Unaudited Interim Condensed Consolidated Financial Statements of

WAVEFRONT TECHNOLOGY SOLUTIONS INC.

Second Quarter Ended February 28, 2013 and February 29, 2012

TABLE OF CONTENTS

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statements of financial position		1
Condensed consolidated statements of net loss and comprehensive loss		2
Condensed consolidated statements of changes in shareholders' equity		3
Condensed consolidated statements of cash flows		4

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANICAL STATEMENTS

Note 1	Nature of operations and corporate information	5
Note 2	Statement of compliance	5
Note 3	Property, plant and equipment	6
Note 4	Intangible assets	7
Note 5	Jointly controlled assets	8
Note 6	Share capital	8
Note 7	Revenue	10
Note 8	Expenses by nature	11
Note 9	Loss per share	11
Note 10	Related party transactions	12
Note 11	Economic dependence and segmented information	12

WAVEFRONT TECHNOLOGY SOLUTIONS INC.
Interim Condensed Consolidated Statements of Financial Position
(Canadian dollars)
(Unaudited)

	Note	February 28, 2013	August 31, 2012
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 12,060,937	$ 15,169,284
Trade and other receivables		2,085,078	1,667,743
Inventories		520,239	613,162
Prepaid expenses		296,317	223,478
		14,962,571	17,673,667
NON-CURRENT ASSETS			
Deposits		109,203	95,331
Property, plant and equipment	3	6,435,409	6,172,180
Intangible assets	4	4,072,863	4,291,470
Goodwill		1,222,217	1,222,217
		$ 26,802,263	$ 29,454,865
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade accounts payable and accrued liabilities		1,295,997	1,646,483
NON-CURRENT LIABILITIES			
Decommissioning liability		37,690	37,057
		1,333,687	1,683,540
SHAREHOLDERS' EQUITY			
Share capital	6a	66,438,909	66,438,909
Contributed surplus	6c	8,615,091	8,582,757
Accumulated and other comprehensive loss		31,644	(411)
Deficit		(49,617,068)	(47,249,930)
		25,468,576	27,771,325
		$ 26,802,263	$ 29,454,865

The accompanying notes are an integral part of these interim condensed consolidated financial statements

WAVEFRONT TECHNOLOGY SOLUTIONS INC.
Interim Condensed Consolidated Statements of Net Loss and Comprehensive Loss
(Canadian dollars)
(Unaudited)

	Note	For the six months ended February 28, 2013	For the six months ended February 29, 2012	For the three months ended February 28, 2013	For the three months ended February 29, 2012
Revenue	7	$ 2,557,073	$ 2,506,557	$ 1,027,488	$ 1,395,002
Cost of sales		595,876	551,538	239,512	307,409
General and administrative		2,755,141	2,400,673	1,369,456	1,333,408
Sales and marketing		584,029	1,117,608	310,765	608,331
Amortization, depreciation, and depletion		824,219	567,280	410,114	324,652
Research and development		240,798	188,671	85,022	73,197
	8	5,000,063	4,825,770	2,414,869	2,646,997
OPERATING LOSS		(2,442,990)	(2,319,213)	(1,387,381)	(1,251,995)
Financing costs		9,918	(11,393)	(7,065)	(28,036)
Financing income		65,934	107,073	29,986	47,660
Net finance income		75,852	95,680	22,921	19,624
NET LOSS		$ (2,367,138)	$ (2,223,533)	$ (1,364,460)	$ (1,232,371)
OTHER COMPREHENSIVE LOSS					
Items that may be reclassified subsequent to net loss					
Translation gain (loss) on foreign operations		32,055	-	34,438	-
NET LOSS AND COMPREHENSIVE LOSS		(2,335,083)	(2,223,533)	(1,330,022)	(1,232,371)
LOSS PER COMMON SHARE					
Basic and diluted	9	$ (0.03)	$ (0.03)	$ (0.02)	$ (0.01)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

WAVEFRONT TECHNOLOGY SOLUTIONS INC.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
(Canadian dollars)
(Unaudited)

	Share Capital	Contributed Surplus	Accumulated and other Comprehensive loss	Deficit	Total
Balance at September 1, 2011	$ 66,320,249	$ 8,112,618	$ -	$ (42,601,199)	$ 31,831,668
Net loss and comprehensive loss	-	-	-	(2,223,533)	$ (2,223,533)
Recognition of shared-based payments	-	371,069	-	-	$ 371,069
Stock options exercised	101,360	(46,261)	-	-	$ 55,099
Balance at February 29, 2012	66,421,609	8,437,426	-	(44,824,732)	30,034,303
Net loss and comprehensive loss	-	-	(411)	(2,425,198)	(2,425,609)
Recognition of shared-based payments	-	152,931	-	-	152,931
Stock options exercised	17,300	(7,600)	-	-	9,700
Balance at August 31, 2012	66,438,909	8,582,757	(411)	(47,249,930)	27,771,325
Net loss and comprehensive loss	-	-	32,055	(2,367,138)	(2,335,083)
Recognition of shared-based payments	-	32,334	-	-	32,334
Balance at February 28, 2013	$ 66,438,909	$ 8,615,091	$ 31,644	$ (49,617,068)	$ 25,468,576

The accompanying notes are an integral part of these interim condensed consolidated financial statements

WAVEFRONT TECHNOLOGY SOLUTIONS INC.
Interim Condensed Consolidated Statements of Cash Flow
(Canadian dollars)
(Unaudited)

	Note	For the six months ended February 28, 2013	For the six months ended February 29, 2012	For the three months ended February 28, 2013	For the three months ended February 29, 2012
OPERATING ACTIVITIES					
Net loss		$ (2,367,138)	$ (2,223,533)	$ (1,364,460)	$ (1,232,371)
Items not affecting cash					
Amortization, depreciation, depletion and accretion expenses		824,887	552,616	410,465	309,584
Share-based payments	6b	32,334	371,069	9,873	186,858
Impact of foreign translation		21,657	-	24,040	-
Loss (gain) on disposal of property, plant and equipment		(8,501)	4,825	(8,501)	248
		(1,496,761)	(1,295,023)	(928,583)	(735,681)
Net change in non-cash working capital items		(761,610)	(330,513)	(162,954)	(237,291)
Cash used in operating activities		(2,258,371)	(1,625,536)	(1,091,537)	(972,972)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	3	(831,178)	(707,026)	(283,327)	(220,224)
Proceeds on disposal of property, plant and equipment		10,711	3,738	10,711	8
Additions to intangible assets	4	(29,509)	(4,111,189)	838	(4,099,424)
Cash used in investing activities		(849,976)	(4,814,477)	(271,778)	(4,319,640)
FINANCING ACTIVITIES					
Proceeds from options exercised		-	55,099	-	1,099
Cash provided by financing activities		-	55,099	-	1,099
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,108,347)	(6,384,914)	(1,363,315)	(5,291,513)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		15,169,284	24,510,593	13,424,252	23,417,192
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 12,060,937	$ 18,125,679	$ 12,060,937	$ 18,125,679
Supplementary Information					
Interest paid		(2,063)	(2,015)	(289)	(144)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Wavefront Technology Solutions Inc. (the "Corporation") is incorporated under the Canada Business Corporations Act. The Corporation's principal business activities involve the licensing and utilization of the Corporation's patented process for the enhancement and improvement of oil recovery, oil well stimulation and well drilling ("Powerwave™"), and the optimization of groundwater remediation ("Primawave™") approaches. In the oil sector the Corporation's strategy is to leverage its intellectual property through licenses of the technology to service providers, and to provide site licenses to oil producers. In the environmental sector the Corporation's strategy is to provide site licenses to those involved in groundwater clean-up.

The address of the registered head office of the Corporation is 5621 – 70 Street, Edmonton, Alberta. The Corporation is listed on the TSX Venture Exchange under the symbol of WEE and also trades on the OTCQX under the symbol of WFTSF.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board and should be read in conjunction with the Corporation's annual financial statements for the year ended August 31, 2012, which have been prepared in accordance with International Financial Reporting Standards.

The accounting policies and method of computation adopted in these condensed consolidated interim financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended August 31, 2012.

The Corporation has adopted the amendments to IAS 1 effective September 1, 2012. These amendments require the Corporation to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be classified. The changes did not result in any adjustments to other comprehensive loss or comprehensive loss.

These condensed consolidated interim financial statements were approved for issue on April 26, 2013.

3. PROPERTY, PLANT AND EQUIPMENT

As at February 28, 2013	Oilfield property, plant and equipment	Tools and Equipment	Computer, automotive and office equipment	Leasehold improvements	Total
Cost					
Balance at August 31, 2012	$ 1,131,173	$ 7,406,535	$ 1,010,417	$ 573,943	$ 10,122,068
Additions	-	781,345	49,833	-	831,178
Disposals	-	(2,000)	(10,116)	-	(12,116)
Impact of foreign translation	-	2,541	9,872	-	12,413
Balance at February 28, 2013	1,131,173	8,188,421	1,060,006	573,943	10,953,543
Accumulated depreciation and impairment					
Balance at August 31, 2012	(368,887)	(2,851,806)	(647,661)	(81,534)	(3,949,888)
Additions	(30,422)	(456,665)	(57,750)	(28,666)	(573,503)
Disposals	-	1,469	8,438	-	9,907
Impact of foreign translation	-	(895)	(3,755)	-	(4,650)
Balance at February 28, 2013	(399,309)	(3,307,897)	(700,728)	(110,200)	(4,518,134)
Net book value					
Balance at February 28, 2013	$ 731,864	$ 4,880,524	$ 359,278	$ 463,743	$ 6,435,409

As at February 29, 2012	Oilfield property, plant and equipment	Tools and Equipment	Computer, automotive and office equipment	Leasehold improvements	Total
Cost					
Balance at August 31, 2011	$ 1,131,173	$ 5,846,398	$ 808,133	$ 562,021	$ 8,347,725
Additions	72,655	591,795	30,653	11,923	707,026
Disposals	-	(56,511)	-	-	(56,511)
Impairments	(72,655)	-	-	-	(72,655)
Balance at February 29, 2012	1,131,173	6,381,682	838,786	573,944	8,925,585
Accumulated depreciation and impairment					
Balance at August 31, 2011	(305,265)	(2,087,536)	(573,832)	(23,315)	(2,989,948)
Additions	(38,486)	(365,971)	(27,667)	(29,132)	(461,256)
Disposals	-	47,752	-	-	47,752
Balance at February 29, 2012	(343,751)	(2,405,755)	(601,499)	(52,447)	(3,403,452)
Net book value					
Balance at February 29, 2012	$ 787,422	$ 3,975,927	$ 237,287	$ 521,497	$ 5,522,133

Property, plant and equipment includes tools and equipment under construction of $392,159 (February 29, 2012 - $273,306), which is not being depreciated.

During the period ended February 28, 2013, the Corporation added certain property, plant and equipment to its non-current assets and estimated useful lives and related depreciation method of those tools as:

Tools and equipment	20% to 30% or 100% declining balance

4. INTANGIBLE ASSETS

As at February 28, 2013	Patents	Fully-paid up license	Total
Cost			
Balance at August 31, 2012	$ 4,778,898	$ 106,990	$ 4,885,888
Additions	29,509	-	29,509
Impact of foreign translation	-	4,220	4,220
Balance at February 28, 2013	4,808,407	111,210	4,919,617
Accumulated depreciation and impairment			
Balance at August 31, 2012	(550,861)	(43,557)	(594,418)
Amortization	(248,598)	(2,153)	(250,751)
Impact of foreign translation	-	(1,585)	(1,585)
Balance at February 28, 2013	(799,459)	(47,295)	(846,754)
Net book value			
Balance at February 28, 2013	$ 4,008,948	$ 63,915	$ 4,072,863

As at February 29, 2012	Patents	Fully-paid up license	Total
Cost			
Balance at August 31, 2012	$ 609,092	$ 106,990	$ 716,082
Additions	4,111,189	-	4,111,189
Balance at February 29, 2012	4,720,281	106,990	4,827,271
Accumulated depreciation and impairment			
Balance at August 31, 2012	(199,604)	(32,704)	(232,308)
Amortization	(103,173)	(2,382)	(105,555)
Balance at February 29, 2012	(302,777)	(35,086)	(337,863)
Net book value			
Balance at February 29, 2012	$ 4,417,504	$ 71,904	$ 4,489,408

5. JOINTLY CONTROLLED ASSETS

The Corporation conducts its oilfield activities under the terms of production sharing contracts which it considers jointly-controlled assets.

The Corporation has included its 50% share of the following:

	February 28, 2013	August 31, 2012
Current assets	$ 8,378	$ -
Non-current assets	731,866	746,813
Current liabilities	-	(6,437)
	$ 740,244	$ 740,376

	Six months ended		Three months ended	
	February 28 2013	February 29, 2012	February 28 2013	February 29, 2012
Revenue	$ 59,394	$ 107,176	$ 25,175	$ 50,609
Expenses	47,720	65,810	17,916	34,956
	$ 11,674	$ 41,366	$ 7,259	$ 15,653

At February 28, 2013, there were no capital commitments for the Corporation's jointly controlled assets.

6. SHARE CAPITAL

The Corporation's issued share capital is as follows:

a) Issued common shares

There were no changes in the Corporation's outstanding common shares, and have the following balances:

	Number	Stated capital
Balance at August 31, 2012	82,956,240	$ 66,438,909
Balance at February 28, 2013	82,956,240	$ 66,438,909

b) Stock-based compensation plan

The Corporation maintains an Employee, Director, Officer and Consultant Stock Option Plan under which the Corporation may grant incentive stock options for up to 10,771,583 shares of the Corporation at an exercise price equal to or greater than the market price of the Corporation's stock at the date of grant. All stock options awarded are exercisable for a period of five years and vest in equal tranches at three (3) month intervals over a period of eighteen (18) months.

Movements in stock options during the period

A summary of the status of the Corporation's Stock Option Plan is presented below:

	Number	Weighted average exercise price
Outstanding at August 31, 2012	2,380,000	$ 1.06
Granted	750,000	0.38
Forfeited	(360,000)	1.03
Expired	(185,000)	1.65
Outstanding at February 28, 2013	2,585,000	$ 0.83

Fair value of stock options granted during the period

The fair value for the compensation costs of stock options issued to both employees and non-employees were calculated using the Black-Scholes option pricing model resulting in an additional charge to general and administrative expense with a corresponding increase in contributed surplus, assuming the following weighted average assumptions:

Inputs into the model

		Weighted Average three months ended February 28, 2013
Share price at date of grant	$	0.38
Exercise price	$	0.38
Risk-free rate (based on 5 year Government of Canada bond)		1.38%
Expected volatility		92.32%
Dividend rate		0%
Expected life		5 years
Weighted average value of options granted during the period	$	0.27

During the six months ended February 28, 2013, the Corporation incurred $32,334 (February 29, 2012 - $371,069) in compensation expense relating to outstanding stock options.

The amounts computed according to the Black-Scholes pricing model may not be indicative of the actual values realized upon the exercise of the stock options by the holders.

c) Contributed surplus

Balance at August 31, 2012	$ 8,582,757
Share-based payment	32,334
Balance at February 28, 2013	$ 8,615,091

7. REVENUE

	Six months ended		Three months ended	
	February 28 2013	February 29, 2012	February 28 2013	February 29, 2012
Service revenue and royalties	$ 2,497,679	$ 2,380,164	$ 1,002,314	$ 1,335,327
Production revenue	59,394	126,393	25,174	59,675
	$ 2,557,073	$ 2,506,557	$ 1,027,488	$ 1,395,002

8. EXPENSES BY NATURE

	Six months ended		Three months ended	
	February 28 2013	February 29, 2012	February 28 2013	February 29, 2012
Wages, wage expenses and benefits	$ 1,431,853	$ 1,585,793	$ 681,542	$ 987,242
Depreciation, amortization, depletion and accretion	824,852	567,280	410,747	325,987
Office expenses	473,182	453,812	240,160	239,261
Materials and related costs	479,903	247,351	174,130	(1,607)
Professional fees	420,938	371,280	251,753	219,381
Consulting fees	431,790	230,971	221,957	141,069
Repairs and maintenance	218,952	166,348	62,008	94,774
Travel, accomodations and meals	274,218	294,522	167,387	127,910
Vehicle	149,574	122,320	68,761	66,814
Listing and public company fees	120,257	112,912	76,292	75,806
Marketing, promotions and trade shows	86,522	300,294	40,953	188,042
Bad debt	54,484	789	8,882	2,145
Share-based payments	32,334	371,069	9,872	186,858
Other	1,204	1,029	425	(6,685)
	$ 5,000,063	$ 4,825,770	$ 2,414,869	$ 2,646,997

9. LOSS PER SHARE

The following table sets forth the details of the denominator used for the computation of the basic and diluted loss per share for the periods February 28, 2013, and February 29, 2012:

(# of shares)	February 28, 2013	February 29, 2012
Basic and diluted weighted average shares outsanding during period	82,956,240	82,847,871

10. RELATED PARTY TRANSACTIONS

Expense transaction

The Corporation had entered into a Consulting Agreement with a director of the Corporation to provide certain services for a monthly fee of US $5,000 per month. The monetary transaction is measured at the exchange amount. For the six month period ended February 28, 2013, the Corporation recorded $29,769 (February 29, 2012 - $nil) in consulting expense, with $nil (February 29, 2012 - $nil) included in accounts payable.

Revenue transaction

In the six months ended February 29, 2012, the Corporation entered into a twelve month Powerwave™ License agreement to provide up to three Powerwave™ licenses and systems at a rate of $2,400 per month per Powerwave™ license, plus any associated installation fees with a company whose executive officer was also a director of the Corporation. There was a 100% discount to the Powerwave™ licensing fee for the first four months of the agreement. The monetary transaction is measured at the exchange amount. For the six months ended February 29, 2012, the Corporation recorded $86,400 in revenue related to Powerwave™ tool installation and licensing fees, with $37,800 included in trade and other receivables.

11. ECONOMIC DEPENDENCE AND SEGMENTED INFORMATION

The Corporation has one reportable operating segment being the enhancement of oil recovery, oil well stimulation and optimization of groundwater remediation using the Corporation's patented technologies.

Geographic information

	Revenue		Assets	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
Canada	$ 1,824,257	$ 2,003,771	$ 25,255,671	$ 30,875,884
United States	500,149	355,954	1,177,542	533,864
International	232,667	146,832	369,050	-
	$ 2,557,073	$ 2,506,557	$ 26,802,263	$ 31,409,748

For its geographic segments, the Corporation has allocated assets based on their physical location and revenue based on the location of the customer.

Significant customers

During the six months ended February 28, 2012, the Corporation recorded revenue from 59 customers (February 29, 2012 - 47 customers). Sales in the six months ended February 28, 2013 from the top three customers amounted to $657,000, $656,901 and $233,914, which represented 25.7%, 25.7% and 9.1% respectively, of total revenue. Sales in the six months ended February 29, 2012 from the top three customers amounted to $649,057, $329,092 and $304,110, which represented 25.9%, 13.1% and 12.1% respectively, of total revenue.