Wavefront Energy and Environmental Services Inc.

Third Quarter Report

For the nine month

period ended

May 31, 2007

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

The following Management Discussion and Analysis ("MD&A") of financial results should be read in conjunction with the unaudited interim financial statements and the accompanying notes for the period ended May 31, 2007, the audited financial statements and accompanying notes thereto, and MD&A for the year ended August 31, 2006. This MD&A is based on information available to July 28, 2007. Additional information on Wavefront Energy and Environmental Services Inc.'s (the "Corporation" or "Wavefront") is available on SEDAR at www.sedar.com.

WAVEFRONT

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

Management's Responsibility

The management of the Corporation is responsible for the accuracy of the information disclosed in the Management Discussion and Analysis. The interim and annual Management Discussion and Analysis of Financial Condition and Results of Operations are also reviewed and approved by the Audit Committee of the Corporation's Board of Directors. This Management Discussion and Analysis of Financial Condition and Results of Operations contain information available to July 28, 2007.

Overview of Business

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

Core Intellectual Property

At the core of Wavefront's strategic value proposition is its patented fluid flow process marketed in the energy sector as Powerwave™ and in the environmental sector as Primawave™. Powerwave and Primawave are injection processes that dramatically improve the flow rate and distribution of liquids in the ground.

Since its inception in 1998 Powerwave has been an effective method of achieving oil production revitalization in heavy and light oil through the following techniques:

Short-term Well Intervention Applications	***Long-term Stimulation Applications***
Well intervention (single wells)	Add-on to water injectors for improved injectivity rates, sweep efficiency, and reservoir conformance
Matrix Acid – typical near wellbore cleanup	Add-on to water disposal wells
Remedial sand control	Liquid CO_2 Injection
Acid Inhibition treatments	Surfactant and Polymer floods
Paraffin removal	

Powerwave can be modified to increase injection and production flow rates, production well efficiency, and oil recovery ratios in a wide variety of configurations.

Environmentally, groundwater contamination came to the forefront in the early 1980s. Since the physics of fluid flow is similar in shallow groundwater conditions to that of the oil industry, Wavefront has diversified its client base and developed tool systems specifically tailored to meet the challenges of the environmental sector. Primawave has also been verified as an environmental remedial strategy by Environment and Industry Canada. The following are some applications of Primawave in the environmental sector:

Short-term Applications	*Long-term Applications*
Injection of biological, chemical or oxidant agents to neutralize groundwater contaminants. Rehabilitation of water wells	Enhanced "pump-and-treat" recovery systems to expedite contaminant extraction (similar to oil field waterflooding using Powerwave)

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

Energy Sector Applications of the Powerwave Process

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

Environmental Sector Application of Primawave Technology

Wavefront continues to maintain non-exclusive Technology Licensing Agreements with Environmental Resource Management ("ERM") of Boston, MA, and AIM Environmental Group Ltd. ("AIM") of Burlington, ON to market and implement Primawave in the environmental sector. Wavefront also has one registered sales agent in Finland promoting the technology to the user sector. Utilization of licensing and securing outside agents has allowed Wavefront to gain market exposure for Primawave while limiting resources required to grow a revenue stream from the environmental sector. The sales cycle of environmental remediation projects has approximated between three to six months.

RESULTS OF OPERATIONS

Consolidated Results – nine months ended May 31, 2007

Revenues

Revenues for the nine months ended May 31, 2007 were $1,069,415, an increase of $600,741 from the revenue recognized in the corresponding period of May 31, 2006 of $468,674. Broadly speaking the increase is a result of the Corporation's recognition of the balance of the minimum royalty revenue for the year from Halliburton ($269,091), revenue generated from Wavefront Sand Pumps & Rentals Ltd. ($353,592) (see Business Acquisition below), and interest revenue ($275,392).

During the current reporting period the Corporation has focused its resources on Powerwave, showcasing the Powerwave in oilfields where the Corporation has acquired mineral rights. Approximately 27% of revenues for the quarter were generated from activities associated with the Powerwave technology, 14% of revenue was generated from activities related to the activities and production of Rogers County, Oklahoma and with Greentree Oil and Gas Ltd. ("Greentree") "Farm-in" (see Capital Resource below) and 33% (or approximately $353,592) of revenues from Wavefront Sand Pumps & Rentals Ltd. (see Business Acquisition).

Operating Expenses

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

The Corporation's operating expenses through the nine month period were $2,912,868, an increase from the $1,760,859 incurred for the same period of last year.

General and administrative expenses increased by $849,581, primarily due to increases in wages expense of $504,165, office expense of $126,505, consulting fees of $111,697, and professional fees of $74,392.

The aforementioned variances in expenses reflect the following:

- As at May 31, 2007 the Corporation employed 26 (as at May 31, 2006 – 12) staff members and contract employees. This increase in staff and contract employees resulted in nearly doubling (i.e., 116% increase) wage expense.

- The increase in office expense is principally due to having an office in Houston, Texas and a field office in Oklahoma, which amounted to $72,248, to better react to operations in Rogers County as well as seeking business development opportunities in the United States.

- Increasing consulting fees related primarily from the use of external consultants to assist the Corporation in the assessment, valuation and bidding on potential oilfield acquisition, and geological studies related to the Rogers County venture. External consultants were also used during the reporting period in public and investment relations, and for the design of new tool systems separate from the Halliburton collaborated tools (see point below). The Corporation, during the nine month reporting period, terminated its public relations company.

- The increase in professional fees of $74,392 relates to the use of executive search consultants to hire a senior petroleum engineer to both assist in the management of current oilfield assets and to conduct due diligence in the assessment, valuation and bidding on potential oilfield acquisitions, and to hire a manager of financial reporting. Professional fees for the reporting period also included legal expenses related to the Applied Seismic Research Corporation lawsuit (as reported in the August 31, 2006 annual report) that was settled in October 2006, legal and tax related work associated with the terminated I.C.I. Solutions Inc. acquisition, legal work related to placing bids for oilfield acquisition, and work on the Corporation's licensing and collaboration agreements**.**

The increase in selling, marketing and travel of $196,252 relates to efforts to bring the Rogers County into production mode, perform due diligence related to the acquisition of the Young County, Texas oilfield as reported subsequent to the reporting period, and business development activities in the United States.

Listing and public company fees increased by $57,205, primarily due to the hiring of an investment relations professional to assist the Corporation in developing a secondary market for the trading of its common shares.

Non-operating expenses include:

- The fair value of stock-based compensation was $1,206,512 for the nine months ended May 31, 2007. The increase in the fair value is a result of the Corporation's increased liquidity which, has mitigated the Corporation's ability to discount the expense by 60%. The majority of the expense relates to the 725,000 incentive stock options issued on January 11, 2006 and 200,000 incentive stock options issued on May 15, 2006. The calculated fair value of the January 11, 2006 and May 15, 2006 stock options amounted to $2,131,962, and will be fully expensed by November 2007. Between November 2007 and September 2008, the Corporation will only have $143,658 in stock options to expense.

- The write-down of property, plant and equipment of $160,641 relates to first generation pulsing equipment used in the Powerwave process that management deemed obsolete due to the advances in new tool development. The new Powerwave systems (i.e., the "Dragonfly" and "Mantis") minimize oil production down-time for producers and can be manufactured at a fraction of the cost thereby allowing the Corporation to reduce potential obstacles to the technology adaptation and rates charged.

- Included in the foreign exchange gain for the quarter is the translation adjustment for the period of $84,144 that is associated with the translation of the Wavefront Energy and Environmental Services USA Inc.'s financial statements.

Net Loss and Loss Per Share

The net loss for the nine months ended May 31, 2007 was $3,115,549 ($0.07 per share), compared to $1,726,912 ($0.05 per share) in 2006. The increased losses were a result of focusing resources on having an oilfield to showcase Powerwave which is affecting short-term profits in favour of longer-term oil production revenue. Additionally, the losses of the Corporation were impacted by $1,272,096 in non-operating expenses, in particular stock-based compensation. The Corporation expects financial results to improve, moving towards profitability, as Powerwave and Primawave licensing revenues increase and revenue from oil production operations rise, while operating costs are expected to remain relatively stable.

Consolidated Results – three months ended May 31, 2007

Revenues

Revenues for the three months ended May 31, 2007 were $711,538, an increase of $508,193 over the revenue recognized in the corresponding period of May 31, 2006 of $203,345. Approximately 69% or $353,592 of the revenue increase for the three month period was related to revenues derived from Wavefront Sand Pumps and Rentals Ltd. (see Business Acquisition), with the remainder of the revenue increase principally coming from the balance of the Halliburton's minimum royalty amounts for the year and interest income.

Expenses

The Corporation's operating expenses through the three month period were $1,280,567 compared to $741,093 incurred for the same period last year. Operating expenses increased by $539,474, primarily due to increases in wages expense of $220,759, office expenses of $61,283 and consulting fees of $34,530. Net income was also affected by the Corporation's non-operating expenses increased due to the inclusion of the fair value of stock-based compensation of $426,614, write-down of property, plant and equipment of $160,641, offset by foreign exchange gains of $109,514.

The aforementioned variances in expenses reflect the Corporation's increase in the number of staff members and contract employees; inclusion of the fair value of stock-based compensation; involvement in developing the Rogers County oilfield to showcase Powerwave; its litigation with Applied Seismic Research; the addition of a field office in Rogers County, OK; an office in Houston, TX; increased travel related to efforts to bring the Rogers County into production mode; and to perform due diligence related to the acquisition of an additional oilfield.

Net Loss and Loss Per Share

The net loss for the three months ended May 31, 2007 was $1,042,086 ($0.02 per share), compared to $801,700 ($0.02 per share) in 2006. The increased losses were a result of focusing resources on having an oilfield to showcase Powerwave, which is affecting short-term profits in favour of longer-term oil production revenue. Additionally, the losses of the Corporation were impacted by stock based compensation.

Oil and Gas Production

Production revenue is currently limited to the Rogers County venture in Oklahoma and a single gas well farm-in opportunity with Greentree in southern Ontario. The strategic objective of acquiring or earning working interests in oilfields is to showcase the Corporations core technology. By showcasing Powerwave, the Corporation may allow third party oil producer's unencumbered access to visually observe the Dragonfly and Mantis tools, their utility and longevity of design; to monitor and audit injectivity, bottom-hole pressure, and other data; and, to see the affects of improved injectivity on oil production

No depletion or depreciation of the oilfield property, plant and equipment or intangible assets has been recorded to date as a recoverable estimate of proved reserves has not yet been determined. Management, subsequent to the reporting period has been able to engage an independent engineering firm to provide a proper reserves report on the Rogers County oilfield.

Following an extensive update of infrastructure, well revitalization and a new drilling program, active oil production commenced in earnest in November 2006 in approximately 400 acres or one-third of the acreage under lease. Since the establishment of production in November, overall production to May 31, 2007 was 2,678 barrels (bbls) of oil with an average monthly production of 383 bbls, a low of 144 bbls in November 2006, and high of 834 bbls in March 2007. There remain fluctuations in production levels as the Corporation continues to use Powerwave in various combinations for third party investigations and to optimize operations. The Corporation is working to stabilize production in the currently developed acreage.

Although production levels have not stabilized or met broad expectations, data obtained from the Rogers County venture has directly led to the recent business development activities supporting the primary and strategic reasons for entering into the venture. Perhaps the most compelling data viewed by recent adopters of Powerwave to be of significant importance is that of improved water injection rates or injectivity over the conventional approach. The ability to effectively inject water has great impact on production operations as injection rates and the distribution of water injected into an oil reservoir directly affect oil production. The data obtained in Rogers County, analyzed and verified by engineers at a top five global oil producer, clearly shows that the Powerwave Process has increased water injectivity by a factor of at least two. These engineers and management of the Corporation are unaware of any existing technology that can have the same impact on water injection. It is this attribute of Powerwave that has attracted considerable attention.

Greentree recently completed two horizontal producers and eight injector wells in the Rodney South project. Both horizontal wells penetrated approximately 170 meters (~560 feet) of oil pay. The new wells have been integrated into updated facilities including production and injection lines, central tank battery and injection systems. The existing eight vertical producers and one horizontal producer have been shut-in since the re-development program with Wavefront began. Subsequent to the reporting period, five Dragonfly systems have been installed in the Rodney South project. It is expected that water injection and active oil production will commence in the Rodney South project shortly.

The Rodney South project (see "Capital Resources" below") as over-riding oil production rights, an intangible asset, is not currently subject to depletion or depreciation, but is subject to annual impairment test. No impairment test has be undertaken as the oilfield is under development.

Seasonality of Operations

The Corporation focuses its resources on the implementation of Powerwave and Primawave with third parties and where it can showcase the Powerwave Process in oilfields where it has mineral rights. The target geographical area of the direct licensing of Powerwave and Primawave with third parties is the United States and Canada. There are no known seasonal fluctuations as they relate to the application of Powerwave and Primawave.

LIQUIDITY AND CAPITAL RESOURCES

Assets and Liabilities

Total assets decreased by $1,045,692 to $17,658,704 since August 31, 2006, which was principally due to supporting activities associated with the commercialization of Powerwave and Primawave.

During the year ended August 31, 2006, the Corporation entered into a purchase agreement to acquire fifty (50%) percent of the outstanding membership units of Oil Enhancement Tools LLC ("OET"), a privately held Wyoming company, from an arm's length individual. In connection with entering into the Letter of Intent, the Corporation advanced a U.S. $100,000 refundable deposit (the "OET Deposit). The OET Deposit was secured by a demand promissory note, with the membership units or shares in OET placed in trust with the Corporation's lawyers. During the due diligence period, however, the OET members decided to dissolve OET and the patent holder then formed Gas and Oil Enhancement Tools, LLC ("GOET"), a Phoenix, Arizona company. Given the desire of the patent holders to continue a relationship with the Corporation, Wavefront acquired during the reporting period a fully paid-up, irrevocable license granted by GOET in consideration of the OET Deposit. The change in approach resulted in the Corporation securing intellectual property rights for the remaining life of the patents for less consideration than what was originally contemplated. The fully paid-up license is classified as intellectual property rights, an intangible asset that is amortized over the remaining 15 years life of the patent.

Total liabilities increased by $237,019 to $1,872,193 from the year-ended August 31, 2006. This was principally due to the assumption of liabilities associated with the Business Acquisition, noted below, and liabilities associated with the Rogers County and Greentree Farm-in ventures and the building of tools for in preparation of the commercialization of recently announced Powerwave opportunities.

Off-Balance Sheet Arrangements

The Corporation has no off balance sheet arrangements.

Liquidity

As at the end of the reporting period, the Corporation had working capital of $6,772,979. The Corporation will see its working capital continue to decrease as the developments in Rogers County, the Greentree Farm-in, and future oil field endeavors advance. The Corporation, however, anticipates greater cash inflows as a result of the following:

- increasing production at Rogers County;
- the completion of the producing wells associated Greentree Farm-in; and,
- increased Powerwave and Primawave revenue and revenue generated from Wavefront Sand Pumps and Rentals.

Financings

During the nine month reporting period no financing activities took place. However, 58,316 stock options were exercised by employees of the Corporation during the nine month period ended May 31, 2007 at a weighted average price of $0.45 for gross proceeds of $26,326.

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

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

Capital Resources

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

> In the prior year, the Corporation entered into a Farm-in Agreement with Greentree Oil and Gas Ltd. to develop Greentree's Rodney South oilfield lease in southern Ontario. Under the Farm-in Agreement the Corporation will supply its Powerwave technology and fund up to $2.25 million for initial capital expenditures and working capital requirements. Additional development costs are expected to be financed from cash from operations. Greentree will act as the Operator of the lease and will contribute the petroleum leases, existing seismic and geological data, and the use of its existing field facilities. Greentree will also provide its field maintenance staff, administrative, and office support staff. In consideration for each party's contributions, cash flows from operating activities will be allocated 70% and 30% to the Corporation and Greentree, respectively, until payout of the Corporation's initial $2.25 million capital investment.
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> Subsequent to payout, cash flow from operating activities will be allotted 50% to each the Corporation and Greentree.
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> As at May 31, 2007, the Corporation has paid Greentree $1,663,224 and accrued $161,209 under the Farm-in Agreement, which has been recorded as a over-riding production right, an intangible asset, on the consolidated balance sheet (a reclassification form the presentation in previous periods where it was recorded to property, plant and equipment to better reflect the nature of the underlying asset). The Corporation is obligated to the remaining balance of up to $425,567 under the Farm-in Agreement.

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

- To support the marketing efforts with, and to train licensees, on the implementation of Powerwave Primawave.
- To maintain the Rogers County lease in proportion to the Corporation's working interest.
- To build an inventory of Powerwave systems for deployment in Rogers County, Oklahoma, in Rodney, Ontario, and for license to external clients for use in waterfloods.

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

As of July 28, 2007, bank indebtedness was $95,364 and the Corporation had $6,020,361 of cash on hand.

BUSINESS ACQUISITION

Effective March 1, 2007, the Corporation closed the acquisition of a 100% undivided interest (the "Top Gun Acquisition") in Top Gun Sand Pumps and Rentals ("Top Gun"), an arms length privately held Saskatchewan company. Total consideration for the Top Gun Acquisition was $1.2 million (the "Top Gun"). Of the total Purchase Price, the Corporation issued 600,000 common shares in its capital valued at $1.00 per common share. In addition, Top Gun's principals have agreed to: (i) have the 600,000 common shares issued placed in a value escrow agreement to release over a three year period, and (ii) have all shareholder advances, loans, debts and interest to be restructured as unsecured and non-interest bearing, to be repaid over three (3) years. Concurrent to the closing of the Acquisition, Top Gun's name was changed to Wavefront Sand Pumps & Rentals Ltd., with the by-laws, articles, and share capital remaining unchanged. The results of operations of Top Gun have been consolidated since the date of Acquisition.

One of the key product offerings of Wavefront Sand Pumps is known as the Shark pump. The Shark pump approach is an established alternative to conventional pumping equipment for use in heavy oil wells that exhibit chronic plugging from debris such as shale, pyrite, coal, waxes, etc. Wavefront Sand Pumps's Shark pumps reduces, and in some cases prevents, plugging from occurring resulting in wells going from zero or very low volumes of oil production to production levels where the wells are considered economic successes. The Corporation's decision to acquire the former Top Gun was in part to acquire the Shark pump approach since it incorporated, as part of the approach, the Corporation's Powerwave Process. It is also believed that the Corporation's re-establishment of a presence in Lloydminster area will increase the use of Powerwave for oil well stimulations.

TRANSACTIONS WITH RELATED PARTIES

During the period ended May 31, 2007, the Corporation had the following related party transactions:

i. During the nine month reporting period there were no exercises of incentive stock options by related parties (nine months ended May 31, 2006 – 340,200 incentive stock options were exercised at a price of $0.44 to $0.45 for aggregate consideration $150,310).

ii. During the nine month reporting period there were no exercises of common share purchase warrants by related parties (nine months ended May 31, 2006 – 906,484 common share purchase warrants were exercised at a prices ranging from $0.44 to $0.45 for aggregate consideration of $382,443).

In fiscal 2005, the Corporation entered into an Option Agreement (the "Option Agreement") to acquire ninety percent (90%) of the working interest in the production, equipment and mineral leases of Phoenix Oil, LLC of Claremore, Oklahoma, for total consideration of U.S. $180,000. The leases, known as the Chelsea-Alluwe Waterflood Leases, are comprised of 780-acres and are situated in Rogers County, Oklahoma. For the Option Agreement, the Corporation paid a U.S. $15,000 deposit that was applied to the total purchase price. A related limited liability company, Boulder Oil, LLC ("Boulder") executed the Option Agreement on behalf of the Corporation by paying the remaining U.S. $165,000 of the purchase price for a sixty percent (60%) working interest in the leases. A director and a related party to a director of the Corporation control fifty-five percent (55%) of the voting membership units of the Boulder. In consideration of the U.S. $15,000 deposit paid by the Corporation, it retained an initial thirty percent (30%) working interest in the leases. The Corporation then acquired the ten percent

(10%) working interest in the Rogers County venture from Phoenix Oil LLC in exchange for $214,352 owed from the third party. Each working interest party is responsible for operating and field development costs in proportions relative to their working interest percentage.

As at May 31, 2007, the Corporation capitalized and included in capital assets its proportionate share of the oil well development costs totaling $1,801,638 (as at August 31, 2006 - $1,266,615) related to the Rogers County venture. During the fiscal year ending August 31, 2006, the Corporation became the operator of record and Boulder, as a non-operating partner, exercised its non-participation right in the Joint Operating Agreement. As at May 31, 2007, amounts due to the Corporation by Boulder totaled $2,129,303 and are included in non-participation amounts due. Under the Joint Operating Agreement, the Corporation will receive all production revenues from production wells associated with the costs incurred till such time that the Corporation is repaid 200% of the costs incurred, after which, production revenues will revert back to the working interest proportions.

The execution of the Option Agreement by Boulder was at a point in time when the Corporation's resources were more constrained and when oilfield candidates for acquisition to showcase Powerwave limited.

PROPOSED TRANSACTIONS

Successful Powerwave results stemming from upcoming installations will require the Corporation to build a significant number of Dragonfly and Mantis Powerwave tools for broader commercial utilization.

OUTLOOK

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

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

SUPPLEMENTARY INFORMATION

Summary of Quarterly Results

	3rd Qtr May 31 '07	2nd Qtr Feb 28 ' 07	1st Qtr Nov 30 '06	4th Qtr Aug 31 '06
Revenue	$ 711,538	$ 169,020	$ 188,857	$ 294,863
Loss from Operations	569,029	674,973	599,451	810,659
Net Loss	$ 1,042,086	$ 1,025,658	$ 1,047,805	$ 1,302,976
Basic and diluted loss per share	$ 0.020	$ 0.020	$ 0.022	$ 0.035
Common shares outstanding				
Weighted average shares outstanding	47,927,816	47,918,911	47,913,796	34,940,952

	3rd Qtr May 31 '06	2nd Qtr Feb 28 ' 06	1st Qtr Nov 30 '05	4th Qtr Aug 31 '05
Revenue	$ 203,345	$ 169,972	$ 95,357	$ 123,387
Loss from Operations	537,748	428,144	326,293	382,372
Net Loss	$ 801,700	$ 573,273	$ 351,948	$ 447,248
Basic and diluted loss per share	$ 0.024	$ 0.020	$ 0.012	$ 0.009
Common shares outstanding				
Weighted average shares outstanding	33,926,976	31,818,243	30,388,119	25,250,710

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

RISK FACTORS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

CHANGES IN ACCOUNTING POLICIES

There have been no changes in any accounting policies.

FINANCIAL AND OTHER INSTRUMENTS

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

DISCLOSURE CONTROLS

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

Management also concluded that during the quarter ended May 31, 2007, no changes were made to internal controls over financial reporting that would have materially affected, or would be reasonably considered to materially affect, these controls.

Financial Systems and Segregation of Duties

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

During the reporting period the Corporation has initiated the processes of implementing new accounting related software that will reduce the Corporations reliance on manual systems. Currently effective disclosure controls and procedures are achieved, despite these limitations in internal controls over financial reporting, because of the Chief Financial Officer's direct involvement in the disclosure controls and procedures process.

Scope of Internal Controls Over Financial Reporting

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

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

FORWARD-LOOKING INFORMATION

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