Wavefront Technology Solutions Inc.

Quarterly Report

For the

period ended

February 28, 2013

The following discussion and analysis of financial results should be read in conjunction with the interim financial statements and the accompanying notes for the period ended February 28, 2013 and is based on information available to April 26, 2013. 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 ("Wavefront" or "the Company") financial results prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A primarily compares the unaudited financial results for the second quarter ended February 28, 2013 and February 29, 2012. 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 financial records (also see section titled "Controls and Procedures" page 27). The financial information presented throughout the MD&A is consistent with the interim condensed consolidated financial statements.

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, meet to review the interim condensed consolidated 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 interim condensed consolidated financial statements.

NON-IFRS MEASURES

The Company uses IFRS and non-IFRS measures to make strategic decisions and set targets and is confident that these non-IFRS measures provide useful supplemental information to investors. "Working capital", "gross profit", "gross profit margin", "cash from operations", "core 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;
- 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;
- Cash flow used in operating activities is a measure of the total cash generated from the Company's operations and is calculated by adding back amortization, share based payments and other non-cash items to net income and then adjusting for changes in working capital;
- Core revenues are defined as revenues derived directly or indirectly from Wavefront's technologies, including revenues attributed to Powerwave, Primawave, tubing pumps and bailers, and exclude oil and gas production 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.

OVERVIEW OF BUSINESS

Wavefront is a technology company with a reputation among its clients for quality, innovation and creativity. Wavefront is focused on global markets and utilizes its patented technology to provide measureable solutions when exploration and production companies (or "E&P" companies) are faced with the challenges of optimizing oil production, well intervention and performance drilling.

Powerwave has been proven to be an effective method for: achieving mature field revitalization (or enhanced oil recovery, "EOR"), increasing well productivity following well stimulation, and improving the rate of penetration of drilling extended reach wells. Primawave has been shown to substantially improve the distribution of fluids in the subsurface to effectively treat contaminants and has been verified as an environmental remedial strategy by Environment and Industry Canada.

With the evolution of our core "*pressure-pulse technology*" to encompass a portfolio of products, our new theme, "From Bit to Last Drop", encompasses the life cycle of a client's post exploration operations. The Company's primary focus areas are: performance drilling; well stimulation; and mature field revitalization.

Global Market Size >$100 Million Annually[1] | Global Market Size >$1 Billion Annually[2] | Global Market Size ~250,00 Injection Wells[3]

For EOR applications Wavefront's pressure-pulse technology, Powerwave, creates a uniform distribution of fluid to efficiently mobilize entrained oil from injection wells to production wells. The global market size is ~250,000 injection wells used to inject water, polymers, surfactants, and combinations thereof.[1]

Improved post-stimulation production is achieved with Wavefront's Powerwave well stimulation tools that maximize volumetric contact area with the reservoir during the stimulation operation. The global market size is approximately $1 billion annually.[2]

Wavefront's Powerwave performance drilling technology generates increased Rates of Penetration ("ROP") and improved borehole cleaning by placing a short pulse sub directly behind the bit. In addition, oscillation tools inserted at key points in the drill string provide pulsing action which reduces the risk of getting stuck in the hole, particularly in horizontal and multilateral wells during drilling and completion operations. The global market size is approximately $100 million annually.[3]

[1] United States Environmental Protection Agency, Oil and Gas Related Injection Wells

[2] Bcc Research, June 29, 2011

[3] Barclays Forecast Growth in 2013 Global E&P Spending, E&P.com, December 2012

Globally, Wavefront is strategically positioning itself to take full advantage of potential revenue generation in key markets through well positioned, certified representatives.

OUTLOOK

We are confident that Wavefront's suite of Technologies, patents, our experience and expertise and the Powerwave brand name positions the Company well over the long term to take advantage of the market opportunities related to performance drilling, well stimulation, and mature field revitalization. The Company expects to increase total dollar gross margins, however, gross margin percentages may vary depending on the mix of products and services sold. Expenses, as a percentage of revenue, are expected to decrease over the next five years.

Quarterly results in the short term will remain susceptible to quarter-over-quarter variability in all product lines and in key markets due to the commercial adaption rates as well as client economics. The risk of volatility in the commodity and financial markets may influence the Company's efforts to commercialize its suite of Technologies in the primary focus areas in the oil sector. For example, the price differential between the benchmark heavy oil prices in Canada, Western Canadian Select ("WCS") relative to West Texas Intermediate ("WTI") has ranged from approximately $20 to $40 per barrel. The Company anticipates that prolonged high price differentials may negatively impact Powerwave mature field revitalization revenue generated in the Canadian market as oil producers evaluate operational strategies to reduce operating costs to address low Netback from production operations (Netback is calculated by taking the price of the oil, less all costs associated with getting the oil to a market. These costs can include; transportation, production and disposal, refining costs, royalty fees, taxes, and other costs).

The second market development is the focus of U.S. operators on tight oil plays and the technology in demand for operations in these conditions. In both cases there has been a move away from mature field revitalization and strongly towards drilling unconventional resources and stimulations. Wavefront's realigned marketing plan capitalizes on these market shifts while still utilizing its core Powerwave technologies, high gross profit margins and recurring revenue generating opportunities.

Our Company initially placed its primary focus in Canada and the United States on marketing EOR. While Wavefront will continue to market projects in EOR, the Company's primary marketing efforts will be refocused in these regions for fiscal 2013 to promote the strengths of our stimulation and performance drilling technologies. It is anticipated that this strategic shift in focus may, in the short term, affect EOR revenue generation in these regions. As the Company moves forward we anticipate EOR revenue to reflect projects to be installed with Petrobras in Brazil, Ecopetrol in Columbia, as well as additional pending projects.

Wavefront's overall objective continues to focus on growth in all product lines, maintaining high gross profit margins, controlling expenses, and obtaining near-term profitability. To expand and meet the needs of market, research and development will continue to play a key role as the Company invests in new systems and tools, and service developments and enhancements. Additional resources will continue to be committed to sales and marketing as the Company further commercializes its Technologies and develops its global sales channels. Acquisitions and strategic partnerships will continue to be evaluated for growth in specific geographical areas and technology advances.

OVERALL RESULTS FROM OPERATIONS

Wavefront is positioned as a technology company and operates with one reportable segment.

Internationally Wavefront has been concentrating on high value markets in Oman, Mexico, Colombia, Argentina, and Brazil. Within these markets there is tremendous revenue generation opportunity for all product lines. There are however barriers to overcome as well as the fluidity of contracts in the evaluation phase of the Company's technology. These factors have resulted in the revaluation of certain international contracts which has impacts on quarterly revenue. The renegotiated contracts involved changing the contract term, numbers and types of tools involved, etc. For example, Wavefront commenced pilot scale testing in Argentina with one client in a previous reporting period starting with four mechanical EOR tools. Following an initial evaluation period where the client was obtaining positive results, the client chose to replace the four mechanical EOR tools with only two electrical EOR tools which resulted in a decrease total contract value and increased costs.

Revenues recognized in previous periods were based on the initial contract terms. Due to the contract revisions the total revenues expected to be earned under the contracts changed resulting in a prospective adjustment to revenue for the current quarter.

The Company has also experienced delays in project initiation in Brazil and Colombia which has impacted our revenue in EOR projects in the second fiscal quarter. We anticipate the start of revenue recognition in the coming quarters as tools are installed. The current contract value of the Brazil and Colombia contracts is approximately $1.9 million.

The Company is anticipating positive developments from its work with Pan American Energy ("PAE") in Argentina, where it has both electrical and mechanical EOR tools installed. A technical paper with the client will be presented based on early results at the Petroleum Congress to be held in Rosairo, Argentina in May 2013. The Company anticipates positive reaction to the results which will potentially lead to more work with PAE and other oil producers in Argentina.

In the international market Wavefront introduced an innovative pulsating selective injection waterflood regulator valve (the "Neptune"). Waterflood regulators valves are specially designed to ensure a steady flow of water is injected into a desired zone. This type of injection system is widely used in South America and Asia with as many as 21 valves in a single water injection well.

The Neptune, shown below, is designed to ensure seamless, continuous injection enabling oil producing companies to maintain injection rates and improve water distribution in the oil-bearing formation. Injection rates and water distribution are crucial for maximizing overall oil recovery.

There is an established market in flow control valves and Wavefront recognizes current market conditions. The Company is planning to maintain a form of recurring revenue which is in keeping with our established model. To this end the marketing strategy is to initially sell the Neptune to clients with a target price of US $4,500.00 per valve. To realize recurring revenue the pulsating injection head will be replaced every two years at a target price of US $1,500.00 per injection head.

Wavefront's fluid pulsing performance drilling tools were introduced to the drilling market in October 2012 and have been under evaluation in both Canada and the United States. The evaluation testing phase is required to better understand the use of the tools as well as to make necessary improvements to the quality control/quality assurance of the tool design to maximize tool benefits while ensuring tool integrity during operation. During this initial tool evaluation phase clients were provided a full discount on the day rate in exchange for data performance. The Company has recently, subsequent to the reporting period, started charging a daily rental rate ranging from $2,500 to $3,500 per day.

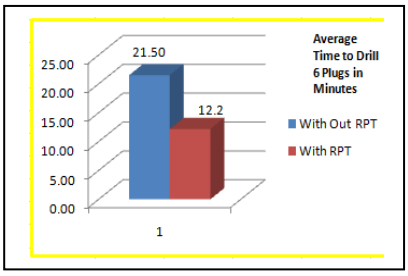
During the evaluation phase Wavefront obtained a wide range of results for ROP from 94% improvement to a 0% improvement. Generally, ROP increases fell within the 5% to 30% range.

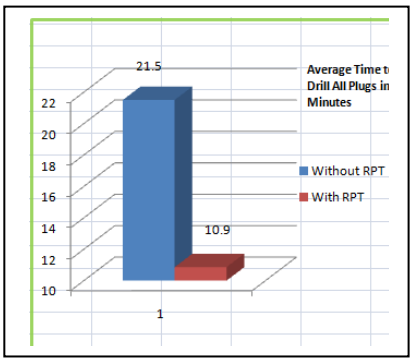
To put this into context, when you consider that a directional package costs the operator $30,000 to $40,000 per day a 20% increase in ROP delivers substantial savings. If an operator was drilling 1,000 feet per day it could increase that to 1,200 feet per day by incorporating pulsed fluid vibration induction, the drilling cost (using $35,000 per day for the directional package) goes from $35 per foot drilled to $29 per foot drilled. With such sizeable savings the Company is confident that our performance drilling tools will garner considerable attention in the industry.

As tighter oil and gas formations are being pursued throughout the globe the growth of multistage fracture completions practices such as "plug-and-perf" and "ball-and-sleeve" has increased significantly allowing access to reserves previously considered uneconomic to produce. Regardless of the two most common systems used to open permeability each leaves an obstruction in the wellbore which can partially or completely plug-off flow. In either case, a coil tubing unit is mobilized to mill out the obstruction. In many instances the time to mill out the obstruction is affected by the ability to keep weight on the mill through the coil as well as the mill getting lodged in the materials that make up the ball or plug. In the case of a ball, seen in the photograph to the left, the mill digs into the ball and the ball simply rotates in place as the coil is turned.

Wavefront's performance drilling tools produce a controlled, repetitive increase in fluid acceleration, which in turn enhances dynamic hydraulic contact (such as a hammer drill) with the plug or ball and it mitigates the instance of the mill digging into the material. As a result, more effective removal of the cuttings from the mill (or in certain cases bit) occurs which leads to increased ROP.

The figures below present initial results of ROP improvement in a Midland, Texas oil field comparing the average time to drill out plugs with and without the RPT.





Companies providing stimulation fluids in the oil industry focus primarily on chemistry and biology, but not necessarily on the physical distribution of the agent used to treat the reservoir. The key to successful stimulation programs and improved production results for the Operator is making contact with the larger volume of the reservoir.

In the Chicontepec Basin, Mexico's largest certified hydrocarbon reserve, Wavefront and international service provider, Weatherford, successfully demonstrated the effectiveness of proper chemical placement in a 3-well evaluation of the combined technologies; 2 wells using Powerwave, with a chemical product versus 1 well using the same chemical product but with only conventional injection.

The results from the 2 wells using Powerwave, clearly demonstrate that proper placement of the surfactant/solvent/dispersant product lead to larger post-stimulation gains of 2,325% in incremental oil production as well as a viscosity improvement from 14 API to 15 API in well 1; and, 791% incremental oil production as well as a viscosity improvement from 18 API to 27 API in well 2. The result of the comparative non-Powerwave well 3 showed a similar viscosity improvement from 13 API to 17 API however the production gain was only 415%.

Based on these positive results the Company is anticipating a larger service order for more well stimulations with Weatherford in the Chicontepec Basin.

Wavefront continued to advance commercialization of its technology suite in the six months ended February 28, 2013 within the primary focus areas as total revenue amounted to $2,557,073 compared to revenues of $2,506,557 in the comparative period.

There was a decrease of $502,097 in revenues from first quarter (i.e., three months ended November 30, 2012) 2013 to $1,027,488 in revenues in the second quarter 2013 (i.e., three months ended February 28, 2013). The decrease of revenues relates primarily to international Powerwave mature field revitalization revenues, which amounted to $329,793, and is primarily related to renegotiating the value of international projects. The renegotiated contracts involved changing the contract term, numbers and types of tools involved, etc. For example, Wavefront commenced pilot scale testing in Argentina with one client in a previous reporting period starting with four mechanical EOR tools. Following an initial evaluation period where the client was obtaining positive results, the client chose to replace the four mechanical EOR tools with only two electrical EOR tools which resulted in a decrease total contract value and increased costs. Revenues had to be further reduced due to international withholding taxes. Once these international Powerwave projects move

beyond a pilot stage the Company anticipates there will be significant growth opportunities that will also involve Powerwave stimulations and applications of its new product lines.

Powerwave stimulation revenues from the six months ended February 28, 2013 remained relatively stable with Canadian revenues increasing by $5,607, and international revenues increasing by $12,002, while US revenues decreased by $29,051. It is believed that the softness of this product line in Canada relates to heavy oil price differentials, and in the United States the decrease was tied to client budgets for stimulation work being exhausted or frozen for their fiscal year. The Company is seeing an easing of budget restrictions in the United States and anticipates growth in this market segment in future quarters.

The tubing pump and bailer market has also been affected by heavy oil price differential as evident with revenues declining by $49,888 from the first quarter 2013. The Company anticipates that revenue in the tubing pump and bailer market will remain flat for the remainder of the fiscal year.

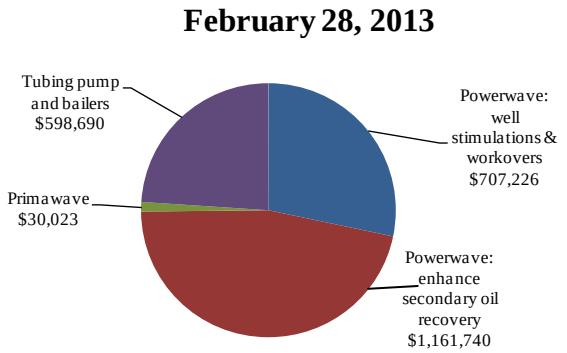
This variance in the past two quarters from the Company's historical high relates to a decrease of mature field revitalization revenues associated with recognition of installation projects; revaluation of international Powerwave mature field revitalization contracts; the heavy oil price differential affecting Canadian projects; decreased Powerwave stimulation revenue in the United States due to budgetary constraints of the Company's clients. The Company anticipates that the stimulation revenues in the United States will grow in subsequent reporting periods as budget restrictions are eased and the client base is expanded. Additionally, the Company anticipates recognizing in future quarter's revenue related to our performance drilling tools as well as benefiting from marketing efforts in the international market.

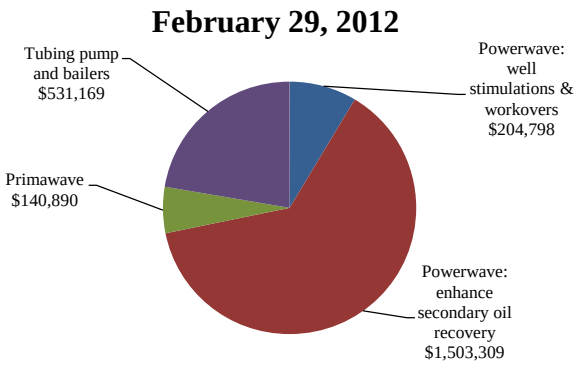
Revenues for the six months ended February 28, 2013 for Powerwave and Primawave approximated $1,898,989 or 74.3% of revenues; whereas in the comparative reporting period, Powerwave and Primawave approximated $1,848,997 or 73.8% of revenues.

Consolidated Results – six months ended February 28, 2013

Revenues

Revenues for the six months ended February 28, 2013 were $2,557,073, which represents a modest increase of $50,516 over the comparative period in 2012 that recognized revenues of $2,506,557. Core revenues totalled $2,497,679, an increase of $117,513 over core revenues of $2,380,164 for the comparative period. The changes in product line mix can be characterized as follows:





Revenue attributed only to Powerwave product lines were $1,868,966, an increase of $160,859 or 9.4% increase over revenues in the comparative period of $1,708,107. The Powerwave product line revenues include short-term projects involving well stimulations and long-term projects related to using Wavefront's technology to enhance oil recovery in mature field revitalization flooding applications.

For the six months ended February 28, 2013, the total revenue of long-term Powerwave projects related to secondary and tertiary oil recovery totalled $1,161,740 compared to $1,503,309 in the comparative period. The decrease is a result of expiring contracts as: i) the long term view of the price differential between the benchmark heavy oil prices in Canada, Western Canadian Select ("WCS") relative to West Texas Intermediate ("WTI") which has ranged from approximately $20 to $40 per barrel, which has had a negative impacted Powerwave mature field revitalization revenue project renewal, as oil producers evaluate operational strategies to reduce operating costs to address low Netback[4] from production operations; ii) the focus of U.S. operators on tight oil plays has shifted expenditures from enhancing recovery to replacing produced reserves through the drill bit. In both cases there has been a move away from mature field revitalization and strongly towards stimulation and drilling. Wavefront's realigned marketing plan capitalizes on these market shifts while still utilizing its core Powerwave technologies, high gross profit margins and recurring revenue generating opportunities.

For the six months ended February 28, 2013, Powerwave revenues related to well stimulations totalled $707,226, an increase of $502,428 or 245.5%, compared to $204,798 in the comparative period. The Company anticipates continued year-over-year growth in well stimulations as the geographical extent of the service is extended to new territories through relationships with international service providers, agents, and new clients.

For the six months ended February 28, 2013, Primawave revenues totalled $30,023 for the reporting period compared to $140,890 from the comparative reporting period. Wavefront's customers are typically environmental consultants and service contractors that utilize Primawave technology to expedite groundwater remediation. Remediation projects historically have long lead times from the initial phase of identifying contamination to developing and gaining approval for the remedial action plan to actually carrying out the remedial project.

[4] Netback is calculated by taking the price of the oil, less all costs associated with getting the oil to a market. These costs can include; transportation, production and disposal, refining costs, royalty fees, taxes, and other costs.

For the six months ended February 28, 2013, revenues from the tubing pumps and bailer product totalled $598,690, an increase of $67,521 or 12.7%, compared to $531,169 in the comparative period. Tubing pumps and bailer revenues are comprised of tool rental, delivery and refurbishment fees.

During the six months ended February 28, 2013, the Company also recognized production and operator revenues of $59,394 (2012 - $126,393). Production and operator revenues for the current period related solely to that of the Rodney South venture, whereas the comparative period includes production and operator revenues related to Rodney South and Rogers County ventures. In a prior reporting year the Company sold its interest in the Rogers County venture.

Geographically, $1,824,257 (2012 – $2,003,771) in revenue was generated in Canada, $500,149 (2012 - $355,954) from the United States, and $232,667 (2012 - $146,832) internationally. The geographic revenues are more specifically described as follows:

Canada. Gross revenues in our Canadian operation decreased by $179,514 to $1,824,257 compared to $2,003,771 in the comparative period.

Powerwave mature field revitalization applications revenues totalled $746,252 (2012 - $1,142,971); Powerwave stimulation revenues in Canada totalled $419,921 (2012 - $187,768); Primawave revenues totalled $nil (2012 - $55,562); tubing pump and bailer revenues totalled $598,690 (2012 - $531,169); and oil production revenue totalled $59,394 (2012 - $86,301). Given the heavy oil price differential the Company expects Powerwave mature field revitalization applications to remain at current levels and is considering a review of its revenue model to generate growth in that field of Powerwave use.

United States. Gross revenues in our US operation increased by $184,284 or 58.3% to $500,149 (2012 - $315,865). Powerwave mature field revitalization applications revenues totalled $202,473 (2012 - $213,507); Powerwave stimulation revenues totalled $275,303, an increase of $258,273 over comparative revenues of $17,030; Primawave revenues totalled $22,373 (2012 - $85,328); and oil production revenue totalled $nil (2012 - $40,089). Given a long sales cycle in Powerwave EOR applications in fiscal 2013 the Company's focus has primarily been on Powerwave stimulation and performance drilling. Working with our marketing partners and internal sales personnel our Company's goal is to broadly expand the client base in those two specific areas. The Company is confident that continued positive results in performance drilling and well stimulation will be a strong pull to advance Powerwave mature field contracts in our focus areas of Texas and California.

International: Gross revenues outside our Canadian and US operation increased by $85,846 to $232,667 (2012 - $146,831). Powerwave mature field revitalization applications revenues totalled $213,015 (2012 - $146,831); Powerwave stimulation revenues totalled $12,002 (2012 - $nil); and Primawave revenues totalled $7,650 (2012 - $nil). Given the continued and growing interest in using technology to bolster oil production in aging fields our Company will continue to aggressively market in the international community including Latin and South America, the Middle East, Europe and certain sectors of Asia. To this end we expect to experience periodic increases in marketing costs in advance of Powerwave contracts.

Direct Expenses

Under IFRS cost of sales includes direct labour, wage benefits and associated stock option benefits, consumable (i.e., inventory) parts, third party installation costs of Powerwave, Primawave, tubing pump and bailer product lines and oil and gas properties and, any associated loss or gain on sale and the write-down.

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

Gross Profit

Cost of sales remained relatively stable at $595,876 (or 23.3% of revenues) compared to $551,538 (or 22.0% of revenues) for the comparative reporting period.

The following table sets out the gross profit margins by product line for the second quarter ended February 28, 2013:

	Powerwave	Primawave	Tubing pumps & bailers	Oil & Gas Properties	Total
Revenues	$ 1,868,966	$ 30,023	$ 598,690	$ 59,394	$ 2,557,073
Cost of sales	205,478	5,651	384,747	-	595,876
	$ 1,663,488	$ 24,372	$ 213,943	$ 59,394	$ 1,961,197
Gross profit margin (note 1)	89.0%	81.2%	35.7%	100.0%	76.7%

note 1: Gross profit margin is calculated by subtracting cost of sales 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 comparative period for the second quarter ended February 29, 2012:

	Powerwave	Primawave	Tubing pumps & bailers	Oil & Gas Properties	Total
Revenues	$ 1,708,107	$ 140,890	$ 531,169	$ 126,391	$ 2,506,557
Cost of sales	327,732	6,968	237,571	(20,733)	551,538
	$ 1,380,375	$ 133,922	$ 293,598	$ 147,124	$ 1,955,019
Gross profit margin (note 1)	80.8%	95.1%	55.3%	116.4%	78.0%

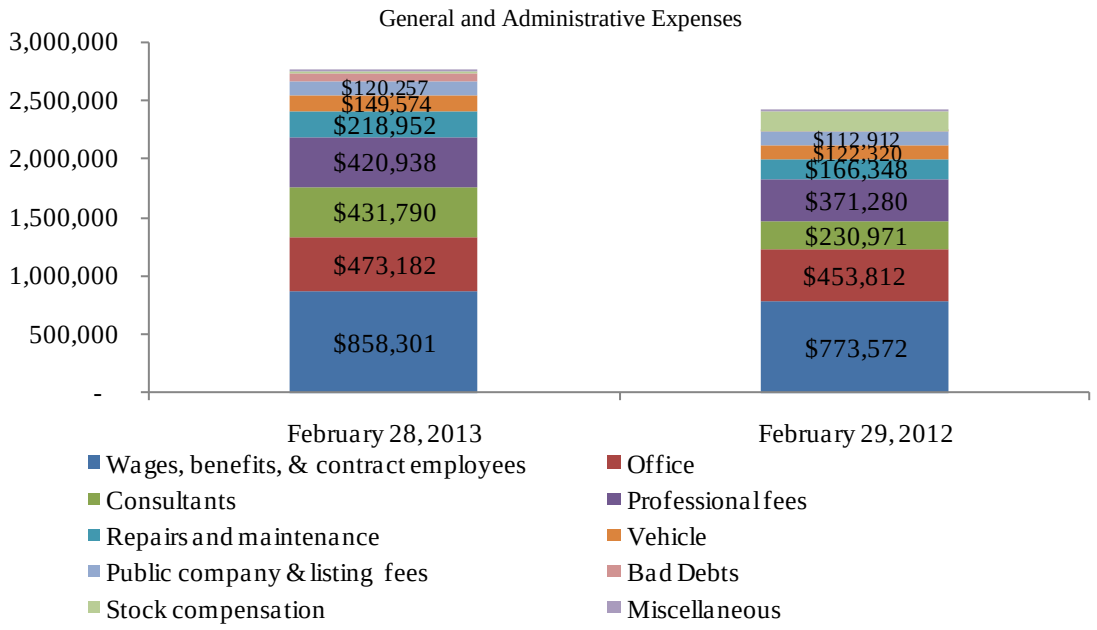
note 1: Gross profit margin is calculated by subtracting costs of sales from revenue and dividing the result by revenue, and is further discussed in Non-IFRS Measures

Despite the shifts in the product mix, the Company has successfully maintained the relative gross profit margins, which is indicative of Wavefront's value proposition and its ability to leverage our technology portfolio. Our goal is to continue to accelerate revenue growth while maintaining gross profit margins.

Other Expenses

Other expenses for the second quarter ended February 28, 2013, amounted to $4,404,187, compared to $4,274,232 in 2012. These other expenses were relatively flat; however, changes are described as follows:

i) The following chart illustrates the general and administrative expenses (February 28, 2013: $2,755,141; February 29, 2012: $2,400,673):



General and administrative expenses increased by $354,468 and relate to the following:

- Increase in consulting fees of $200,819 to $431,790 related to engagement of engineers for new tool designs, strategic and marketing consulting, reservoir engineering, health and safety consultants, and temporary administration staff.

- Increase wage, benefits and contract employees of $84,729 to $858,301 related to addition of United States based corporate development representative and a corporate communications coordinator to assist in promotions and investor relations. During the reporting period the Company also incurred various restructuring charges and wage reviews.

- An increase in bad debts of $53,695 to $54,484 principally pertains to the write off a $44,028 related to an international project. The amounts were written off as part of a renegotiation of a Powerwave mature field revitalization project.

- Increases in repairs and maintenance of $52,604 to $218,952 principally pertaining to the repair of the infrastructure at the South Rodney oilfield. The repair is anticipated to be a non-recurring event.

- Increases of professional fees of $49,658 to $420,398 related to the Company under taking new transfer pricing policy, certain patent expenses, and acting as a complainant in various litigations to protect the Company's intellectual property.

- Increases of vehicle fees of $27,254 to $149,755 related to ongoing vehicle maintenance issues and the addition of United States based corporate development representative.

- Offsetting the above noted changes were decreases in stock option expenses of $338,735 to $32,334 as a result of prior incentive stock options being fully expensed.

ii) An increase in "amortization, depreciation, and depletion" expenses of $112,247 relates to an increased number of Powerwave tools that are subject to depreciation and the amortization of the Vortech acquired patents, new Neptune, and performance drill bit subs.

iii) An increase of $52,124 in "research and development" expenses to $240,798 related to continued development of Powerwave tools, and working with clients to prove the effects on production and estimated ultimate recovery. Research and development expenses also include work related to the Neptune, and performance drill bit subs, which the Company anticipates commercializing in the forthcoming quarters.

The focus on tool development will provide the Company with continued competitive advances, and expand the environments in which the tools can deliver the Powerwave process. A surface tool will potentially assist in Powerwave acceptance in mature field revitalization as, amongst other things: (a) the cost to install a Powerwave system will be greatly reduced; (b) clients have a predisposition to rent surface-based tools and capitalize downhole tools, (c) ease of serviceability; and, (d) observation of tool functionality.

The Company has also invested in research and development of a drill bit sub incorporating the Powerwave process. The resulting new tool is currently being piloted in the field.

The Company is confident that the investment in tool research and development will lead to future revenue growth.

iv) A decrease in selling and marketing expense of $533,579 to $584,029 from $1,117,608 in the comparative period primarily relates to reduced marketing, promotions and trade show expenses by $213,772; and travel, accommodation and meal expenses by $20,305 as the Company was more selective in its external expenditures as they relate to near term revenues.

Net Finance Section of Income

Interest income under IFRS is stated separately in the financing section of the interim condensed consolidated statement of loss and comprehensive loss under financing income. Interest earned for the reporting period decreased to $65,934 compared to $107,073 for the comparative period. The decrease of $41,139 relates to investment of lower principal balances as interest rates over the two periods were relatively stable.

Accretion expense totalling $633 (2012 - $1,671), foreign exchange loss totalling $21,657 (2012, a loss of $4,391) and interest expenses totalling $2,050 (2012 - $139) are reported as "financing costs".

Operating Cash Flows

The following table sets out the cash used in operations for the second quarter ended February 28, 2013, and February 29, 2012:

	Six month period ending February 28, 2012	Six month period ending February 29, 2012
Net loss and comprehensive loss	$ (2,367,138)	$ (2,223,533)
Items not affecting cash		
Amortization, depreciation, depletion and accretion	824,887	552,616
Share-based payment	32,334	371,069
(Gain) loss on disposal of property, plant and equipment	(8,501)	4,825
Impact of foreign translations	21,657	-
Funds from (used in) operations	(1,496,761)	(1,295,023)
Net change in non-cash working capital items	(761,610)	(330,513)
Cash used in operating activities	$ (2,258,371)	$ (1,625,536)

Net Loss and Loss Per Share

The basic and diluted net loss per share for the second quarter ended February 28, 2013 was $0.03 per share, compared to $0.03 per share in 2012.

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

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

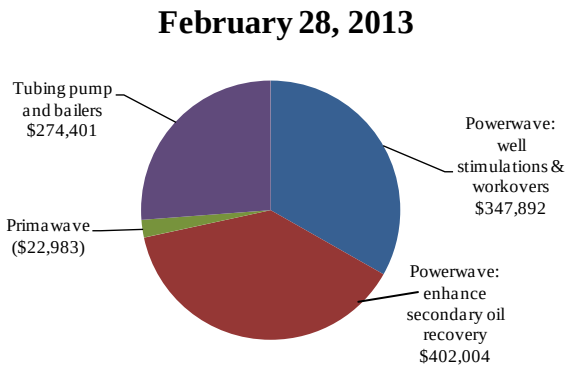
	Six month period ending February 28, 2013	Six month period ending February 29, 20122
Net loss	$ (2,367,138)	$ (2,223,533)
Add back		
Amortization, depreciation, depletion and accretion	824,887	552,616
Interest and tax expense	2,974	2,714
EBITDA	$ (1,539,277)	$ (1,668,203)
EBITDA loss per share	$ (0.019)	$ (0.020)

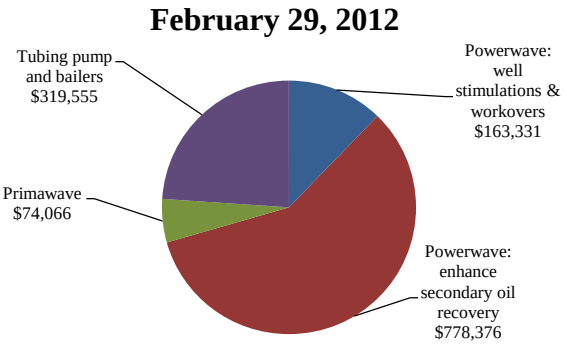
note 1: EBITDA is calculated by adding back all interest, tax, depreciation, amortization and depletion to net loss, and is further discussed in Non-IFRS Measures

Consolidated Results – three months ended February 28, 2013

Revenues

Revenues for the three months ended February 28, 2013 were $1,027,488, a decrease of $367,514 over the comparative period in 2012 that recognized revenues of $1,395,002. Core revenues totalled $726,913, a decrease of $288,860 over core revenues of $1,015,773 for the comparative period. The changes in product line mix can be characterized as follows:





Revenue attributed only to Powerwave product lines were $749,896, a decrease of $191,811 over revenues in the comparative period of $941,707. The Powerwave product line revenues include short-term projects involving well stimulations and long-term projects related to using Wavefront's technology to enhance oil recovery in mature field revitalization flooding applications.

For the three months ended February 28, 2013, the total revenue of long-term Powerwave projects related to mature field revitalization involving either waterflooding or CO2 flooding totalled $402,004 compared to $778,376 in the comparative period. The decrease in long-term Powerwave projects related to mature field revitalization seen in the Company's three market focus areas relate to the renegotiation of international contracts (i.e., involving the changing the contract term, numbers and types of tools involved, etc.); reduction of revenues due to expiring and changing contract terms; the focus of United States operators on replacing produced reserves through drilling unconventional resources; international withholding taxes; and macroeconomic conditions such as the heavy oil price differential in Canada. Moving forward the international contracts in Brazil and Colombia, worth approximately $1.9 million, and elsewhere will drive future long-term Powerwave mature field revitalization revenue streams.

For the three months ended February 28, 2013, Powerwave revenues related to well stimulations totalled $347,892, an increase of $184,561 compared to $163,331 in the comparative period. Further revenue growth is anticipated as the geographical client base and client experience with stimulation approaches are adopted.

For the three months ended February 28, 2013, Primawave revenues totalled $<22,983> for the reporting period compared to $74,066 from the comparative reporting period. During the reporting quarter the Company issued a credit of US $30,000 to a single client as a result of hurricane Sandy. The Company expects the US client to re-initiate the project in future quarters.

For the three months ended February 28, 2013, revenues from the tubing pumps and bailer product totalled $247,401, a decrease of $72,154 compared to $319,555 in the comparative period. Tubing pumps and bailer revenues are comprised of tool rental, delivery and refurbishment fees.

During the three months ended February 28, 2013, the Company also recognized production and operator revenues of $25,714 (2012 - $59,675). Production and operator revenues for the current period related solely to that of the Rodney South venture, whereas the comparative period includes production and operator revenues related to Rodney South and Rogers County ventures. In a prior reporting period the Company sold its interest in the Rogers County venture.

Geographically, $883,925 (2012 – $1,154,587) in revenue was generated in Canada, $185,650 (2012 - $154,174) from the United States, and $<42,087> (2012 - $86,241) internationally. The geographic revenues are more specifically described as follows:

Canada. Gross revenues in our Canadian operation decreased by $296,835 to $883,925 compared to $1,154,586 in comparative period.

Powerwave mature field revitalization applications revenues totalled $370,586 (2012 - $590,789); Powerwave stimulation revenues in Canada totalled $212,764 (2012 - $151,178); Primawave revenues totalled $nil (2012 - $52,412); tubing pump and bailer revenues totalled $274,401 (2012 - $319,555); and oil production revenue totalled $26,174 (2012 - $40,653).

United States. Gross revenues in our US operation decreased by $31,476 to $185,650 (2012 - $154,174). Powerwave mature field revitalization applications revenues totalled $89,807 (2012 - $101,346); Powerwave stimulation revenues totalled $123,126, an increase of $110,973 over comparative revenues of $12,153; Primawave revenues totalled $<27,283> (2012 - $21,654); and oil production revenue totalled $nil (2012 - $19,021).

International: Gross revenues outside our Canadian and US operation decreased by $128,328 to $<42,087> (2012 - $86,241). Powerwave mature field revitalization applications revenues totalled $<58,389> (2012 - $nil); Powerwave stimulation revenues in Canada totalled $12,002 (2012 - $nil); and Primawave revenues totalled $4,300 (2012 - $nil).

Direct Expenses

Under IFRS cost of sales includes direct labour, wage benefits and associated stock option benefits, consumable (i.e., inventory) parts, third party installation costs of Powerwave, Primawave, tubing pump and bailer product lines and oil and gas properties and, any associated loss or gain on sale and the write-down.

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

Gross Profit

Cost of sales remained relatively stable at $239,512 (or 23.3% of revenues) compared to $307,409 (or 22.0% of revenues) for the comparative reporting period.

The following table sets out the gross profit margins by product line for the three months ended February 28, 2013:

	Powerwave	Primawave	Tubing pumps & bailers	Oil & Gas Properties	Total
Revenues	$ 749,896	$ (22,983)	$ 274,401	$ 26,174	$ 1,027,488
Cost of sales	19,841	691	218,980	-	239,512
	$ 730,055	$ (23,674)	$ 55,421	$ 26,174	$ 787,976
Gross profit margin (note 1)	97.4%	-103.0%	20.2%	100.0%	76.7%

note 1: Gross profit margin is calculated by subtracting cost of sales 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 comparative period for the three months ended February 29, 2012:

	Powerwave	Primawave	Tubing pumps & bailers	Oil & Gas Properties	Total
Revenues	$ 941,707	$ 74,066	$ 319,555	$ 59,674	$ 1,395,002
Cost of sales	208,389	2,945	143,932	(47,857)	307,409
	$ 733,318	$ 71,121	$ 175,623	$ 107,531	$ 1,087,593
Gross profit margin (note 1)	77.9%	96.0%	55.0%	180.2%	78.0%

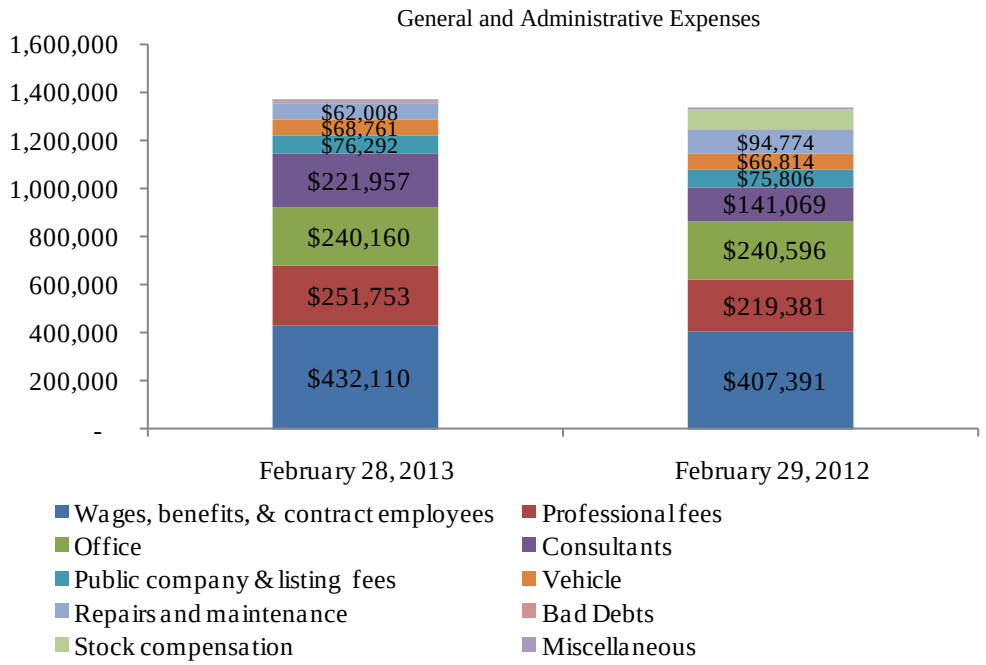
note 1: Gross profit margin is calculated by subtracting cost of sales from revenue and dividing the result by revenue, and is further discussed in Non-IFRS Measures

Despite the shifts in the product mix, the Company has continued to maintain the relative gross profit margins, which is indicative of Wavefront's value proposition and its ability to leverage our technology portfolio. Our goal is to continue to accelerating revenue growth while maintaining gross profit margins. The variation in costs of sales for Powerwave related to renegotiating and the fluidity of contract in international projects that are in the evaluation phase; where as the tubing pump and bailer reflect more service work versus rental costs.

Other Expenses

Other expenses for the three months ended February 28, 2013, amounted to $2,175,357, compared to $2,339,588 in 2012. The decrease in these expenses of $164,231 was principally a result of the following changes:

v) The following chart illustrates the general and administrative expenses (February 28, 2013: $1,369,456; February 29, 2012: $1,333,408):



General and administrative expenses were relatively stable and changes are described as follows:

- Increase in consulting fees of $80,888 to $221,957 related to engagement of engineers for new tool designs, strategic and marketing consulting, reservoir engineering, and health and safety consultants.

- Increases of professional fees of $32,372 to $251,753 related to the Company undertaking new transfer pricing policy, certain patent expenses, and acting as a complainant in various litigations to protect the Company's intellectual property.

- Increase wage and employee benefits of $24,719 to $432,110 related to the addition of a United States based corporate development representative and a corporate communications coordinator to assist in promotions and investor relations. During the reporting period the Company also incurred various restructuring charges and wage reviews.

- Increases in office expense of $130,067 to $269,986 related to increase rental rates in Edmonton, the addition of a new facility in Lloydminster, additions to safety equipment and employee development.

- Offsetting the above noted changes were decreases in:

  - stock option expenses of $78,082 to $7,108 as a result of prior incentive stock options being fully expensed

  - repairs and maintenance of $32,766 to $62,008, as prior reporting quarter involved certain repairs of the infrastructure at the South Rodney oilfield.

vi) An increase in "amortization, depreciation, and depletion" expenses of $85,462 relates to an increased number of Powerwave tools that are subject to depreciation and the amortization of the Vortech acquired patents.

vii) "Research and development" expenses were relatively stable, increasing by only $11,825. Research and development expenses reflect the continued development of Powerwave tools, and working with clients to prove the affects on production and estimated ultimate recovery. Research and development expenses also include work related to the Neptune, and performance drill bit subs, which the Company anticipates commercializing in the forthcoming quarters.

The focus on tool development is to provide the Company with continued competitive advances, and expand the environments in which the tools can deliver the Powerwave process. A surface tool is expected to increase potential Powerwave acceptance in mature field revitalization as, amongst other things: (a) the cost to install a Powerwave system will be greatly reduced; (b) clients have a predisposition to rent surface-based tools and capitalize downhole tools, (c) ease of serviceability; and, (d) observation of tool functionality.

The Company has also invested in research and development of a drill bit sub incorporating the Powerwave process. The resulting new tool is currently being piloted in the field.

The Company expects the investment in tool research and development will assist in future revenue growth.

viii) A decrease in selling and marketing expense of $297,566 from the prior year. During the reporting period the Company reduced marketing, promotions and trade show expenses by $147,089, however travel, accommodation and meal expenses increased by $39,476.

Net Finance Section of Income

Interest income under IFRS is stated separately in the financing section of the interim condensed consolidated statement of loss and comprehensive loss under financing income. Interest earned for the reporting period decreased to $29,986 compared to $47,660 for the comparative period. The decrease of $17,674 relates to investment of lower principal balances as interest rates over the two periods were relatively stable.

Accretion expense totalling $316 (2012 - $1,671), foreign exchange gain totalling $6,473 (2012, a loss of $4,391) and interest expenses totalling $306 (2012 - $139) are reported as a "financing costs".

Operating Cash Flows

The following table sets out the cash used in operations for the three months ended February 28, 2013, and February 29, 2012:

	Three month period ended February 28, 2012	Three month period ended February 29, 2012
Net loss and comprehensive loss	$ (1,394,732)	$ (1,232,371)
Items not affecting cash		
Amortization, depreciation, depletion and accretion	410,465	309,584
Share-based payment	9,873	186,858
Loss on disposal of property, plant and equipment	(8,501)	248
Impact of foreign translations	21,657	-
Funds from (used in) operations	(961,238)	(735,681)
Net change in non-cash working capital items	(162,954)	(237,291)
Cash used in operating activities	$ (1,124,192)	$ (972,972)

Net Loss and Loss Per Share

The basic and diluted net loss per share for the three months ended February 28, 2013 was $0.02 per share compared to $0.01 per share in 2012.

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

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

	Three month period ended February 28, 2013	Three month period ended February 29, 2012
Net loss	$ (1,364,460)	$ (1,232,371)
Add back		
Amortization, depreciation, depletion and accretion	410,465	309,584
Interest and tax expense	1,205	667
EBITDA	$ (952,790)	$ (922,120)
EBITDA loss per share	$ (0.011)	$ (0.011)

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

LIQUIDITY AND CAPITAL RESOURCES

Assets and Liabilities

Total assets decreased by $2,652,602 to $26,802,263 from the prior year end. Of the net decrease, $3,108,347 relates to decreases in cash, which is comprised of $1,496,761 in funds used in operations, $761,610 in changes in working capital and $849,976 in investments in Powerwave tools and related intangible assets.

The changes in accounts receivable reflect timing differences in incurring installation expenses and collecting receivables and are directly related to increased Powerwave contracts and our financial accounting policy of recognizing Powerwave revenues and direct costs equally over the term of the contracts.

Non-current assets included additions of $831,178 in property, plant and equipment, which relates to: $486,428 related to increases in Powerwave equipment; $50,658 related to the Neptune; $27,012 related to performance drill bit subs; and $91,550 related to vehicles, software and other items. In addition, $175,530 tubing pumps and bailers that were originally designated for sales, and thus, classified as a current asset, were transferred to property, plant and equipment as the specific assets were now being used as rental assets.

Non-current assets also included a decrease of $218,067 that primarily related to the amortization of intellectual property acquired from Vortech.

Liabilities

Total liabilities decreased by $349,853 from the prior year-end to $1,333,687 from $1,683,540. Accounts payable and accrued liabilities decreased by $350,486 to $1,295,997. Of the current liabilities, $620,740 relates to trade accounts payable, $510,866 relates to accruals related to the design, manufacturing of Powerwave tool inventory, sales and marketing liabilities and other corporate services, $91,326 to payroll vacation accrual, and $73,152 relates to unearned revenue.

Liquidity

The following table presents working capital information as at February 28, 2013 and August 31, 2012:

	As at February 28, 2013	As at August 31, 2012	Change
Current assets	14,962,571	17,673,667	(2,711,096)
Current liabilities	1,295,997	1,646,483	(350,486)
Working capital (note 1)	13,666,574	16,027,184	(2,360,610)

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

In a prior year, Wavefront issued a Letter of Credit for $260,000 as security for the Company's new Edmonton office and warehouse lease. The value of the Letter of Credit declines each year by $65,000 to year four (i.e., 2014) and is then terminated in year five (i.e., 2015). As security against the Letter of Credit, the Company pledged a

Guaranteed Investment Certificate as security. As at February 28, 2013 the balance Letter of Credit was $195,000. The balance of the Company's capital is not subject to any external restrictions.

Wavefront expects its working capital position will continue to fluctuate despite having a significant increase in the number of Powerwave contracts in-hand, as Wavefront cannot control or dictate the installation schedules or delivery of equipment. Our Company's cash flow break-even will also be affected by the product mixes between tubing pumps and bailers, Powerwave performance drilling (new product line); well stimulation; and, mature field revitalization as well as Primawave applications, which have been changing.

As our clients experience positive Powerwave results, the Company is confident that further uptake of the Company's technologies will result in future cash inflows, but the Company will be required to invest in additional Powerwave tool inventories.

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

Financings

During the second quarter ended February 28, 2013, and February 29, 2012, the Company did not undertake any financings. However, in the comparative period ended February 28, 2012, 101,666 incentive stock options were exercised at prices of $0.54 and $0.66 for gross proceeds of $54,000.

Capital Resources

In addition to the Contractual Commitments (noted below), and in accordance with Wavefront's strategic plan, cash resources will be required for the following:

- To continue to build an inventory of Powerwave and Primawave systems for deployment to external clients;
- To support the marketing efforts with, and to train all licensees on, the implementation of Powerwave and Primawave; and,
- To design and build additional Powerwave and Primawave systems to allow Wavefront to expand the applications of its technology.

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

During the second quarter ended February 28, 2013, the Company closed it lines of credit as they were not being used.

As at April 26, 2013, Wavefront had $11,920,325 cash on hand. Of the cash on hand, Wavefront had $10,800,765 in Term Deposits with TD Canada Trust, a Canadian chartered bank. The term of the investments range from 90 days or less, maturing on May 13 and 15, 2013, and July 8, 2013 with guaranteed interest rates between 1.05% and 1.20%. Credit risk on the term deposits investment is linked to the insurance coverage limits as prescribed by the Canadian Deposit Insurance Corporation and that of TD Canada Trust.

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	$ 2,680,309	$ 690,460	$ 785,842	$ 611,654	$ 592,353

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 10 year term expiring on January 31, 2021. The Company has the option for early termination of the office and warehouse lease after year five for a one-time payment of $100,000. The future commitment in base rental payments is $1,575,721 over the balance of the term.

In a prior year, the Company entered into a new sales office lease for Calgary, Alberta. The new facilities are to create a greater presence for our Company in Calgary. The office lease has a commencement date of June 15, 2011 and a five year term expiring on June 14, 2016. The balance of the future commitment in base rental payments is $152,047.

In the prior fiscal year, the Company entered into a new office and warehouse lease in Lloydminster, Alberta. The new facilities were required as our other facilities lease expired and to support our growing stimulation and workover business. The office lease had a commencement date of July 1, 2012 and a five year term expiring on June 30, 2017. The balance of the future commitment in base rental payments is $650,000.

The Company is of the opinion that its working capital position of $13,666,574 as at February 28, 2013 is sufficient to cover its current commitments and operations for the forthcoming fiscal year. It is also anticipated that internally generated cash from operations will continue to increase as our Company's core Technologies continue to be commercialized and inducements and incentives decrease. As such Wavefront does not, currently, foresee any need for equity or debt financing, although it may consider future financings based on expected need to finance Powerwave tools, working capital, or acquisitions. As our Company moves forward it will also consider debt financing of its Powerwave tools to better match the assets' life and revenue stream with the financing sources. Any such financing will be dependent on Wavefront's credit rating, quality of licensing contracts, etc.

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Expense transaction

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 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 12 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.

PROPOSED TRANSACTIONS

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

RISK AND UNCERTAINTIES

The Company's business risks are the same as disclosed in its annual MD&A issued for the year ended August 31, 2012.

ENVIRONMENTAL RISK

The Company's environmental risks are the same as disclosed in its annual MD&A issued for the year ended August 31, 2012.

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, 2012, except that during the reporting period ended February 28, 2013, and with the addition of performance drill bit subs and Neptune, the Company estimated useful lives as one year and assigned related depreciation method of those tools 100% declining balance.

CHANGES IN ACCOUNTING POLICIES

There have been no significant changes to recent accounting pronouncements issued and not yet adopted as disclosed in notes of the interim financial statements for the quarter ended February 28, 2013.

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, amounts due to shareholders, 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 and non-participation amounts due. 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.

SUMMARY OF QUARTERLY RESULTS AND LOSS PER SHARE

The following tables sets forth selected data derived from our consolidated 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 are related notes thereto.

	2nd Qtr Feb 28'13	1st Qtr Nov 30'12	4th Qtr Aug 31 '12	3rd Qtr May 31 '12
Revenue	$ 1,027,488	$ 1,529,585	$ 1,729,034	$ 1,396,410
Net Loss	$ (1,394,132)	$ (1,005,061)	$ (892,104)	$ (1,533,505)
Basic and diluted loss per share	$ (0.017)	$ (0.012)	$ (0.011)	$ (0.018)
Common shares outstanding				
Weighted average shares outstanding	82,956,240	82,956,240	82,926,495	82,916,508

	2nd Qtr Feb 28 '12	1st Qtr Nov 30'11	4th Qtr Aug 31 '11	3rd Qtr May 31 '11
Revenue	$ 1,395,002	$ 1,111,555	$ 1,100,286	$ 1,147,291
Net Loss	$ (1,232,371)	$ (991,160)	$ (1,223,069)	$ (929,407)
Basic and diluted loss per share	$ (0.015)	$ (0.012)	$ (0.015)	$ (0.011)
Common shares outstanding				
Weighted average shares outstanding	82,847,871	82,847,871	82,837,923	82,835,682

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

DESCRIPTION OF SHARE CAPITAL

As at February 28, 2013, Wavefront's share capital consisted of the following:

Common shares		
Authorized:		unlimited
Issued and outstanding:		
Free trading		82,956,240
Convertible into common shares		
Incentive stock options	2,585,000	
		2,585,000
Fully diluted share capital:		85,541,240

As at April 26, 2013, Wavefront's number of issued and outstanding shares are 82,956,240.

Market for Securities

The common shares of Wavefront Technology Solutions Inc. are listed on the TSX Venture Exchange under the symbol of WEE.

In a prior reporting period, the Company engaged Casimir Capital L.P. of New York, New York to act as the Company's Principal American Liaison, responsible for providing guidance on OTCQX requirements, in connection with the Company's additional listing on the International OTCQX. Wavefront's shares continue to trade and remain listed on the TSX Venture Exchange in Canada under the symbol WEE.

Options granted during the period

The Company maintains a Stock Option Plan under which it may grant options for up to 10,771,583 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 five years and vest in equal tranches at three (3) month intervals over a period of eighteen (18) months.

Date of Grant	Number of Shares	Optionee	Exercise Price	Expiry Date
November 13, 2012	75,000	Director	$ 0.41	November 13, 2017
February 22, 2013	310,000	Director	$ 0.38	February 22, 2018
February 22, 2013	365,000	Employee & Consultants	$ 0.38	February 22, 2018
	750,000			

Options outstanding

As at February 28, 2013

Date Granted	Expiry Date	Number of Incentive Stock Options	Exercise Price per Share $
June 27, 2008	June 27, 2013	55,000	2.90
March 4, 2008	March 4, 2013	200,000	2.05
July 14, 2010	July 14, 2015	105,000	1.45
September 14, 2010	September 14, 2015	545,000	0.97
March 14, 2011	March 14, 2016	75,000	0.94
December 20, 2011	December 20, 2016	175,000	0.73
September 4, 2009	September 4, 2014	245,000	0.72
September 28, 2011	September 28, 2016	55,000	0.66
July 8, 2009	July 8, 2014	30,000	0.59
January 5, 2009	January 5, 2014	450,000	0.54
November 13, 2012	November 13, 2016	75,000	0.41
February 22, 2013	February 22, 2018	675,000	0.38
		2,685,000	

Note that subsequent to the reporting period 365,000 incentive stock options expired, unexercised.

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 quarterly basis Form 52-109FV2, the "*Certificate of interim filings – venture issuer basic certificate*" (the "**Interim 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 Interim 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 Interim 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 Interim Form. The Interim 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 unaudited interim 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 unaudited interim 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 unaudited interim financial statements.

The Company's certifying officers of the Interim 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 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". Statements of this type are contained in this report, including the discussion of future conditions under the headings "Overview of Business", "Business Strategy", "Technology Adoption", "Performance Drilling", "well Stimulation", "Mature Field Revitalization", and "Powerwave Implications", and expectations and goals under the

heading "Outlook", as well as under the heading "Consolidated Results", "Revenues", and "Gross Profit", as well as under "Liquidity and Capital Resources" and Contractual Commitments". 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. In some cases, forward-looking statements can be identified by terminology such as ''may'', ''will'', "can", ''should'', ''expect'', ''plan'', ''anticipate'', ''believe'', ''estimate'', ''predict'', ''potential'', ''continue'' or the negative of these terms or other comparable terminology. 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. 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" section in this Management Discussion and Analysis. In determining Wavefront's forward-looking statements, Wavefront considers material factors including assumptions and expectations contained in: the "Technology Adoption" section, as well as 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. 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.

The forward-looking statements contained herein represent Wavefront's expectations at April 26, 2013, 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).