Wavefront Technology Solutions Inc.

Quarterly Report

For the third

Quarter ended

May 31, 2017

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 May 31, 2017 and 2016 and is based on information available to July 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 third quarter ended May 31, 2017 and 2016. 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 20). 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 May 31, 2017 and 2016 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 July 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

Wavefront's financial performance is tied directly to activity levels in the oil markets, and the price of oil remains the key driver in dictating activity. Though the industry appears to have seen the worst of the oil downturn pass, forecasting longer term crude oil prices remains difficult. Initial optimism of increased activity levels in early 2017 were buoyed by oil prices above $50 per barrel West Texas Intermediate ("WTI"). More recently however with geo-political nuances, an increased rig count, and an ever changing oil supply versus demand outlook WTI prices have slipped back near $47 per barrel. The culmination of these factors has resulted in stagnant activity in the Company's North American market.

In addition to the above, over the past several quarters the Company has also seen continued downward pressure in oil services pricing in North America. In many instances E&P companies are looking for the "cheapest" service not necessarily the best approach. To this end Wavefront must be adaptive in its pricing which will impact overall revenue generation. Due to the uncertainty in oil prices which impact activity levels as well as the reduction in Wavefront's service price charges the Company does not anticipate a return to historical levels for several more quarters.

The Powerwave brand for well stimulation involving the placement of acid is becoming more widely known and accepted in Kuwait and the Kingdom of Saudi Arabia ("KSA"). Combined these two countries have approximately 5,000 oil and gas wells. Based on positive well stimulation outcomes Wavefront and its local distribution partners continue to advance Powerwave with the national oil companies in these respective countries. Subsequent to the fiscal quarter the Company announced a 15-well Powerwave stimulation campaign in Kuwait. Wavefront Management is optimistic that convincing Powerwave stimulation outcomes will chart the path for widespread use of the technology in the coming months.

Outside of KSA and Kuwait but within Wavefront's Middle East focus the Company's distribution partner in Oman was awarded the approximate US $500,000 contract for expanded Powerwave use. Wavefront engineering staff has worked with the client in scoping the production patterns where Powerwave will be deployed and the client is now scheduling installation dates of Powerwave tools.

In Latin and South America Wavefront continues to aggressively market Powerwave through its local distribution channels. In Colombia the Company has quoted in excess of US $1,500,000 of work with local operators for all aspects of Powerwave: IOR/EOR; well stimulation; and, wellbore cleaning. Wavefront anticipates the granting of contracts related to those quotations in the fourth calendar quarter of 2017.

Wavefront continues to look to diversification of its technology and service offering within the oil and gas sector and has identified several opportunities in Alberta. More specifically, given the volatility of oil prices Wavefront is looking at gas-oriented technology and service providers as gas prices have tended to be more stable. Historically, Powerwave has been strongly focused towards the oil market and Management believes that by aligning the Company with a gas-oriented technology and service provider it will bring new opportunity in the North American market.

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.

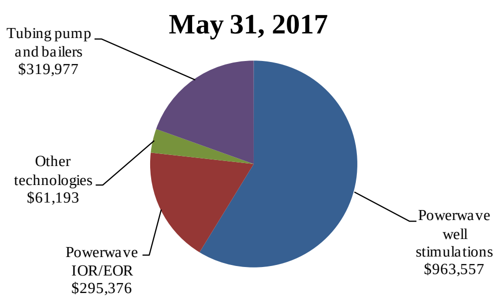
For the third quarter ended May 31, 2017, revenues totalled $525,371, a decrease of $268,767 from the comparative quarter ended May 31, 2016. The decrease in revenues over the comparative period is principally related to decreases in Powerwave IOR/EOR project revenues; however, these decreases were partially offset by increases in Powerwave stimulation revenues, which increased by 9.9% to $332,900. The increases of Powerwave stimulation revenues over the comparative quarter principally relate to the return of certain activity in the Texas market, which increased by an approximated 78.9%.

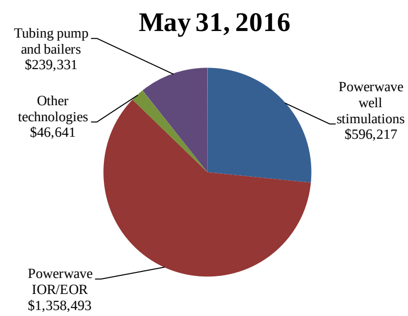
Revenues for the third quarter ended May 31, 2017, also increased by$45,156 over the prior quarter (i.e., three months ended February 28, 2017). The increase of revenues over the prior quarter is principally a result of the increase in international Powerwave revenues related to well stimulations which grew by 157.8% or $113,284.

Consolidated Results – nine months ended May 31, 2017

Revenues

Revenues for the nine months ended May 31, 2017 were $1,640,103, a decrease of $600,579 over the comparative period ended May 31, 2016 that recognized revenues of $2,240,682. The changes in product line mix can be characterized as follows:





Revenue attributed to Powerwave product lines were $1,258,934, a decrease of $695,776 over revenues in the comparative quarter of $1,954,710. 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 Powerwave in IOR/EOR projects.

For the nine months ended May 31, 2017, the total revenue related to Powerwave IOR/EOR projects totalled $295,376 compared to $1,358,493 in the comparative quarter. The decrease in revenue principally relates to the cessation of the prior year's international work as a result of the erosion of and volatility of oil commodity prices which resulted in the down turn in industry activity.

For the nine months ended May 31, 2017, Powerwave revenues related to well stimulations increased by $367,340 to $963,557, compared to $596,217 in the comparative period. The increases over the comparative period relates to increases in the USA market, which increased by an approximated 98.2% or $250,653, and an increase of approximately 53.3% or $147,764 in the Middle East. These increases are associated with a moderate rise in activity in the Permian Basin (Texas) as well as on-going marketing efforts with agents and distributors in the Middle East. Overall, well stimulation revenue remains below historical performance and this is principally due to depressed activity in the United States market. The Company does not anticipate approaching a return to historical Powerwave revenue levels until such time there is higher / more stable oil prices which will drive greater activity in the key North American markets, coupled with increased revenue from initiatives in the Middle East.

For the nine months ended May 31, 2017, revenues from the tubing pumps and bailer product increased by approximately 33.7% or $80,646 to $319,977 compared to $239,331 in the comparative period. Tubing pumps and bailer revenues are comprised of tool rental, delivery and refurbishment fees. The Company expects to see continued variation in tubing pump and bailer revenues resulting from lower levels of activities in Western Canada.

For the nine months ended May 31, 2017, Other Technology revenues totalled $61,193 compared to $46,641 from the comparative period. The Company expects to see continued variation in Other Technology revenues quarter over quarter.

Geographically, $361,411 (2016 – $415,034) in revenue was generated in Canada, $523,662 (2016 - $301,884) from the United States, and $755,030 (2016 - $1,523,764) internationally. Geographic revenues are more specifically described as follows:

Canada. Revenues in our Canadian operation decreased by $53,623 to $361,411 compared to $415,034 in comparative period. Powerwave IOR/EOR project revenues totalled $nil (2016 - $112,192); Powerwave stimulation revenues in Canada totalled $32,434 (2016 - $63,511); Other Technology revenues totalled $9,000 (2016 - $nil) and tubing pump and bailer revenues totalled $319,977 (2016 - $239,331).

United States. Revenues in our United States operations increased by 73.5% or $221,778 to $523,662 (2016 - $301,884). Powerwave stimulation revenues totalled $505,896 (2016 - $255,243); and Other Technology revenues totalled $17,767 (2016 - $46,641).

International: Revenues outside our Canadian and United States operations decreased by $768,734 to $755,030 (2016 - $1,532,764). For Powerwave IOR/EOR projects revenues totalled $295,376 (2016 - $1,246,301) Powerwave stimulation revenues internationally totalled $425,227 (2016 - $277,463); and Other Technology revenues totalled $34,427 (2016 - $nil).

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, Tubing Pump and Bailer, and Other Technology 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 nine months ended May 31, 2017 were $586,122 or 35.7% of revenues (May 31, 2016 - $930,131 or 41.5% of revenues). Costs of sales for international Powerwave projects totalled $341,762 or 45.3% of international Powerwave revenues. Whereas the costs of sales associated with American Powerwave well stimulations approximated 22.6% and international well stimulations approximated 42.5% of American and international Powerwave stimulation revenues respectively.

Gross Profit

The following table sets out the gross profit margins by product line for the nine months ended May 31, 2017:

	Powerwave IOR/EOR	Powerwave Stimulation	Tubing pumps & bailers	Other Technologies	Total
Revenues	$ 295,376	$ 963,557	$ 319,977	$ 61,193	$ 1,640,103
Costs of sales	160,877	311,556	112,914	775	586,122
	$ 134,499	$ 652,001	$ 207,063	$ 60,418	$ 1,053,981
Gross profit margin (note 1)	45.5%	67.7%	64.7%	98.7%	64.3%

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 nine months ended May 31, 2016:

	Powerwave IOR/EOR	Powerwave Stimulation	Tubing pumps & bailers	Other Technologies	Total
Revenues	$ 1,358,493	$ 596,217	$ 239,331	$ 46,641	$ 2,240,682
Costs of sales	684,329	158,713	85,453	1,636	930,131
	$ 674,164	$ 437,504	$ 153,878	$ 45,005	$ 1,310,551
Gross profit margin (note 1)	49.6%	73.4%	64.3%	96.5%	58.5%

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

Other Expenses

Other expenses, i.e., not including costs of goods sold, for the nine months ended May 31, 2017, amounted to $3,815,155, compared to $3,513,597 in May 31, 2016. The change in expenses was principally a result of the following changes:

i) Amortization and depreciation decreased by $143,093 to $259,950 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 decreased by $28,051 to $108,921. Of the wage expense within research and development $62,561 relates to labour of our physicist and reservoir engineer that support our Powerwave product line. Wage expense remained relatively flat, decreasing by $2,132. Tool and other research have been managed such that resources are focused 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 $392,583 (May 31, 2017 - $2,951,682; May 31, 2016 - $2,559,099) and principally relate to the following:

- Wage and benefits expenses decreased by $162,191 to $861,460. The decrease of wage and benefit expenses principally relates to a decrease in the total number of employees employed, and wage allocations. The wage and wage benefits with general and administrative expenses varies based on allocations to costs of goods sold, sales and marketing, or research and development functional expenses categories and due to how much wage is allocated to the manufacturing of new Powerwave tools.

- Bad debt expenses decreased by $69,441 to $52,369. The decrease in bad debt expense principally relates to the bankruptcy of two American based clients in the comparative period.

- Decreases in repair and maintenance fees by $33,971 to $80,464. The decrease in repairs and maintenance fees principally relate to Calgary sales office operating and maintenance costs that were incurred in the comparative period only. The Calgary sales office was vacated in the prior year in response to activity levels and industry conditions.

- Offsetting the above decreases, the Company saw increases in professional fees of $310,268 to $624,550. The increase of professional fees principally relates to the Wavefront initiated patent infringement law suit against Impact Technology Systems AS, American Resources Inc., and, MMB

Oil, LLC (together the "Defendants"), which approximated $374,566. Subsequent to the reporting period the Company agreed to a proposed settlement of the patent law suit. Certain settlement terms are confidential however the Defendants agreed to an injunction in specific jurisdictions not to practice until the end of the term of the patent for which Wavefront initiated the patent infringement law suit.

- Share based payments also increased by $216,704 to $231,582, relates to the valuation and expensing of 1,975,000 incentive stock options issued in the prior year to employees and insiders.

- Consulting fees also increased by $153,377 to $335,364 principally relates to the direct engagement of devoted Wavefront Powerwave representation in the Middle East at a cost of $84,435 in only the current period, as the Company seeks strategies to generate greater number of touches on E&P wells, which is believed that it may increase Powerwave revenues. Additional consulting fees in the current period totaled $95,219 and relate to reservoir engineering support and Middle East business planning and development assistance.

iv) Selling and marketing expenses increased by $80,119 to $494,602. The increase principally relates to an increase in travel and accommodation expenses of $57,234 related to marketing efforts in the Middle East. Additionally, the Company has seen its marketing expenses increase by $35,825 due to the allocation of stock option expense. Offsetting these increases, meal and entertainment expenses decreased by $14,008 as a result of an ongoing effort to manage these expenses relate to more near term revenues.

The Company continues with its efforts to control costs, which it initiated in a prior year. For the nine months ended May 31, 2016, the total expense, excluding non-cash impairment, declined by $1,950,321 compared relative to the comparative period ended May 31, 2015. Whereas for nine months ended May 31, 2017 compared to the comparative period end May 31, 216, there was a further reduction of total expenses by $42,451.

Net Finance Section of Income

Interest income of $42,144 (2016 - $47,103) includes interest earned for the reporting period of $38,786 (2016 - $47,103), with the foreign exchange gain of $3,358 in current period only. Interest earned was lower as a result of maintaining lower principal balances.

Financing cost of $1,599 (2016 - $13,395) includes interest expense for the reporting period of $1,599 (2016 - $1,734), with a foreign exchange loss $11,661 in the comparative period only.

Operating Cash Flows

The following table sets out the cash used in operations for the nine months ended May 31, 2017 and May 31, 2016:

	As at May 31, 2017	As at May 31, 2016
Net loss	$ (2,720,629)	$ (2,169,338)
Items not affecting cash		
Share-based payment	295,527	16,846
Amortization and depreciation	259,950	414,483
Loss on disposal of property, plant and equipment	34,027	13,389
Interest expense	1,599	1,734
Impact of foreign translation	(17,478)	(66,785)
Funds used in operations	(2,147,004)	(1,789,671)
Interest paid	(1,599)	(1,734)
Net change in non-cash working capital items	(539,385)	950,931
Cash used in operating activities	$ (2,687,988)	$ (840,474)

Cash used in operating activities were negatively impacted by the professional fees amounting to $374,566 related to the patent law suit the Company initiated as noted above, which increased net losses; and an increase of $822,377 in accounts receivables which has temporarily affected the net changes in working capital items (see Liquidity section below).

Net Loss and Comprehensive Loss, and Loss Per Share

The basic and diluted net loss for the nine months ended May 31, 2017 increased by $576,182 to $2,720,629 ($0.033 per share), compared to $2,169,338 ($0.026 per share) for the comparative period ended May 31, 2016.

Excluding the professional fees totalling $374,566 (noted above) the adjusted net loss for the nine months ended May 31, 2017 increased by only $201,616 to $2,346,0639 ($0.028 per share).

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

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

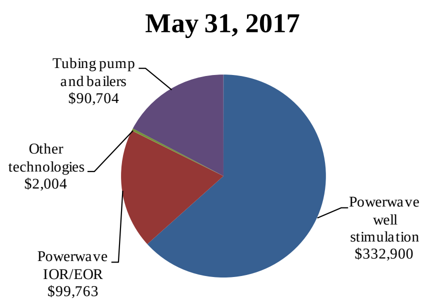
	As at May 31, 2017	As at May 31, 2016
Net loss	$ (2,720,629)	$ (2,169,338)
Items not affecting cash		
Amortization and depreciation	259,950	414,483
Interest and tax expense	1,333	8,706
EBITDA	$ (2,459,346)	$ (1,746,149)
EBITDA loss per share	$ (0.030)	$ (0.021)

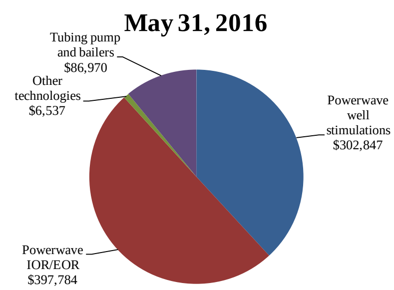
note 1: EBITDA is calculated by adding back all interest, tax, depreciation and amortization to net loss, and is further discussed in Non-IFRS Measures

Consolidated Results – three months ended May 31, 2017

Revenues

Revenues for the three months ended May 31, 2017 were $525,371, decreasing $268,767 over the comparative quarter ended May 31, 2016 that recognized revenues of $794,138. The changes in product line mix can be characterized as follows:





Revenue attributed to Powerwave product lines were $432,663, a decrease of $267,968 over revenues in the comparative quarter of $700,631. 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 Powerwave in IOR/EOR projects.

For the third quarter 2017, the total revenue related to Powerwave IOR/EOR projects totalled $99,763, which solely relates to an international project. International IOR/EOR project revenues are denominated in United States currency. At each reporting date all foreign currency projects are re-valued and translated into Canadian currency. Current exchange rates have positively impacted international IOR/EOR project revenue recognition.

For the third quarter 2017, Powerwave revenues related to well stimulations increased by 9.9% to $332,900, compared to $302,847 in the comparative quarter. The increases over the comparative quarter relates to the return of some activity in certain American markets, which increased by an approximated 78.9%.

For the third quarter 2017, revenues from the tubing pumps and bailer products remained relatively flat at $90,704, compared to $86,970 in the comparative quarter.

For the third quarter 2017, Other Technology revenues totalled $2,004 for the reporting quarter compared to $6,537 from the comparative quarter.

Geographically, $98,380 (2016 – $97,438) in revenue was generated in Canada, $142,168 (2016 - $84,903) from the United States, and $284,823 (2016 - $611,797) internationally. The geographic revenues are more specifically described as follows:

> **Canada**. Revenues in our Canadian operation remained relatively flat approximating $98,380 compared to $97,438 in comparative quarter. Powerwave stimulation revenues in Canada totalled $7,676 (2016 - $10,468); and tubing pump and bailer revenues totalled $90,704 (2016 - $86,970).

United States. Revenues in our United States operations increased by 67.4% or $57,265 to $142,168 (2016 - $84,903). Powerwave stimulation revenues totalled $140,164, an increase of $61,798 over comparative revenues of $78,366; and Other Technology revenues totalled $2,004 (2016 - $6,537).

International: Revenues outside our Canadian and United States operations decreased by $326,975 to $284,823 (2016 - $611,797). For Powerwave IOR/EOR projects revenues totalled $99,763 (2016 - $397,784); and Powerwave stimulation revenues internationally totalled $185,060 (2016 - $214,013).

Direct Expenses

Costs of sales for the three month period ended May 31, 2017 were $204,735 or 39.0% of revenues (May 31, 2016 - $318,266 or 40.1% of revenues).

Costs of sales associated with international Powerwave projects totalled $132,990 or 46.7% of international Powerwave IOR/EOR revenue. Whereas the costs of sales associated with American Powerwave well stimulations approximated 25.5% and international well stimulations approximated 59.0% of American and international Powerwave stimulation revenues respectively. The product and geographic mix affect overall costs of goods sold.

Gross Profit

The following table sets out the gross profit margins by product line for the third quarter ended May 31, 2017:

	Powerwave IOR/EOR	Powerwave Stimulation	Tubing pumps & bailers	Other Technologies	Total
Revenues	$ 99,763	$ 332,900	$ 90,704	$ 2,004	$ 525,371
Costs of sales	23,885	151,662	29,188	-	204,735
	$ 75,878	$ 181,238	$ 61,516	$ 2,004	$ 320,636
Gross profit margin (note 1)	76.1%	54.4%	67.8%	100.0%	61.0%

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

During the quarter ended May 31, 2017, the Company accrued certain IOR/EOR project costs that were complete in a prior year, which were unforeseen and could not be reliably measured even if they were known. Also during the quarter, and offsetting the aforementioned accrued costs of goods sold, Management revised certain project cost estimates for an international IOR/EOR project, as such the adjustments resulted in a costs of goods sold credit reduction to a credit.

The following table sets out the gross profit margins by product line for the third quarter ended May 31, 2016:

	Powerwave IOR/EOR	Powerwave Stimulation	Tubing pumps & bailers	Other Technologies	Total
Revenues	$ 397,784	$ 302,847	$ 86,970	$ 6,537	$ 794,138
Costs of sales	225,331	58,361	33,325	1,249	318,266
	$ 172,453	$ 244,486	$ 53,645	$ 5,288	$ 475,872
Gross profit margin (note 1)	43.4%	80.7%	61.7%	80.9%	59.9%

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

Other Expenses

Other expenses for the third quarter ended May 31, 2017, amounted to $1,257,985, compared to $1,123,890 in May 31, 2016. The change in expenses was principally a result of the following changes:

i) Amortization and depreciation expenses decreased by $47,572 to $92,573 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 decreased by $22,443 to $39,641. Of the wage expense within research and development $21,456 relates to labour of a physicist and reservoir engineer that support our Powerwave product line.

iii) General and administrative expenses increased by $189,725 (May 31, 2017 - $953,280; May 31, 2016 - $763,555) and principally relate to the following:

- Decreases in wage expense of $26,382 to $272,899. The decrease of wage and benefit expenses principally relates to a decrease in the total number of employees employed, and expense allocations. The wage and wage benefits with general and administrative expenses varies based on allocations to other functional expenses categories and due to how much wage is allocated to the manufacturing of new Powerwave tools.

- Decreases in office expense of $16,897 to $177,655. The decrease of office expense principally relates to decreases in dues and subscriptions of $7,347, courier fees of $2,593, and rent and utilities by 1,992.

- Offsetting the above noted decreases was an increase in professional fees by $114,553 to $201,948, of which $130,285 relates to the aforementioned patent law suit that has been settled.

- Share based payments also increased by $50,961 to $53,942. The increase of share based payments relates to the valuation and expensing of 1,975,000 incentive stock options issued in the prior year to employees and insiders.

- Consulting fees also increased by $43,393 to $127,434 principally relates to the direct engagement of devoted Wavefront Powerwave representation in the Middle East at a cost of $60,102 and $28,832 and relate to reservoir engineering support and Middle East, both in the current quarter only.

- Public company and listing fees also increased by $20,984 to $37,647. The increase in public company and listing fees principally relate to transfer agent and filing fees.

iv) Selling and marketing expenses remained relatively flat increasing by $14,385 to $172,491. The increase principally relates to an increase the allocation of wage and stock option expense by $11,431 and in meal and entertainment expenses of $8,521. Offsetting these increases were decreases in travel and accommodation expenses of $2,882, and marketing expenses of $2,685.

Net Finance Section of Income

Interest income of $15,486 (2016 - $15,394) includes interest earned for the reporting quarter of $11,303 (2016 - $15,394), and foreign exchange gain of $4,183in the current quarter only.

Financing cost of $278 (2016 - $30,013) includes interest expense for the reporting period of $278 (2016 - $90), with a foreign exchange loss $29,923 in the comparative quarter only.

Operating Cash Flows

The following table sets out the cash used in operations for the third quarter ended May 31, 2017 and 2016:

		As at May 31, 2017		As at May 31, 2016
Net loss	$	(922,141)	$	(662,637)
Items not affecting cash				
Amortization and depreciation		92,573		140,145
Share-based payment		65,438		3,462
Loss on disposal of property, plant and equipment		35,043		18,300
Interest expense		278		90
Impact of foreign translation		(15,933)		(60,235)
Funds used in operations		(744,742)		(560,875)
Interest paid		(278)		(90)
Net change in non-cash working capital items		(350,556)		251,102
Cash used in operating activities	$	(1,095,576)	$	(309,863)

Cash used in operating activities were negatively impacted by increases in accounts receivables which has temporarily affected the net changes in working capital items (see Liquidity section below).

Net Loss and Comprehensive Loss, and Loss Per Share

The basic and diluted net loss for the quarter ended May 31, 2017 increased by $259,504 to $922,141 ($0.011 per share), compared to $662,637 ($0.008 per share) for the comparative quarter ended May 31, 2016.

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 May 31, 2017		As at May 31, 2016
Net loss	$	(922,141)	$	(662,637)
Items not affecting cash				
Amortization and depreciation		92,573		140,145
Interest and tax expense		280		2,811
EBITDA	$	(829,288)	$	(519,681)
EBITDA loss per share	$	(0.010)	$	(0.006)

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 $1,789,548 to $4,457,616 from the prior year end. Of the net decrease, $2,659,769 relates to a reduction of cash resources, of which $2,687,988 was used to fund operations, $41,618 was used for the acquisition of additional Powerwave tools, equipment and leasehold improvements which was offset by proceeds on disposition of $37,427.

Trade and other receivables amounted to $1,266,668 (as at August 31, 2016 - $444,291), an increase of $822,377. The increase in trade and other receivables principally relates to increases in trade receivable of $861,939, receivable accruals of $158,715 and the accrual of IOR/EOR project revenues amounting to $123,161. The increase in trade and other receivables reflect timing differences in the underlying work or services being performed and the issuance of invoices and collecting of receivables, the logistics of client payable process, and our financial accounting policy of recognizing Powerwave revenues and direct costs equally over the term of the contracts.

During the year one Powerwave stimulation client's payables process has been delayed, resulting in delayed receivable collections and an increased accounts receivable balance. Additionally the upfront project billing, which does not relate directly to revenue recognition, of an international Powerwave IOR/EOR project has also had an effect of increasing accounts receivable. The balance of receivable for the stimulation client, noted above, and upfront billing of the international Powerwave IOR/EOR account for $714,148 or (56.4%) of total receivables outstanding. The $714,148 balance increases to $1,022,903 or 80.8% of total outstanding receivables when all international billings and accruals are included. Given these clients are long serving, major companies, with strong history of payment, Wavefront does not foresee problems with collection and anticipate being paid in the near term. However, given the aging and Company accounting policies an allowance for doubtful accounts was still made on these accounts.

The maximum exposure to credit risk at the reporting date by geographic region was:

	May 31, 2017	Aug 31, 2016
Canada	$ 238,833	$ 104,258
United States	430,116	102,715
Other	597,719	237,318
	$ 1,266,668	$ 444,291

Of the Company's total receivables, $1,027,835 is denominated in US dollars. The Company's foreign currency exposure, with other variables unchanged, and a 5% change in the Canadian dollar against the US dollar as at May 31, 2017, may impact on comprehensive net loss by $51,391.

Inventories include the transfer of certain Powerwave tools from fixed asset at the net book value of $46,466 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 $25,676 to $39,214 and principally relates to annual insurance premiums paid versus that expensed in current reporting quarter.

Non-current assets included a decrease of $335,049, of which $259,950 relates to amortization, transfers of Powerwave tools, with a net book value of $46,465, to inventory, which is being sold as a part of a new IOR/EOR project with Pan American Energy, with an offset of $41,615 due to purchases of property, plant and equipment.

Liabilities

Total liabilities increased by $283,160 from the prior year-end to $892,262. Of the liabilities, $455,449 relates to trade payables, $343,531 relates to accrued liabilities, and $93,282 relates to payroll accruals. The main increase relates to trade payables $239,786 with an additional $30,370 increase in accrued vacation pay.

Liquidity

The following table presents working capital information as at May 31, 2017 and August 31, 2016:

	As at February, 2017	**As at August 31, 2016**	**Change**
Current assets	$ 4,457,616	$ 6,247,164	$ (1,789,548)
Current liabilities	(892,262)	(609,102)	(283,160)
Working capital(note 1)	$ 3,565,354	$ 5,638,062	$ (2,072,708)

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.

Of the cash on hand, as at May 31, 2017, Wavefront has $2,825,000 in short term Term Deposits on deposit with National Bank Financial. Of the investments, $1,075,000 is cashable without penalty after April 21, 2017 and matures on March 21, 2018, and $1,750,000 is cashable on February 21, 2017 and matures on November 24, 2017. The Term Deposits have guaranteed interest rates of 0.95% 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.

Cash on hand was negatively affected by professional fees amounting to $374,566 relate to the patent law suit the Company initiated against Impact Technology Systems AS, American Resources Inc., and, MMB Oil, LLC, which the Company settled subsequent to the reporting quarter; thus, no additional strains will be placed on cash reserves.

Cash on hand was also negatively impacted by an anomaly in one clients payables process resulting in delayed payment of $302,796, and the invoicing and accruals related to an international IOR/EOR project and international stimulations of $553,797. The Company anticipates the collection of $856,593 in the near term.

As of July 27, 2017, Wavefront had $2,540,327 of cash on hand. Cash on hand is currently negatively impacted by professional fees and growing accounts receivables and accruals.

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	$ 1,267,454	$ 365,071	$ 745,212	$ 157,171	$ -

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 $785,275 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 $482,180.

The Company is of the opinion that its working capital position of $3,565,354 as at May 31, 2017 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 (May 31, 2016 - US $3,000) per month. During the three and nine months ended May 31, 2017, the Company recorded $20,220 (May 31, 2016 – $12,026) and $59,949 (May 31, 2016 – $36,080), respectively, 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 May 31, 2017.

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.

	3rd Qtr May 31 '17	2nd Qtr Feb 28 '17	1st Qtr Nov 30 '16	4th Qtr Aug 31 '16
Revenue	$ 525,371	$ 480,215	$ 634,517	$ 495,116
Net Loss	$ (922,141)	$ (930,635)	$ (867,853)	$ (592,863)
Basic and diluted loss per share	$ (0.011)	$ (0.011)	$ (0.010)	$ (0.007)
Common shares outstanding				
Weighted average shares outstanding	82,956,240	82,956,240	82,956,240	82,956,240

	3rd Qtr May 31 '16	2nd Qtr Feb 29 '16	1st Qtr Nov 30 '15	4th Qtr Aug 31 '15
Revenue	$ 794,138	$ 531,913	$ 914,631	$ 693,681
Net Loss	$ (662,637)	$ (808,382)	$ (698,319)	$ (952,640)
Basic and diluted loss per share	$ (0.008)	$ (0.010)	$ (0.008)	$ (0.011)
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 May 31, 2017, 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	4,325,000	
		4,325,000
Fully diluted share capital:		87,281,240

As at July 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 up to ten years and vest in equal tranches at three month intervals over a period of eighteen months.

Options outstanding

As at May 31, 2017

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
January 6, 2017	January 6, 2027	75,000	0.35
February 22, 2013	February 22, 2018	475,000	0.38
November 12, 2013	November 12, 2018	75,000	0.41
		4,325,000	

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 July 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).