Wavefront Technology Solutions Inc.

Quarterly Report

For the second

Quarter ended

February 28, 2018

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 February 28, 2018 and 2017 and is based on information available to April 25, 2018. 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 second quarter ended February 28, 2018 and 2017. 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 23). 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 February 28, 2018 and 2017 as well as the audited consolidated financial statements for the period ended August 31, 2017 and 2016 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 April 25, 2018.

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 measures 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 global leader in the advancement of dynamic fluid injection technology for oil and gas well stimulation and Improved/Enhanced oil ("IOR/EOR") recovery. 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 well stimulation chemical costs while also increasing post-stimulation production or injection sustainability rates. Wavefront operates in the global market place dealing directly with exploration and production companies ("E&P's") and through an international distribution network.

Powerwave is marketed in two primary areas to 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

With a strong focus on the international oil and gas markets and more specifically the Middle East region Wavefront aligns itself with well established local coiled tubing ("CT") service providers that have established market share. The target market segment with Wavefront's CT distribution partners is well stimulation employing the Company's Powerwave custom stimulation approach.

In Kuwait, Wavefront's distributor is Gulf Drilling and Maintenance Co. ("GDMC"). During the second quarter ended February 28, 2018 Wavefront and GDMC entered into an exclusive distribution agreement which provides GDMC sole operational rights to Powerwave in Kuwait for a guaranteed minimum aggregate yearly fee of US $1 million (i.e., additional technology fees or royalties for the use or resale of Powerwave equipment and services apply in excess of the guaranteed minimum of US $1 million threshold). The agreement is valid for three (3) years, subject to renegotiation thereafter.

In the Kingdom of Saudi Arabia ("KSA") Wavefront's distributor is National Petroleum Services ("NPS"). In KSA Wavefront and NPS are in the midst of a large Powerwave custom stimulation campaign and anticipate that with the addition of a second CT unit there will be upwards of 85 Powerwave custom stimulation programs carried out in calendar 2018.

The Company continues to work with NPS on a roll-out of Powerwave in Algeria, Qatar, and India. While the Powerwave wellbore cleaning tool has been approved for use in Algeria, Wavefront and NPS are in the early stages of arranging pilot projects for Powerwave with operators in India.

To expand its international presence in the European market the Company entered into a distribution agreement with Smape SRL ("Smape") of Italy. Smape is a privately owned partnership founded in 1989 with 200 employees and specializing in an array of oilfield services. Focused on the Italian and continental European markets, Smape has established operating bases in Egypt, Albania, and Azerbaijan. Smape key clients include ENI, Total, Apache, BP, and ConocoPhillips.

During the second fiscal quarter the Company's distributor in Oman, Marjan Petroleum ("Marjan") continued installing downhole equipment for Phase II implementation of a Powerwave-driven waterflood in Oman. This IOR/EOR project had originally been delayed due to the poor commodity prices of the past couple of years. Based on Phase I results, Wavefront and Marjan are very confident that Powerwave will bring the intended positive production outcomes and as such, the national petroleum company will deem Powerwave to be a "commercial product". It is anticipated that this designation will then lead to a longer-term contract where Powerwave can be accessed on a call-out basis without a long sales cycle.

In North America the Company anticipates that within its West Texas operations existing clients will increase their activities and new clients will be added. Barring any unforeseen or large decline in oil prices, the Company foresees an upward trend in revenue generation for the remainder of fiscal 2018 in the United States, albeit not necessarily, immediately, at historical levels.

Overall, the Company remains buoyant about future revenue from all regions and must closely monitor and push on-going opportunities to bring them into fruition. While the revenue picture appears encouraging for the balance of fiscal 2018, the Company must continue to be focused on cost discipline, including the deferral of non-essential capital spending and operating expenditures.

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 second quarter 2018, Wavefront's total revenue amounted to $856,633, an increase of $376,418 or 78.4% over the comparative quarter. The increase in revenues over the comparative period is principally related to international Powerwave stimulations in the Kingdom of Saudi Arabia and Kuwait that saw revenues increase by $607,646 or

2,753.5%. Second quarter 2018 revenues also increased over the prior quarter (i.e., the three months ended November 30, 2017) $579,966 or 209.6%. These increases are result of the Company's shift several years ago in its marketing tactics to focus on the Middle East and to revenue streams that have shorter overall sales cycles and favourable profit margins. The shift in focus has meant however less focus on the Powerwave IOR/EOR product lines.

The shift in the Powerwave product mix has strengthened the overall gross profit margin[1] with the current quarter having an 82.5% gross profit, compared to 62.4% for the comparative quarter ended February 28, 2017. Other expenses, i.e., not including costs of goods sold, for the second quarter ended February 28, 2018, amounted to $1,229,634, compared to $1,228,076 in February 28, 2017. Excluding the Disposition (noted below) and costs of goods sold, other expenses for the three months ended February 28, 2018, amounted to $971,617, compared to $1,228,076 in February 28, 2017, a decrease of $256,459.

The net loss for the quarter ended February 28, 2018 decreased by $419,540 or 45.1% to $511,095 (or $0.006 per share), compared to $930,635 (or $0.011 per share) for the comparative quarter ended February 28, 2017. The net losses for the second quarter ended February 28, 2018 also decreased over the prior quarter (i.e., the three months ended November 30, 2017) by $325,508. Excluding the Disposition (again as noted below) the "adjusted net loss"[2] for the quarter ended February 28, 2018 decreased by $677,557 or 72.8% to $253,078 (or $0.003 per share) from the comparative quarter, the closest the Company has been to profitability in recent years.

Impairment

As at February 28, 2018, the Company assessed impairment indicators for the Company's Powerwave cash generating unit ("CGU") and concluded that apart from prior years' impairment indicators that no indicators of impairment were present.

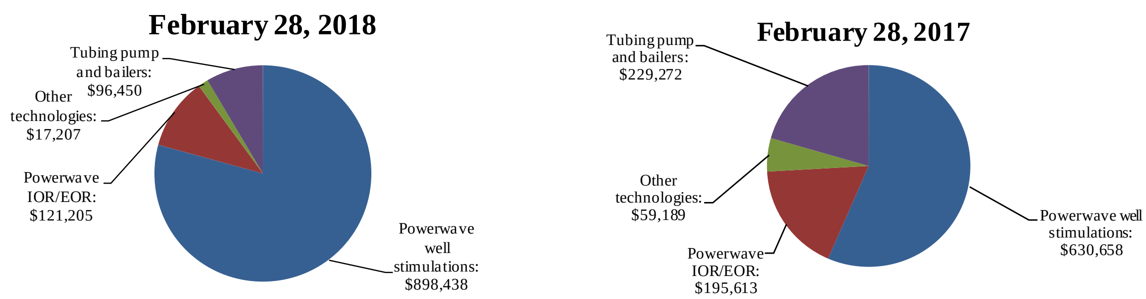
Consolidated Results – six-months ended February 28, 2018

Revenues

Revenues for the six months ended February 28, 2018 were $1,133,300, an increase of $18,568 over the comparative period ended February 28, 2017 that recognized revenues of $1,114,732. The changes in product line mix can be characterized as follows:

[1] 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

[2] Adjusted net loss is the net loss, less the loss on disposal on property, plant and equipment, and inventory. Adjusted net loss is a non-IFRS term with no comparable measure.



Revenue attributed to Powerwave product lines were $1,019,643, an increase of $193,372 over revenues in the comparative period of $826,271. The Powerwave product line revenues can then be broken into short-term projects involving well stimulations and long-term projects related to using Powerwave in IOR/EOR projects.

For the six months ended February 28, 2018, Powerwave revenues related to well stimulations increased $267,780 or 42.5% to $898,438, compared to $630,658 in the comparative period. The increases in revenues over the comparative period relate to an increase of revenue of approximately $559,030 or 232.8% related to the Middle East. These increases are a result of on-going marketing efforts with agents and distributors in the Middle East and recurring purchases related to Powerwave custom stimulation programs. Stimulation revenues however, in the USA and Canada, remains below historical performance. The Company does not anticipate approaching a return to historical USA and Canadian stimulation revenue levels until such time as there is greater overall activity within the industry in key North American markets.

For the six months ended February 28, 2018, the total revenue related to Powerwave IOR/EOR projects totalled $121,205 compared to $195,613 in the comparative period. The decrease in revenue principally relates to the conclusion of all prior year's international Powerwave IOR/EOR projects, while the current fiscal year includes the commencement of one new Powerwave IOR/EOR project in Oman, and the sale of selective injective valves for a Powerwave IOR/EOR project and recurring Powerwave licensing revenues in Latin America.

The Powerwave IOR/EOR project in Oman is for eight systems with an anticipated total net value of approximately $632,300 (i.e., translated at the current periods average exchange rate) that will be earned over the licensed term of 12 months, commencing when each individual Powerwave system is installed. This project's current period revenues however, reflect the installation of only three systems that were installed at various dates throughout the reporting period. Total expenses for the Powerwave IOR/EOR project in Oman are currently anticipated to approximate $359,400. The expenses for the Powerwave IOR/EOR project in Oman are recognized, similar to revenue, over the 12 month licensing term.

The reduction in IOR/EOR project revenue relates to the past downturn in oil pricing that saw deep capital and discretionary spending cuts in energy industry activity, especially in North America. With the more recent buoyancy in oil prices the Company is moving to re-establish the IOR/EOR market however sales cycles for such Powerwave applications are on the order of 6 to 12 months hence revenue generation would not be reflected in financial results for several quarters. As such, Wavefront has been focusing on the more immediate revenue generating opportunity through Powerwave custom stimulation applications that have a shorter sales cycles and healthy gross profit margins.

For the six months ended February 28, 2018, revenues from the tubing pump and bailer products decreased by approximately $132,822 to $96,450 compared to $229,272 in the comparative period. Tubing pump and bailer revenues are comprised of tool rental, delivery and refurbishment fees. With the Disposition (as noted below under Other Expenses) of the tubing pump and bailer CGU tools, the Company will not be recognizing any revenues related to tubing pump and bailer CGU in future periods.

For the six months ended February 28, 2018, Other Technology revenues totalled $17,207 compared to $59,189 from the comparative period.

Geographically, $139,300 (2017 – $263,030) in revenue was generated in Canada, $73,597 (2017 - $381,500) from the United States, and $920,403 (2017 - $470,202) internationally. Geographic revenues are more specifically described as follows:

> **Canada**. Revenues in our Canadian operation decreased by $123,730 to $139,300 (2017 - $263,030). Powerwave stimulation revenues in Canada totalled $42,850 (2017 - $24,758); Other Technology revenues totalled $nil (2017 - $9,000) and tubing pump and bailer revenues totalled $96,450 (2017 - $229,272).
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> **United States**. Revenues in our United States operations decreased by $307,903 to $73,597 (2017 - $381,500). Powerwave stimulation revenues totalled $56,390 (2017 - $365,732); and Other Technology revenues totalled $17,207 (2017 - $15,768).
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> **International**: Revenues outside our Canadian and United States operations increased by approximately $450,201 or 95.7% to $920,403 (2017 - $470,202). For Powerwave IOR/EOR projects revenues totalled $121,205 (2017 - $195,613) Powerwave stimulation revenues internationally totalled increased $559,030 or 232.8% to $799,198 (2017 - $240,168); and Other Technology revenues totalled $nil (2017 - $34,421).

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 long-term 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 six months ended February 28, 2018 were $234,229 or 20.7% of revenues (February 28, 2017 - $381,387 or 34.2% of revenues). Costs of sales for international IOR/EOR projects totalled $40,328 or 33.3% of international Powerwave IOR/EOR revenue, and can be positively impacted by recurring licensing fees that have minimal direct costs. The costs of sales associated with all Powerwave well stimulations totalled $147,612 or 16.4% of all Powerwave stimulation revenues; whereas international Powerwave well stimulations totalled $111,066 or 13.9% of international Powerwave stimulation revenues.

Gross Profit

The shift in the Powerwave product mix has strengthened the overall gross profit margin[3] with the current period having a 79.3% gross profit, compared to 65.8% for the comparative period ended February 28, 2017.

[3] 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

The following table sets out the gross profit margins by product line for the six months ended February 28, 2018:

		Powerwave EOR		Powerwave Stimulation		Tubing pumps & bailers		Other Technologies		Total
Revenues	$	121,205	$	898,438	$	96,450	$	17,207	$	1,133,300
Costs of sales		40,328		147,612		45,936		353		234,229
	$	80,877	$	750,826	$	50,514	$	16,854	$	899,071
Gross profit margin (note 1)		66.7%		83.6%		52.4%		97.9%		79.3%

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 six months ended February 28, 2017:

		Powerwave EOR		Powerwave Stimulation		Tubing pumps & bailers		Other Technologies		Total
Revenues	$	195,613	$	630,658	$	229,272	$	59,189	$	1,114,732
Costs of sales		136,992		159,894		83,726		775		381,387
	$	58,621	$	470,764	$	145,546	$	58,414	$	733,345
Gross profit margin (note 1)		30.0%		74.6%		63.5%		98.7%		65.8%

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 six months ended February 28, 2018, amounted to $2,255,748, compared to $2,557,170 in February 28, 2017. The change in expenses was principally a result of the following changes:

i) General and administrative expenses decreased by $569,856 (February 28, 2018 - $1,428,246; February 28, 2017 - $1,998,402). The change in general and administrative expenses was principally a result of the following:

   - Decreases in professional fees of $285,158 to $137,444. The decrease of professional fees principally relates to a prior period patent law suit that Wavefront filed against Impact Technology Systems AS, American Resources Inc., and, MMB Oil, LLC (together the "Defendants"). The Company agreed to a proposed settlement of the patent law suit whereby 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. The current period's professional fees relate to yearly compliance and audit accruals and ongoing professional advice pertaining to commercial and international operations.

   - Share based payments also decreased by $151,807 to $25,833, relates to the portion of stock options allocated to general and administrative functional expense category, and the valuation and expensing of 1,975,000 and 70,000 incentive stock options issued in the prior years to employees and insiders. The future unamortized expense of all options to be allocated across functional categories approximated $1,013; however, subsequent to the reporting period the Company issued 200,000 stock options to a firm the Company engaged to assist in investment relations, which will increase stock option expense.

- Wage and benefits expenses decreased by $93,462 to $495,099. The decrease of wage and benefit expenses principally relates to allocations of fully built up wage expense to other functional expenses, i.e., to costs of goods sold, sales and marketing, or research and development, and due to how much wage is allocated to the manufacturing of new Powerwave tools.

- Bad debt expenses decreased by $68,126 to expense credit of $30,471. The decrease in bad debt expense principally relates to the bankruptcy of two American based clients in the comparative period, and lower allowances for bad debt and the recovery of certain bad debt amounts in the current period.

- Consulting fees decreased by $13,848 to $194,082, and principally relates to the mix in number and types of engagement of reservoir engineering consultants and representatives in Latin America and the Middle East, which saw expenses decline by approximately $20,728. In addition, consulting fees declined by $12,500 for a consultant engaged in the comparative quarter to assist in strategic alternatives and $10,128 for engineering design consulting work. Offsetting the decline in expenses were increases $29,122 social media consultants.

- Offsetting the above decreases, the Company had increases in repair and maintenance fees by $37,128 to $92,188. The increase in repairs and maintenance fees principally related to general tool repair and maintenance that was not directly related to revenue jobs. The Company also had increases in public company and listing fees by $15,959 to $88,517. The increase in public company and listing fees principally relate to increases in listing fees, which is tied to the Company's calculated market capitalization, transfer agent and filing fees, and increases in news release dissemination fees. Subsequent to the reporting period the Company engaged a firm to assist in investor relations at $5,000 per month, as such, public company expenses are expected to increase.

ii) Consistent with the Company's shift in focus to Powerwave stimulations that have favourable profit margins and as a result of the growing trend of unprofitable financial results related to the tubing pump and bailer CGU, effective February 28, 2018, the Company disposed certain assets including: tubing pump and bailer tools at various locations along with certain other property plant and equipment, and inventory. Together with the disposal of property, plant and equipment, and inventory, the purchaser was also assigned and assumed the Lloydminster field office lease (together the "Disposition").

Total consideration for the Disposition was $75,000, which was paid by the purchaser subsequent to the reporting period, with an offsetting recorded net loss on disposal of the property plant and equipment, and inventory of $258,017. The $75,000 consideration was recorded as a receivable as at February 28, 2018.

Summary of Disposition	Tools and equipment	Automotive and office equipment	Leasehold improvements	Total
Cost	407,714	73,803	271,728	753,245
Accumulated depreciation	(311,308)	(58,512)	(154,872)	(524,693)
Net book value	96,406	15,291	116,856	228,552
Inventory				104,465
Proceeds				(75,000)
Net loss				(258,017)

Excluding the loss on disposal of property, plant and equipment and inventory of $258,017, "other expenses", (i.e., also not including costs of goods sold) for the six months ended February 28, 2018, decreased by $559,439 or 19.0% to $1,997,731, compared to $2,557,170 in February 28, 2017.

The past 12 months the base Lloydminster rental expense amounted to $152,200, whereas base wages and field compensation paid to support the tubing pumps and bailers approximated $275,846 and employee expenses were $26,951, for a total of $454,997, not including other location related or CGU direct or indirect expenses. As a result, the Company believes that the Disposition may reduce overall future period expenses.

iii) Amortization and depreciation expense remained relatively stable, decreasing by $24,773 to $142,604 from the comparative period. The lower amortization and depreciation expense is a result of prior period non-cash impairment charges.

iv) Research and development expense remained relatively stable, decreasing by $24,744 to $44,536. Of the wage expense within research and development $41,105 relates to labour of the Company's physicist and reservoir engineer that support our Powerwave product line. Wage expense remained relatively flat, decreasing by $1,097, whereas the allocation of stock option expense to research related functional categories decreased by $11,541 as certain options were nearly fully expensed.

v) Selling and marketing expenses increased by $59,934 to $382,045. The increase principally relates to an increase of fully built up functional wage allocation of $73,216 that relates to increased marketing efforts in the Middle East and North America (the later to re-establish activities to prior period levels). The increases also include travel related expenses to the Middle East of $6,358, and an increase of $5,686 in marketing and advertising expense. Offsetting the aforementioned increases was a reduction in the allocation of stock option expense by $25,326.

Net Finance Section of Income

Interest income of $13,005 (2017 - $27,483) includes interest earned for the reporting period of $7,770 (2017 - $27,483), with the foreign exchange gain of $5,235 in current period only. Interest earned was lower as a result of maintaining lower principal balances.

Financing cost of $4,027 (2017 - $2,146) includes interest expense for the reporting period of $4,027 (2017 - $1,321), with a foreign exchange loss $825 in the comparative period only. The increase in financing costs relates to a decision of the Company to maintain cash reserves and finance its insurance premiums for the fiscal year.

Operating Cash Flows

The following table sets out the cash used in operations for the six months ended February 28, 2018 and 2017:

	As at February 28, 2018	As at February 28, 2017
Net loss	$ (1,347,699)	$ (1,798,488)
Changes to loss not including cash		
Loss (gain) on disposal of property, plant and equipment, and inventory	260,085	(1,016)
Amortization and depreciation	142,604	167,377
Share-based payments	32,727	230,088
Impact of foreign translation	8,224	(1,544)
Interest expense	(4,027)	(1,321)
Change in trade and other receivables	83,616	(619,580)
Change in inventory	15,230	6,812
Interest paid	4,027	1,321
Change in trade and other payables	(291,631)	522,507
Change in prepaid expenses	(336,957)	(98,568)
Cash used in operating activities	$ (1,433,801)	$ (1,592,412)

The Company, in addition to the loss on disposal of property, plant and equipment and inventory of $258,017 (as noted above), incurred a loss on disposal of property, plant and equipment of $2,068 that was classified as costs of sale in the condensed consolidated interim statement of net loss.

Cash used in operating activities were negatively impacted by the net changes in non-cash working capital items (see Liquidity section below).

Net Loss and Comprehensive Loss, and Loss Per Share

The basic and diluted net loss for the six months ended February 28, 2018 decreased by $450,789 to $1,347,699 (or $0.016 per share), compared to $1,798,488 (or $0.021 per share) for the comparative period ended February 28, 2017.

Excluding the loss on disposal of property, plant and equipment and inventory of $258,017 (as noted above) the adjusted net loss[4] for the six months ended February 28, 2018 decreased by $708,806 to $1,089,682 (or $0.013 per share), compared to the comparative period ended February 28, 2017.

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

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

[4] Adjusted net loss is the net loss, less the loss on disposal on property, plant and equipment, and inventory. Adjusted net loss is a non-IFRS term with no comparable measure.

	As at February 28, 2018		As at February 28, 2017	
Net loss	$	(1,347,699)	$	(1,798,488)
Items not affecting cash				
Amortization and depreciation		142,604		167,377
Interest and tax expense		5,033		1,586
EBITDA	$	(1,200,062)	$	(1,629,525)
EBITDA loss per share	$	(0.014)	$	(0.020)

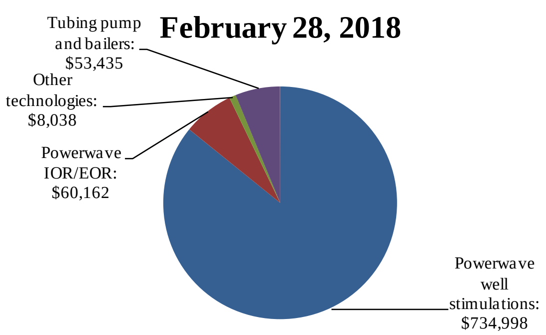
note 1: EBITDA is calculated by adding back all interest, tax, depreciation and amortization to net loss, and is further discussed in Non-IFRS Measures

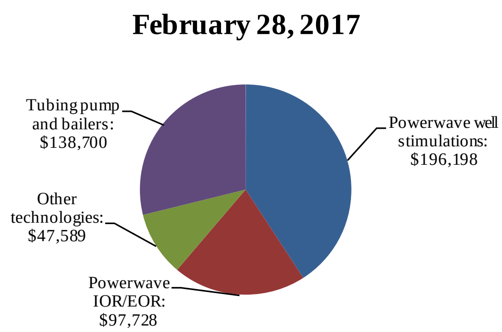
Excluding the loss on disposal of property, plant and equipment and inventory of $258,017 (as noted above) on the disposal of the tubing pump and bailer tools, and certain property, plant and equipment, and inventory, the adjusted EBITDA loss for the six months ended February 28, 2018 decreased by $687,480 or 42.2% to $942,045 ($0.011 per share).

Consolidated Results – three months ended February 28, 2017

Revenues

Revenues for the three months ended February 28, 2017 were $856,633, increasing $376,418 or 78.4% over the comparative quarter ended February 28, 2017 that recognized revenues of $480,215. The changes in product line mix can be characterized as follows:





Revenue attributed to Powerwave product lines were $795,160, an increase of $501,234 or 170.5% over revenues in the comparative quarter of $293,926. 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 second quarter 2018, the total revenue related to Powerwave IOR/EOR projects totalled $60,162, which solely relates to international projects. 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 may impact amounts of international IOR/EOR project revenue recognition.

For the second quarter 2018, Powerwave revenues related to well stimulations increased by $538,800 or 274.6% to $734,998, compared to $196,198 in the comparative quarter. The most dramatic impact in Powerwave stimulation revenues came from international markets, principally in from revenues generated in the Kingdom of Saudi Arabia and Kuwait, which saw revenues increase by $607,646 or 2,753.5%. Second quarter 2018 Powerwave stimulation revenues also increased over the prior quarter (i.e., the three months ended November 30, 2017) by $570,677 or 254.2%. Again, the increases in Powerwave stimulation revenues are result of the Company's shift in focus several years ago to the Middle East and to revenue streams that have shorter overall sales cycles and favorable profit margins. Powerwave stimulation revenues in the reporting quarter were negatively affected by lower activities in the USA resulting in a decrease in revenue over the comparative quarter of $92,873, which were partially offset by increases were seen in certain Canadian markets, which saw an increase in revenue of $24,027.

For the second quarter 2018, revenues from the tubing pump and bailer products decreased by $85,265 to $53,435 compared to $138,700 in the comparative quarter. With the Disposition (as noted below) of the tubing pump and bailer CGU tools, the Company will not be recognizing any revenues related tubing pump and bailer to in future quarters.

For the second quarter 2018, Other Technology revenues totalled $8,038 for the reporting quarter compared to $47,589 from the comparative quarter. The Company expects to see continued variation in Other Technology revenues quarter over quarter.

Geographically, $82,500 (2017 – $143,738) in revenue was generated in Canada, $34,550 (2017 - $132,553) from the United States, and $739,583 (2017 - $203,924) internationally. The geographic revenues are more specifically described as follows:

Canada. Revenues in our Canadian operation decreased by $61,238 to $82,500 compared to $143,738 in comparative quarter. Powerwave stimulation revenues in Canada totalled $29,065 (2017 - $5,038); and tubing pump and bailer revenues totalled $53,435 (2017 - $138,700).

United States. Revenues in our United States operations decreased by $98,003 to $34,550 (2017 - $132,553). Powerwave stimulation revenues totalled $26,512 (2017 - $119,385); and Other Technology revenues totalled $8,038 (2017 - $13,168).

International: Revenues outside our Canadian and United States operations increased by $535,659 to $739,583 (2017 - $203,924). For Powerwave IOR/EOR projects revenues totalled $60,162 (2017 - $97,728); and Powerwave stimulation revenues internationally totalled $679,421 (2017 - $71,775); and Other Technology revenues totalled $nil (2017 - $34,421).

Direct Expenses

Costs of sales for the three months ended February 28, 2018 were $150,039 or 17.5% of revenues (February 28, 2017 - $180,640 or 37.6% of revenues). Costs of sales associated with international Powerwave IOR/EOR projects totalled $22,364 or 37.2% of international Powerwave IOR/EOR revenue.

Costs of sales for all Powerwave stimulations approximated $102,564 or 14.0% of all Powerwave stimulation revenues, whereas cost of international Powerwave stimulations approximated $88,723 or 13.1% of international Powerwave stimulation revenues. The product and geographic mix affect overall costs of goods sold.

Gross Profit

The shift in the Powerwave product mix has strengthened the overall gross profit margin[5] with the current quarter having an 82.5% gross profit, compared to 62.4% for the comparative quarter ended February 28, 2017.

The following table sets out the gross profit margins by product line for the second quarter ended February 28, 2018:

	Powerwave EOR	Powerwave Stimulation	Tubing pumps & bailers	Other Technologies	Total
Revenues	$ 60,162	$ 734,998	$ 53,435	$ 8,038	$ 856,633
Costs of sales	22,364	102,564	25,111	-	150,039
	$ 37,798	$ 632,434	$ 28,324	$ 8,038	$ 706,594
Gross profit margin (note 1)	62.8%	86.0%	53.0%	100.0%	82.5%

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

The following table sets out the gross profit margins by product line for the second quarter ended February 28, 2017:

	Powerwave EOR	Powerwave Stimulation	Tubing pumps & bailers	Other Technologies	Total
Revenues	$ 97,728	$ 196,198	$ 138,700	$ 47,589	$ 480,215
Costs of sales	65,150	60,247	54,468	775	180,640
	$ 32,578	$ 135,951	$ 84,232	$ 46,814	$ 299,575
Gross profit margin (note 1)	33.3%	69.3%	60.7%	98.4%	62.4%

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

Other Expenses

Other expenses, i.e., not including costs of goods sold, for the second quarter ended February 28, 2018, amounted to $1,229,634, compared to $1,228,076 in February 28, 2017. The change in expenses was principally a result of the following changes:

i) General and administrative expenses decreased by $267,287 (February 28, 2018 - $704,463; February 28, 2017 - $971,750) and principally relate to the following:

  - Decreases in professional fees of $94,868 to $57,091. The decrease of professional fees principally relates to a prior period patent law suit that Wavefront initiated against the aforementioned Defendants that was subsequently settled in the prior fiscal year. The current quarter's professional fees relate to yearly compliance and audit accruals and ongoing professional advice pertaining to commercial and international operations.

[5] 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

- Share based payments also decreased by $63,064 to $7,900. The decrease of share based payments relates to the valuation and expensing of 1,975,000 and 70,000 incentive stock options issued in the prior year to employees and insiders. Subsequent to the reporting quarter the Company issued 200,000 stock options to a firm the Company engaged to assist in investment relations, which will increase stock option expense.

- Decreases in consulting fees of $50,366 to $77,982, and principally relates to the mix in number and types of engagement of reservoir engineering consultants and representatives in Latin America and the Middle East, which saw expenses decline by approximately $71,053. In addition, consulting fees declined by $5,000 for a consultant engaged in the comparative period to assist in strategic alternatives. Offsetting the decline in expenses were increases commercial consulting and in social media consultants in the current period at a cost of approximately $15,633 and $11,532 respectively.

- Bad debts decreased by $42,304 to an expense credit of $2,081. The decrease in bad debt expense principally relates to specific allowances for bad debt in the comparative quarter and lower allowances for bad debt in the current reporting quarter.

- Decreases in wage expense of $27,657 to $258,330. The decrease of wage and benefit expenses principally relates to allocations of fully built up wage expense to other functional expenses, i.e., to costs of goods sold, sales and marketing, or research and development, and due to how much wage is allocated to the manufacturing of new Powerwave tools.

- Offsetting the above noted decreases, the Company had increase in public company and listing fees by $11,216 to $52,364. The increase in public company and listing fees principally relate to increases in listing fees, which is tied to the Company's calculated market capitalization, transfer agent and filing fees, and increases in news release dissemination fees. Subsequent to the reporting quarter the Company engaged a firm to assist in investor relations at $5,000 per month, as such, public company expenses will increase.

ii) The Company's Disposition of the tubing pump and bailer tools, along with certain trucks, shop, office and computer equipment and inventory, and the assignment and assumed the Lloydminster field office lease resulted in a net loss on disposal of the property plant and equipment, and inventory of $258,017 that was a single event in the current reporting quarter.

Excluding the loss on disposal of property, plant and equipment and inventory of $258,017, "other expenses", (i.e., also not including costs of goods sold) for the three months ended February 28, 2018, decreased by $256,459 or 20.9% to $971,617, compared to $1,228,067 in February 28, 2017.

The Company believes that the Disposition may reduce overall expenses in future quarters.

iii) Amortization and depreciation expenses decreased by $11,336 to $72,036 from the comparative quarter. The decrease in amortization and depreciation expense is a result of prior period non-cash impairment charges.

iv) Research and development expense decreased by $10,475 to $22,552. Of the wage expense within research and development $21,743 relates to labour of a physicist and reservoir engineer that support the Company's Powerwave product line. Wage expense remained relatively flat, decreasing by $1,549 as more reservoir engineering research was undertaken, whereas the allocation of stock option expense to research related functional categories decreased by $4,070 as certain options were nearly fully expensed. Tool and other research have been managed such that resources are focused on more near term revenues.

v) Offsetting the above noted decreases was an increase in selling and marketing expenses by $32,639 to $172,566. The increase principally relates to an increase of fully built up functional wage allocation of $25,569 that relates to increased marketing efforts in the Middle East and North America (the later to re-establish activities to prior period levels). The increases also include travel related expenses to the Middle East of $12,208, and an increase of $4,942 in marketing and advertising expense. Offsetting the aforementioned increases was a reduction in the allocation of stock option expense by $10,081.

Net Finance Section of Income

Interest income of $13,398 (2017 - $13,077) includes interest earned for the reporting quarter of $2,959 (2017 - $13,077), and foreign exchange gain of $10,439 in the current reporting quarter only.

Financing cost of $1,453 (2017 - $15,211) includes interest expense for the reporting quarter of $1,453 (2017 - $1,229), with a foreign exchange loss $13,982 in the comparative reporting quarter only.

Operating Cash Flows

The following table sets out the cash used in operations for the second quarter ended February 28, 2018 and 2017:

	As at February 28, 2018	As at February 28, 2017
Net loss	$ (511,095)	$ (930,635)
Changes to loss not including cash		
Loss (gain) on disposal of property, plant and equipment, and inventory	260,085	538
Amortization and depreciation	72,036	83,372
Share-based payments	9,819	91,049
Interest expense	(1,454)	(1,229)
Impact of foreign translation	(3,848)	12,758
Change in inventory	15,326	3,757
Interest paid	1,454	1,229
Change in trade and other receivables	(17,617)	(169,932)
Change in prepaid expenses	(47,943)	51,276
Change in trade and other payables	(442,930)	140,985
Cash used in operating activities	$ (666,167)	$ (716,832)

The Company, in addition to the loss on disposal of property, plant and equipment and inventory of $258,017 (as noted above), incurred a loss on disposal of property, plant and equipment of $2,068 that was classified as costs of sale in the condensed consolidated interim statement of net loss.

Cash used in operating activities were negatively impacted by 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 February 28, 2018 decreased by $419,540 or 45.1% to $511,095 (or $0.006 per share), compared to $930,635 (or $0.011 per share) for the comparative quarter ended February 28, 2017. The net losses for the second quarter ended February 28, 2018 also decreased over the prior quarter (i.e., the three months ended November 30, 2017) $325,508 or 35.0%.

Excluding the loss on disposal of property, plant and equipment and inventory of $258,017 (as noted above) the adjusted net loss[6] for the quarter ended February 28, 2018 decreased by $677,557 or 72.8% to $253,078 (or $0.003 per share), compared to the comparative quarter ended February 28, 2017.

Excluding the loss on disposal of property, plant and equipment and inventory of $258,017 (as noted above) the adjusted net loss[6] for the quarter ended February 28, 2018 also decreased over the prior quarter (i.e., the three months ended November 30, 2017) $583,525 or 62.7%.

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 February 28, 2018	As at February 28, 2017
Net loss	$ (511,095)	$ (930,635)
Items not affecting cash		
Amortization and depreciation	72,036	83,372
Interest and tax expense	1,453	1,494
EBITDA	$ (437,606)	$ (845,769)
EBITDA loss per share	$ (0.005)	$ (0.010)

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

Excluding the loss on disposal of property, plant and equipment and inventory of $258,017 (as noted above) adjusted EBITDA loss for the quarter ended February 28, 2018 decreased by $666,180 or 78.8% to $179,589 (or $0.002 per share).

[6] Adjusted net loss is the net loss, less the loss on disposal on property, plant and equipment, and inventory. Adjusted net loss is a non-IFRS term with no comparable measure.

LIQUIDITY AND CAPITAL RESOURCES

Assets and Liabilities

Total current assets decreased by $1,217,613 to $2,555,968 from the prior year end. Of the net decrease, $1,426,259 relates to a reduction of cash resources, of which $6,141 was used for the acquisition of additional Powerwave tools, equipment, and $1,433,801 was used to fund operations (inclusive of the $104,465 in inventory that was sold due to the Disposition).

Changes within 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. Trade and other receivables amounted to $1,117,314 (as at August 31, 2017 - $1,125,930).

Non-current assets included a decrease of $365,835, of which $228,552 was due to the Disposition (noted above), $142,604 due to amortization, and offset by purchases of $6,141.

Liabilities

Total liabilities decreased by $291,631 from the prior year-end to $795,122. Of the changes in liabilities, $286,742 relates to a decrease in trade accounts payable, which was offset by $47,944 relating to an increase in employee expenses and entitlements, and $42,480 relating to increases in trade accruals.

Liquidity

The following table presents working capital information as at February 28, 2018 and August 31, 2017:

	As at February 28, 2018	As at August 31, 2017	Change
Current assets	2,555,968	3,773,581	(1,217,613)
Current liabilities	(795,122)	(1,086,753)	291,631
Working capital(note 1)	1,760,846	2,686,828	(925,982)

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

The net change in working capital from the prior quarter (i.e., the working capital as at November 30, 2017) saw a decrease of only $195,887.

Wavefront believes that its working capital position will continue to fluctuate and that the Company's cash flow will be affected by degree of commercialization and the product mixes between Powerwave well stimulation and Powerwave IOR/EOR product lines.

Working capital was affected by an increase of $336,957 in prepaid expenses and other current assets, of which $327,114 in prepaid expenses related to the Powerwave IOR/EOR project in Oman. The prepaid expenses for the Powerwave IOR/EOR project in Oman will decline as the expenses are recognized over the 12 month licensing term. The Oman IOR/EOR project saw three of the eight contracted systems installed in December 2017. Offsetting the aforementioned increase in prepaid expenses related to the Oman IOR/EOR project, prepaid expenses declined as the Company decided to preserve cash and finance its insurance premiums this fiscal year versus prepaying the premiums at the beginning of the fiscal year.

Working capital was also affected by trade accounts payable decrease by $291,631 to $795,122, principally related to payment of professional fees of approximately $286,000 related to a prior period patent law suit that Wavefront initiated against the aforementioned Defendants. Trade accounts receivable and other receivables were affected by an exchange in foreign exchange rate on US denominated receivable. The ongoing delay in collection of the $501,665 in trade receivables over 120 days (see discussion immediately below) has also impacted working capital.

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

	February 28, 2018	August 31, 2017
Canada	$ 191,833	$ 228,761
United States	455,209	524,558
Other	470,272	372,611
	$ 1,117,314	$ 1,125,930

Of the Company's cash, receivables and payables denominated in US dollars, the net exposure is $819,952 due to higher cash and trade receivables balances being 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 February 28, 2018, may impact on comprehensive net loss by $40,998.

Of aged trade accounts receivable outstanding as at February 28, 2018, $501,665 (or 47.1% of trade and other receivables) is over 120 days and principally relates to one Powerwave stimulation client's payables process that for this one year has been delayed, resulting in delayed receivable collections and an increased accounts receivable balance. Given this client is a long serving, major exploration and production company, with strong history of payment, Wavefront, at present, does not foresee problems with collection and anticipate being paid in the near term.

Subsequent to the reporting period, Wavefront was able to collect on $129,051 in trade receivables, of which $127,966 was over 60 days and $1,085 was over 120 days.

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 April 25, 2018, Wavefront had $1,374,634 of cash and cash equivalents on hand. Of the cash on hand, Wavefront has $770,275 is in a high interest daily savings account with National Bank Financial with an interest rate of 1.20%. The cash and cash equivalents on hand as at April 25, 2018 increased by $356,644 since the end of the second quarter ending February 28, 2018.

Credit risk of any deposits is linked to the insurance coverage limits as prescribed by the Canadian Deposit Insurance Corporation and that of National Bank Financial.

At February 28, 2018, the Company had yet to achieve profitable operations and had an accumulated deficit of $73,548,933 (August 31, 2017 - $72,201,234) for the six months ended February 28, 2018 and recognized a net decrease in cash and cash equivalents of $1,426,259 (February 28, 2017 - $1,619,214). Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. The lack of profitable operations and continuing decreases in cash and cash equivalents may cast significant doubt on the Company's ability to continue as a going concern.

The ability to continue as a going concern is dependent on collection the aforementioned receivables, equity or debt financings and / or generating profitable operations in the future in order to meet liabilities as the come due and enable the Company to continue operations. The ability to continue as a going concern may also be adversely impacted by customer technology adaptation rates, sales cycles, the loss of customers and sales per customer. The outcome of such matters cannot be predicted at this time.

Although the Company has and is evaluating financings, any such financing will be dependent on Wavefront's credit rating, quality of licensing contracts, etc. and other relevant financing factors.

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

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	$ 860,175	$ 394,423	$ 429,789	$ 35,963	$ -

note 1: Included in the contractual commitments are future commitments in base rental lease payments related to the Lloydminster office and warehouse. Given the Disposition (as noted above), excluding the base rental lease payments related to the Lloydminster

office and warehouse the total payments due would be $652,535, with $238,963 due within one year, $377,609 due within one to three years, and $35,963 due within three to five years.

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 $626,239 over the balance of the term.

As well, in a prior year, the Company entered into an office and warehouse lease in Lloydminster, Alberta. The office lease has a commencement date of July 1, 2012 and an amended term expiring on June 30, 2019. The balance of the future commitment in base rental payments is $207,640. The Lloydminster office and warehouse lease has been as assigned and assumed by the tubing pump and bailer asset purchaser.

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 per month. During the three and six months ended February 28, 2018, the Company recorded $18,857 (February 28, 2017 – $19,814) and $37,713 (February 28, 2017 – $39,717), 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, 2017.

Need For Additional Financing and Going Concern – The Company ha**s** yet to achieve profitable operations and the Company's continuing decrease in cash and cash equivalents has given rise to the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to obtain profitability and positive cash flows, or to obtain additional financing to meet its obligations as they come due. Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. To the extent the Company requires additional financing in order to continue as a going concern, to make further investments in the technology, to fund unanticipated demand, to take advantage of unanticipated opportunities, to fund the Powerwave tool research and development and manufacturing, or to fund the Company through a protracted commercialization to profitability stage, there can be no assurance that such additional financing will be available to the Company on acceptable terms, or at all. Any financing may be affected by changes in Wavefront's credit rating, general equity market conditions, the volatility of Wavefront's shares, interest rates, and valuation of available collateral. Such financing, if available, might have the effect of diluting the holdings of existing shareholders.

Environmental Risk

The Company's environmental risks are the same as disclosed in its annual MD&A issued for the year ended August 31, 2017.

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, 2017.

Changes in Accounting Policies

The changes in accounting policies are disclosed in Note 2, "*Statement of Compliance and Going Concern*", of the Unaudited Interim Condensed Consolidated Financial Statements for the quarter ended February 28, 2018.

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.

	2nd Qtr Feb 28 '18	1st Qtr Nov 30 '17	4th Qtr Aug 31 '17	3rd Qtr May 31 '17
Revenue	$ 856,663	$ 276,667	$ 527,437	$ 525,371
Net Loss	$ (511,095)	$ (836,603)	$ (989,465)	$ (922,141)
Basic and diluted loss per share	$ (0.006)	$ (0.010)	$ (0.012)	$ (0.011)
Common shares outstanding				
Weighted average shares outstanding	82,958,312	82,956,240	82,956,240	82,956,240

	2nd Qtr Feb 28 '17	1st Qtr Nov 30 '16	4th Qtr Aug 31 '16	3rd Qtr May 31 '16
Revenue	$ 480,215	$ 634,517	$ 495,116	$ 794,138
Net Loss	$ (930,635)	$ (867,853)	$ (592,863)	$ (662,637)
Basic and diluted loss per share	$ (0.011)	$ (0.010)	$ (0.007)	$ (0.008)
Common shares outstanding				
Weighted average shares outstanding	82,956,240	82,956,240	82,956,240	82,956,240

DESCRIPTION OF SHARE CAPITAL

As at February 28, 2018, Wavefront's share capital consisted of the following:

Common shares		
Authorized:		unlimited
Issued and outstanding:		
Free trading		82,981,240
Convertible into common shares		
Incentive stock options	3,775,000	
		3,775,000
Fully diluted share capital:		86,756,240

As at April 25, 2017, Wavefront's number of issued and outstanding shares is 82,981,240.

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. Subsequent to the reporting quarter ended February 28, 2018, the Company issued 200,000 stock options expiring April 10, 2028 with an exercise price of $0.46 per stock option.

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, at a minimum, in equal tranches at three month intervals over a period of eighteen months.

Options outstanding

As at February 28, 2018

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
		3,775,000	

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 April 25, 2018, 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).