual Commitments (noted below), and in accordance with Wavefront's strategic plan, cash resources will be judiciously managed, however will be used for the following:

- To maintain an inventory of Powerwave tool systems and related activities; and,
- To support strategic marketing efforts related to near-term revenue generation.

There are no known trends or expected fluctuations or restrictions in Wavefront's capital resources.

As of January 27, 2017, Wavefront had $4,341,859 of cash on hand. Of the cash on hand, Wavefront has $4,000,000 in short term investments. Of the investments $4,000,000 in Term Deposits on deposit with National Bank Financial cashable without penalty on or after 90 days, with $2,500,000 cashable after June 17, 2016 but maturing on March 21, 2017, and $1,500,000 cashable on February 22, 2017 but maturing on November 23, 2016, with a guaranteed interest rates of 1.35% and 1.25% respectively.

Credit risk on the Term Deposits investment is linked to the insurance coverage limits as prescribed by the Canadian Deposit Insurance Corporation and that of National Bank Financial.

CONTRACTUAL COMMITMENTS

The Company has entered into long-term contractual arrangements from time-to-time for facilities, lines of credit, and the provision of goods and services. The following table presents contractual obligations arising from these arrangements currently in force:

	Payments Due by Period				
	Total	Less than 1 Year	1 – 3 Years	3 – 5 Years	More than 5 Years
Operating lease obligations	$ 1,454,004	$ 368,948	$ 740,077	$ 344,979	$ -

In a prior year, the Company entered into a new office and warehouse space for its Edmonton, Alberta facilities. The office and warehouse lease had a commencement date of February 1, 2011 and a ten year term expiring on January 31, 2021. The future commitment in base rental payments is $891,241 over the balance of the term.

As well, in a prior year, the Company entered into a new office and warehouse lease in Lloydminster, Alberta. The new facilities were required as our other facilities lease expired and to support our Powerwave stimulation business.

The office lease has a commencement date of July 1, 2012 and a ten year term expiring on June 30, 2022. The balance of the future commitment in base rental payments is $557,180.

The Company is of the opinion that its working capital position of $5,028,901 as at November 30, 2016 is sufficient to cover its current commitments and operations for the forthcoming 12 months. It is also anticipated that internally generated cash from operations will increase over the long term as Powerwave continues to be commercialized and inducements and incentives decrease. Wavefront may consider future financings based on expected need to finance Powerwave tools, working capital, or acquisitions, and will consider debt financing of its Powerwave tools or an acquisition to better match the assets' life and revenue stream with the financing sources. Any such financing will be dependent on Wavefront's credit rating, quality of licensing contracts, etc.

All future expenditures and investments in capital assets and projects will be governed by the Company's working capital position throughout the year.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Expense transaction

In a prior year the Company entered into a Consulting Agreement with a director of the Company to provide certain services for a monthly fee of US $5,000 (November 30, 2015 - US $3,000) per month. During the three months ended November 30, 2016, the Company recorded $19,899 (November 30, 2015 – $11,885) in consulting expense, with $nil (August 31, 2016 - $nil) included in accounts payable and accrued liabilities.

PROPOSED TRANSACTIONS

At the time of this report the Company has no undisclosed proposed transactions.

RISK AND UNCERTAINTIES

Other than the below noted the Company's business risks are the same as disclosed in its annual MD&A issued for the year ended August 31, 2016.

Product Liability, Warranties and Uninsured Risks – Although the Company maintains insurance to protect against certain risks in such amounts as it considers commercially reasonable, its insurance will not cover all of the potential risks associated with its operations. The sale of products and services may expose the Company to warranty costs or other potential liability resulting from such use. Although product liability insurance is currently maintained, the obligation to pay a claim in excess of insurance could have a material adverse effect on the business, financial condition and future prospects of the Company. Due to the magnitude of insurance premiums and as the exposure of the Company to a catastrophic total loss of the tools is limited to certain situations, which the Company believes has a low probability of occurring, the Company has currently decided to self-insure its tools. Should a catastrophic loss of tools occur it would have a material adverse effect on the business, financial condition and future prospects of the Company.

ENVIRONMENTAL RISK

The Company's environmental risks are the same as disclosed in its annual MD&A issued for the year ended August 31, 2016.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's critical accounting policies and estimates are the same as disclosed in its annual MD&A issued for the year ended August 31, 2016.

CHANGES IN ACCOUNTING POLICIES

The changes in accounting policies are disclosed in Note 2, "*Statement of Compliance*", of the Unaudited Interim Condensed Consolidated Financial Statements for the quarter ended November 30, 2016.

FINANCIAL AND OTHER INSTRUMENTS

Wavefront's significant financial and other instruments consist of accounts receivable, accounts payable and accrued liabilities and interest bearing obligations such as its operating line, and other amounts that will result in future cash outlays.

Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. Wavefront's financial instruments that are exposed to concentrations of credit risk consist primarily of accounts receivable. Concentrations of credit risk with respect to accounts receivable are limited as the majority of transactions are with large publicly traded corporations or government organizations dispersed across geographic areas. Credit risk, with respect to accounts receivables in Canada and the United States, is also limited due to Wavefront's credit evaluation and cash management processes.

Foreign currency risk

Wavefront is exposed to currency risks as a result of its export to foreign jurisdictions of goods produced in Canada or services provided from Canada, and the operational expenses and revenue of foreign operations. These risks are partially covered by purchases of goods and services in the foreign currency. Wavefront does not use derivative instruments to reduce its exposure to foreign currency risk.

Fair value of financial instruments

The carrying value of Wavefront's financial instruments approximates their fair value. The estimated fair value approximates the amount for which the financial instruments could currently be exchanged in an arm's length transaction between willing parties who are under no compulsion to act. Certain financial instruments lack an available trading market; therefore, fair value amounts should not be interpreted as being necessarily realizable in an immediate settlement of the instrument.

SUPPLEMENTARY INFORMATION

SUMMARY OF QUARTERLY RESULTS AND LOSS PER SHARE

The following tables sets forth selected data derived from our unaudited condensed consolidated interim financial statements for each of the eight most recently completed quarters. This information should be read in conjunction with the applicable interim unaudited and annual audited financial statements and related notes thereto.

	1st Qtr Nov 30 '16	**4th Qtr Aug 31 '16**	**3rd Qtr May 31 '16**	**2nd Qtr Feb 28 '16**
Revenue	$ 634,517	$ 495,116	$ 794,138	$ 531,913
Net Loss	$ (867,853)	$ (592,863)	$ (662,637)	$ (808,382)
Basic and diluted loss per share	$ (0.010)	$ (0.007)	$ (0.008)	$ (0.010)
Common shares outstanding				
Weighted average shares outstanding	82,956,240	82,956,240	82,956,240	82,956,240

	1st Qtr Nov 30 '15	**4th Qtr Aug 31 '15**	**3rd Qtr May 31 '15**	**2nd Qtr Feb 28 '15**
Revenue	$ 914,631	$ 693,681	$ 1,213,218	$ 1,059,555
Net Loss	$ (698,319)	$ (952,640)	$ (765,016)	$ (4,089,528)
Basic and diluted loss per share	$ (0.008)	$ (0.011)	$ (0.009)	$ (0.049)
Common shares outstanding				
Weighted average shares outstanding	82,956,240	82,956,240	82,956,240	82,956,240

note 1: All amounts in Canadian dollars except share data

DESCRIPTION OF SHARE CAPITAL

As at November 30, 2016, Wavefront's share capital consisted of the following:

Common shares		
Authorized:		unlimited
Issued and outstanding:		
Free trading		82,956,240
Convertible into common shares		
Incentive stock options	4,250,000	
		4,250,000
Fully diluted share capital:		87,206,240

As at January 27, 2017, Wavefront's number of issued and outstanding shares is 82,956,240.

Market for Securities

The common shares of Wavefront Technology Solutions Inc. are listed on the TSX Venture Exchange under the symbol of WEE. The Company's shares also trade on International OTCQX under the symbol WFTSF.

Options granted during the quarter

No options were granted during the reporting quarter.

The Company maintains a Stock Option Plan under which it may grant options for up to 10,771,558 shares of the Company at an exercise price equal to or greater than the market price of the Company's stock at the date of grant. All stock options awarded are exercisable for a period of ten years and vest in equal tranches at three month intervals over a period of eighteen months.

Options outstanding

As at November 30, 2016

Date Granted	Expiry Date	Number of Incentive Stock Options	Exercise Price per Share $
March 17, 2015	March 17, 2020	900,000	0.12
August 4, 2016	August 4, 2026	1,975,000	0.28
February 21, 2014	February 21, 2019	825,000	0.315
February 22, 2013	February 22, 2018	475,000	0.38
November 12, 2013	November 12, 2018	75,000	0.41
		4,250,000	

CONTROLS AND PROCEDURES

Under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the Company, as a "Venture Issuer" files on an annual basis Form 52-109FV1, the "*Certificate of annual filings – venture issuer basic certificate*" (the "**Annual Form")** which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal controls over financial reporting **("ICFR**"), as defined in NI 52-109. In particular, the certifying officers filing the Annual Form are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and,

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

However, the Company's Management, and its certifying officers on the Annual Form are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in that Annual Form. The Annual Form does contain representations which confirms that management has established processes, which are in place to provide the certifying officers with sufficient knowledge to support their written representations that they have exercised reasonable diligence that (i) the audited annual financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and that (ii) the audited annual financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the audited financial statements.

The Company's certifying officers of the Annual Form are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in that certificate. However, the reader should be aware that inherent limitations on the ability of the certifying officers to design and implement, on a cost effective basis, DC&P and ICFR for the Company as defined in NI 52-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation, including this Management Discussion & Analysis.

FORWARD-LOOKING INFORMATION

Certain statements contained herein regarding Wavefront and its operations constitute "forward-looking statements" within the meaning of Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995. All statements that are not historical or current facts, including without limitation statements regarding future estimates, plans, objectives, assumptions or expectations or future performance of Wavefront and or any of its subsidiaries, as described in the Management Discussion and Analysis above, are "forward-looking statements". Forward-looking information can be identified by the use of the future tense or other forward-looking words such as "believe", "expect", "anticipate", "intend", "should", "may", "could", "would", objective" "forecast", "position", "intend" or the negative of those terms or other variations of them or comparable terminology. Examples of such forward-looking information in this document include, but are not limited to statements with respect to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions that may prove to be incorrect:

- *under the heading "Outlook" the outlook for Wavefront's business and its long-term plans, including the potential necessity for further cost reductions;*
- *under the heading "Liquidity and Capital Resources", Wavefront's beliefs about its working capital position and cash flow break even and its use of cash; and*
- *under the heading "Contractual Commitments", Wavefront's beliefs about working capital sufficiency and potential sources of financing.*

We provide this forward-looking information for Wavefront's business in order to describe the management expectations and targets by which Wavefront measures its success and to assist Wavefront shareholders in understanding Wavefront's financial position as at and for the periods ended on the dates presented in this report. Readers are cautioned that this information may not be appropriate for other purposes. ***We caution that such "forward-looking statements" involve known and unknown risks and uncertainties that could cause actual***

***results and future events to differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information**. Such material factors include fluctuations in the acceptance rates of Wavefront's Powerwave and Primawave Processes, 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. For a more detailed description of these risks, and of other risks to which Wavefront is subject, please see the "Risks and Uncertainties", "Environmental Risk" and "Financial and Other Instruments" sections in this Management Discussion and Analysis. In determining Wavefront's forward-looking statements, Wavefront considers material factors including assumptions and expectations regarding customer demand and adoption rates for Wavefront's products; commodity prices and interest and foreign exchange rates; and the availability and cost of inputs, labour and services, patent, technology and competitive risk. Many of these factors are beyond Wavefront's control and have effects which are difficult to predict. These material risk factors and material assumptions are not intended to represent a complete list of the factors that could affect Wavefront; please see other factors that are described in further detail in Wavefront's continuous disclosure filings, from time to time, and available on SEDAR at www.sedar.com. Investors and the public should carefully consider these factors, other uncertainties and potential events, and the inherent uncertainty of forward-looking statements when relying on these statements to make decisions with respect to Wavefront.*

The forward-looking statements contained herein represent Wavefront's expectations at January 27, 2017, and, accordingly are subject to change after such date. Except as may be required by law, Wavefront does not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time.

ADDITIONAL INFORMATION

Additional information regarding Wavefront Technology Solutions Inc. can be found on System for the Electronic Document Analysis and Retrieval ("SEDAR" at www.sedar.com).