Wavefront Technology Solutions Inc.

Quarterly Report

For the

quarter ended

May 31, 2014

The following discussion and analysis of financial results should be read in conjunction with the interim financial statements and the accompanying notes for the quarter ended May 31, 2014 and is based on information available to July 28, 2014. 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 third quarter ended May 31, 2014 to May 31, 2013. 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 24). The financial information presented throughout the MD&A is consistent with the condensed consolidated interim financial statements.

Our unaudited condensed consolidated interim financial statements and related notes for the third quarter ended May 31, 2014, prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and using the accounting policies under International Financial Reporting Standards ("IFRS") for interim financial information. These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation for the year ended August 31, 2013, with the exception of the impact of certain amendments to accounting standards or new interpretations issued by the IASB, which were applicable from September 1, 2013, as described in the unaudited condensed consolidated interim financial statements for the period ended May 31, 2013.

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 condensed consolidated interim financial statements with management, and has reported to the Board of Directors thereon. On the recommendation of the Audit Committee, the Board of Directors has approved the condensed consolidated interim financial statements.

NON-IFRS MEASURES

The Company uses both IFRS and additional and non-IFRS measures to make strategic decisions and set targets and believes that these non-IFRS measures provide useful supplemental information to investors. "Working capital", "gross profit", "gross profit margin" , "cash from operations" and "EBITDA loss" are measures used by the Company that do not have a standard meaning prescribed by IFRS and may not be comparable to similar measures used by other companies.

- Working capital is calculated by subtracting current liabilities from current assets. Working capital is a non-IFRS measure with no comparable IFRS measure;

- Gross profit is calculated by deducting cost of sales which includes direct costs, such as direct materials, direct labour, travel related expenditures, sub-contractors, shipping, duties and taxes, from gross revenue. Gross profit margin is calculated by dividing the gross profit by gross revenue. Gross profit is a non-IFRS measure with no comparable IFRS measure;

- 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. Cash flow used in operating activities is a component of the IFRS consolidated statement of cash flows; and

- EBITDA is an acronym for earnings before interest, taxes, depreciation, and amortization. EBITDA loss is calculated by adding back all interest, tax, depreciation and amortization to net loss. EBITDA is a non-IFRS measure with the most comparable IFRS measure being net income (loss).

Non-IFRS measures are viewed as key information as the chief decision maker, being the President and Chief Executive Officer, regularly reviews such measures in making expense and capital investment decisions.

OVERVIEW OF BUSINESS

In the oil and gas sector Wavefront operates in a market where there is unparalleled focus on health and safety; quality of technology; and, service affordability. Central to all oil and gas companies throughout the globe is maximizing oil and gas productivity and reserves. As a technology provider offering fluid delivery processes to oil and gas producers Wavefront's principal offering is marketed as Powerwave[1]. Powerwave is a differentiated fluid injection process that is a widely effective method for maximizing reserves in mature field revitalization (enhanced oil recovery or "EOR") as well as increasing single well productivity through more effective well stimulation. Fundamental to Wavefront's business model is recurring revenue streams from technology licensing and tool rentals. In this regard Wavefront works to maximize gross profitability and target rapid return on investment on the tools and systems used in field operations.

For EOR, Wavefront's Powerwave enables more uniform distribution of the flooding fluid to efficiently mobilize bypassed oil trapped between injection wells and production wells. In North America there are 166,900 active wells used to inject water, polymers, surfactants, and combinations thereof[2]. These wells are heavily concentrated in Alberta, California, and Texas.

Improved well stimulation leading to increased post-stimulation production performance is achieved with Wavefront's Powerwave near wellbore cleaning and deep fluid penetration stimulation tools. All wells (producers, injection, or disposal) are possible candidates for well stimulation. In Wavefront's principal marketing regions in North America there are approximately 300,000[3] producing oil wells subject to stimulation as well as an additional approximate 187,000[4] gas wells within the three United States marketing focus regions.

[1] Powerwave is a registered Trademark of Wavefront Technology Solutions Inc.
[2] Ducker Worldwide NA LLC, January 2014
[3] Ducker Worldwide NA LLC, January 2014
[4] US Energy Information Administration, 2014

OUTLOOK

Our Company has gone through transformative change from a technology incubator to a highly focused technology service provider centered on near-term priorities, improving the client experience, and achieving financial sustainability. Wavefront is committed to ensuring our clients receive the best possible technology and service and that their experience while engaging the Company is optimal. Through this commitment Wavefront continues to shape a strong brand name for Powerwave gaining very positive results and customer satisfaction in many areas throughout the globe. With a narrowing product focus and strategic concentration on North America, Wavefront will continue to build its market presence in the Alberta, Texas, California, and Rocky Mountain regions. Alberta Energy's recently announced royalty program aimed at boosting oil production from enhanced oil recovery projects is expected to encourage producers to re-enter previously produced fields to draw out more of the original oil in place[5] and may enhance producer economics, and thus have a positive impact of Powerwave demand.

Internationally the Company is aligned with third-party marketing partners to drive local market penetration. Presently, Wavefront has marketing partners in Saudi Arabia, Oman, Colombia, Argentina, Brazil, Mexico, and Romania. The Company will continue to evaluate emerging or on-going financial, technology, and geopolitical risks in these markets and where necessary determine the most appropriate courses of action which may include a temporary or permanent withdraw from a territory.

Wavefront's overall objective is to grow revenue in all product lines, maintaining high gross profit margins, controlling expenses, and obtaining near-term profitability. To form the path towards greater market penetration, revenue growth, cost control, and profitability Wavefront will:

i) Remain committed to staying course on the focused marketing regions of the Alberta, Texas, California, and the Rocky Mountains;

ii) Effectively communicate to the user sector the economic benefits of Wavefront's technology and service offering;

iii) Drive value and affordability through innovation and service improvement to better the client experience; and,

iv) Evaluate and where beneficial to the Company embrace strategic alliances and marketing partnerships.

Although our Company expects to see revenue growth in all product lines overall results may, at least, in the near term be susceptible to quarter-over-quarter variability due to technology adaption rates, direct and indirect competition, periodic slowdowns due to weather, budgetary constraints, as well as client operating schedules. The risk of volatility in the commodity and financial markets may also influence the Company's on-going efforts to commercialize certain Powerwave applications.

[5] Enhanced Oil Recovery Plan Offers Royalty Relief, by Dan Healing, Calgary Herald, July 28, 2014

OVERALL RESULTS FROM OPERATIONS

Wavefront is structured as a technology service provider and operates with one reportable segment that covers all aspects of the Company's business.

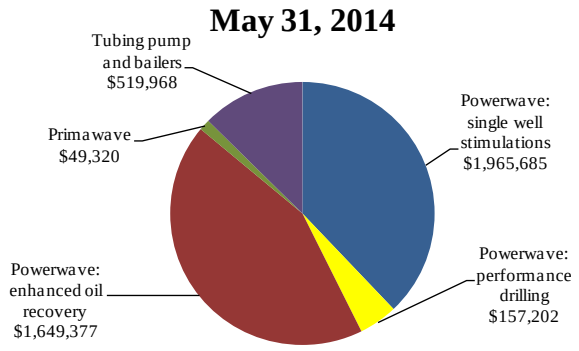
Wavefront considers the basis on which it is organized, including the economic characteristics (such as the nature of the products and services, types of customers, quantitative and qualitative thresholds, etc.) and geographic areas, in identifying its reportable segment. The operating segment(s) of the Company is defined as components of the Company for which separate financial information is available and is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. The chief operating decision maker of the Company is the President and Chief Executive Officer. The Company's products have similar underlying technology, class of customers and economic characteristics with multiple applications.

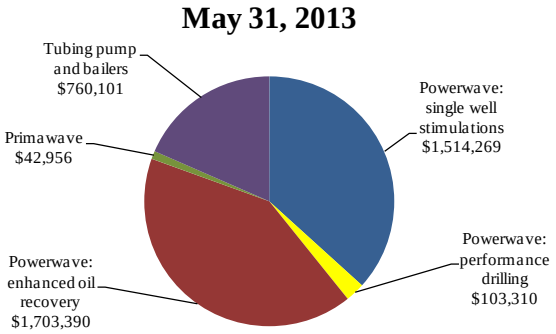
Within this MD&A, however, Wavefront provides additional product or application level information such as revenues by application and geography, and gross profit margins by application, which are within its one reportable segment. Management believes this additional information is useful supplemental information to investors with respect to the commercialization of the business as the underlying processes are the same across all products or applications, and in some cases, the same tool may be used in multiple applications.

Consolidated Results – nine months ended May 31, 2014

Revenues

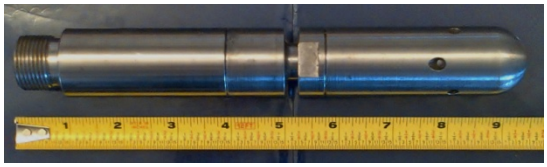
Revenues for the nine months ended May 31, 2014 were $4,392,744, an increase of $176,650 over the comparative period in 2013 that recognized revenues of $4,216,094. The changes in product line mix can be characterized as follows:





Revenue attributed only to Powerwave product lines were $3,772,264, an increase of $451,295 or 13.7% increase over revenues in the comparative period of $3,320,969. The Powerwave product line revenues can then be broken into short-term projects involving single well stimulations and long-term projects related to enhanced oil recovery flooding applications.

For the nine months ended May 31, 2014, the total revenue of long-term Powerwave projects totalled $1,649,377 compared to $1,703,390 in the comparative period. Of the $1,649,377 of revenue related to long-term Powerwave projects $763,484 was generated in Canada and $669,012 was generated in international projects.



For the nine months ended May 31, 2014, Powerwave revenues related to single well stimulations totalled $1,965,685, an increase of $451,416 or 29.8%, compared to $1,514,269 in the comparative period. The increase in Powerwave stimulation revenues is a result of increased recurring utilization by core customers.

For the nine months ended May 31, 2014, Powerwave performance drilling revenues totalled $157,202. Performance drilling tools were introduced in the third quarter of 2013 and remain in the product development and pre-commercialization stage.

For the nine months ended May 31, 2014, revenues from the tubing pump and bailer products totalled $519,968 compared to $760,101 in the comparative period. Tubing pump and bailer revenues comprise of tool rental, delivery and refurbishment fees. The Company expects to see continued variation in tubing pump and bailer revenues as more resources are designated to Powerwave projects.

For the nine months ended May 31, 2014, Primawave revenues totalled $49,320 for the reporting period compared to $42,956 from the comparative reporting period. Primawave revenues principally comprise of a short-term tool rental fee and Wavefront expects to see continued variation in Primawave revenue quarter over quarter as marketing efforts are highly focused on EOR and single well stimulations.

For the nine months ended May 31, 2014, the Company also recognized oil production of $51,192 (2013 - $92,068). See Oilfield Property, Plant and Equipment section below (page 18) for further discussion.

Geographically, $1,888,850 (2013 - $2,751,970) in revenue was generated in Canada, $1,645,767 (2013 - $1,040,708) from the United States, and $858,127 (2013 - $423,416) internationally. The Company's focus in Canada and the US is on Powerwave stimulation and EOR projects. Working with our marketing partners and internal sales personnel our Company's goal is to broadly expand the client base for well stimulation and EOR. Geographically revenues are more specifically described as follows:

Canada. Gross revenues in our Canadian operations decreased by $863,120 to $1,888,850 compared to $2,751,970 in comparative period. Powerwave mature field revitalization applications revenues totalled $763,484 (2013 - $1,129,266); Powerwave single well stimulation revenues in Canada totalled $536,973 (2013 - $768,651); Powerwave performance drilling revenues totalled $17,233 (2013 - $1,884); tubing pump and bailer revenues totalled $519,968 (2013 - $760,101); and oil production revenue totalled $51,192 (2013 - $92,068).

United States. Gross revenues in our US operation increased by $605,059 to $1,645,767 (2013 - $1,040,708). Powerwave mature field revitalization applications revenues totalled $216,881 (2013 - $277,155); Powerwave stimulation revenues totalled $1,252,264, an increase of $613,393 or 96.0% over comparative revenues of $638,871; Powerwave performance drilling revenues totalled $132,852 (2013 - $101,426); and Primawave revenues totalled $43,770 (2013 - $23,256).

International: Gross revenues outside our Canadian and US operations increased by $434,711 or 102.7% to $858,127 (2013 - $423,416). Powerwave mature field revitalization applications revenues totalled $831,198 (2013 - $296,969); Powerwave stimulation revenues internationally totalled $176,448 (2013 - $106,747); Powerwave performance drilling revenues totalled $7,117 (2013 - $nil); and Primawave revenues totalled $5,550 (2013 - $19,700). Given the interest of technology to bolster oil production in aging fields our Company will continue to aggressively market in the international community including Latin and South America, Brazil, 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.

Third quarter revenues were affected by the client timing for the installation of international Powerwave mature field revitalization projects, which include: an approximate US $1.25 million contract with Petrobras; an approximate US $353,500 contract with Pan American Energy; and an approximate US $1,337,700 contract with EcoPetrol. It is anticipated that commencement of these international Powerwave mature field revitalization projects worth US $2,941,200 in contracts will commence in late summer 2014.

Direct Expenses

Under IFRS cost of goods sold 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.

Costs of sales for the nine month period ended May 31, 2014 were $1,343,336 or 30.6% of revenues (May 31, 2013 - $894,038 or 21.2% of revenues).

The increase in costs of sales of $449,298 relates to increased costs associated with international projects and a prior period adoption of a field incentive and commission program designed at enhancing sales. Management believes that such variable pay has lead to increases in Powerwave revenues particularly in single well stimulations and in future international EOR revenue.

Gross Profit

The following table sets out the gross profit margins by product line for the nine months ended May 31, 2014:

	Powerwave	Primawave	Tubing pumps & bailers	Oil & Gas Properties	Total
Revenues	$ 3,720,527	$ 49,865	$ 519,968	$ 51,192	$ 4,392,744
Costs of sales	1,089,788	23,189	230,359	-	1,343,336
	$ 2,630,739	$ 26,676	$ 289,609	$ 51,192	$ 3,049,408
Gross profit margin (note 1)	70.7%	53.5%	55.7%	100.0%	69.4%

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

The following table sets out the gross profit margins by product line for the nine months ended May 31, 2013:

	Powerwave	Primawave	Tubing pumps & bailers	Oil & Gas Properties	Total
Revenues	$ 3,320,969	$ 42,956	$ 760,101	$ 92,068	$ 4,216,094
Costs of sales	435,052	14,170	444,816	-	894,038
	$ 2,885,917	$ 28,786	$ 315,285	$ 92,068	$ 3,322,056
Gross profit margin (note 1)	86.9%	67.0%	41.5%	100.0%	78.8%

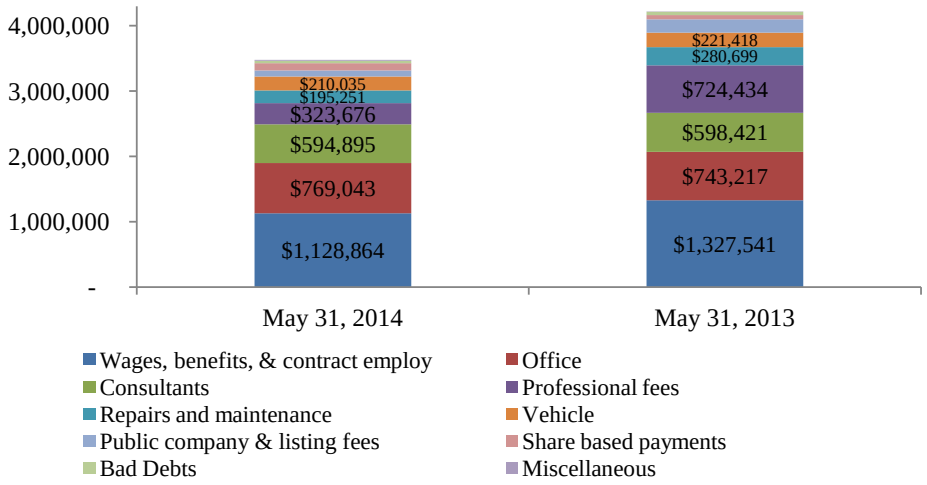
note 1: Gross profit margin is calculated by subtracting direct costs from revenue and dividing the result by revenue, and is further discussed in Non-IFRS Measures

The Company's goal is to continue accelerating revenue growth while maintaining strong gross profit margins.

Other Expenses

Other expenses, excluding impairment charges, for the nine months ended May 31, 2014, amounted to $6,011,198, compared to $6,747,585 in 2013. The decrease in these expenses of $736,387 was principally a result of the following:

i) The following chart illustrates the general and administrative expenses (May 31, 2014 - $3,478,694; May 31, 2013 - $4,216,730):



General and administrative expenses decreased by $738,036 and principally relate to a:

- Decrease in professional fees of $400,758 to $323,767 principally pertains to international tax, legal actions the Company took as a complainant over a third party's potential intellectual property infringement and the development of standard agent and international contracts work that was undertaken in the comparative reporting period.

- Decrease of wage and benefit expenses of $189,677 to $1,128,864 principally pertains to the amount of direct labour being allocated to revenue generating projects (i.e., cost of sales), other functional expenses (i.e., research and development) or to building tools.

- Decrease in repairs and maintenance of $85,448 to $195,251 principally pertains to the repair of the infrastructure at the South Rodney oilfield in the prior period and a reduction in general shop supplies in favour of acquiring supplies directly related to revenue projects.

- Offsetting the above noted decreases were increases in the following:

  - Share based payment expense increased by $45,758 to $111,167, which principally pertains to incentive stock issuances on February 21, 2014.

  - Office expense by $25,826 to $769,043, which principally pertains to the increase in insurance fees due to international work, office supplies, and facility and safety equipment expenses as a result of increase staffing in various locations.

ii) A decrease of $192,240 to $129,178 in research and development principally related to larger projects coming to a close as the Company focuses on generating near term revenue initiatives. During the prior quarter period, the Company received a Scientific, Research & Experimental Development cash refund of $61,740 that is recorded as a credit against the expense incurred.

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. It is believed that the Company's investment in tool research and development will assist in future revenue growth.

iii) A decrease of $200,616 to $1,134,063 in selling and marketing expenses primarily related to reduced international travel as our marketing partners are assuming greater responsibility for building out the market in their specific territories.

iv) Amortization, depreciation and depletion remained relatively flat, increasing $6,727 to $1,269,263 from the comparative period.

Impairment

During the third quarter the Company undertook impairment testing of its goodwill and the associated assets of the Tubing Pump and Bailers cash generating unit ("CGU") to which the Company's goodwill is solely attributed. As at May 31, 2014, the Company's market capitalization was below the carrying value of its net assets, which represents a potential impairment indicator. More over the impairment testing was required as Tubing Pump and Bailers CGU's performance was weaker than expected as a result of the higher heavy oil price differential in prior periods, which impacted drilling[6] and thus affected the Tubing Pump and Bailers CGU. Historically the Canadian heavy crude, Western Canadian Select ("WCS"), traded US$16.64/bbl below West Texas Intermediate ("WTI") from 2007 to 2010[7]; however, in fiscal 2013 this differential was $25.20[8], which led to poorer financial results than anticipated for fiscal 2014 and required Management to undertake impairment testing. Goodwill impairment testing has historically been done at the conclusion of the firth quarter.

[6] TD Economics, Drilling Down on Crude Oil Price Differentials, March 14, 2013 page 3
[7] Government of Canada, National Energy Board, Canada's Energy Future 2013 - Energy Supply and Demand Projections to 2035 - An Energy Market Assessment
[8] Baytext Energy, Benchmark Heavy Oil Prices, Historical WCS Pricing 2014, http://www.baytexenergy.com/operations/marketing/benchmark-heavy-oil-prices.cfm

For the purposes of the goodwill impairment analysis, Management forecasted revenues and expenses for five years attributed only to the Tubing Pump and Bailers CGU. The forecasts were derived by the Tubing Pump and Bailers CGU's manager and sales team, projecting unit sales in the currently served geographic areas based on known trends, rates, and client demand and commitments. Revenues forecasts include a return to historical averages over the next three years, and then have modest increases in unit sales and some inflationary pricing until the markets served reach a point whereby Management feels it would not obtain additional market share. Management also projected expenses base corporate historical actual trial balance line items and adjusts each line item for expectations, then allocates corporate expenses based on a percentage of overall revenues.

The impairment testing also included a blended discount pre-tax rate of 18.5% given the CGU's characterization of risk. Cash flows beyond the five year period were extrapolated using a 0.9% terminal growth rate equal to the Government of Canada Consumer Price Index for May 31, 2014. The impairment testing is sensitive to Managements estimates, judgements and assumptions, such assumptions about the matters underlying the projected unit sales, rentals and expenses, as described above, as well as the pre-tax rate and terminal growth rate. Management believes that the methodology that Management uses provides Wavefront with a reasonable basis for determining whether the impairment charge should be taken. Many of the factors used in determining whether or not goodwill is impaired are outside of management's control and involve inherent uncertainty. Therefore, actual results could differ from those estimated.

Based on the results of Management's impairment testing and the key estimates noted above, the Company recorded a non-cash impairment loss of $1,338,584, which is included as a line item of the condensed consolidated interim statements of net loss and comprehensive loss. Since the resulting impairment loss from the recoverable amount of the CGU to the carrying amount exceeded the goodwill allocated to the CGU, the Company is required to allocate the additional impairment to certain other assets of the CGU. As the goodwill had a carrying value of $1,222,217, the Company applied the additional impairment amounts to the Tubing Pump and Bailers CGU's property, plant and equipment in the amount of $116,367.

The non-cash impairment charge does not have an impact on the Company's cash flows from operating activities and, if WTI - WCS differentials[9] return to prior levels will not have an impact on the Tubing Pump and Bailers CGU's future operations. The Company assessed additional impairment indicators for the Powerwave, Performance Drilling, and Primawave CGUs and concluded no additional impairment indicators were present at May 31, 2014, and as such, the determination of the recoverable amount for the Powerwave, Primawave and Performance Drilling CGUs was not required.

Net Finance Section of Income

Finance income and costs under IFRS is stated separately in the financing section of the condensed consolidated interim statement of net loss and comprehensive loss under financing income. Finance income includes both interest income and foreign exchange gains. Finance income for the reporting period increased to $96,677 compared to $98,029 for the comparative period. Interest earned for the reporting period decreased to $70,091 compared to $95,109 due to lower principal balances as interest rates remained constant. Offsetting the decreased interest earned is an increase in foreign exchange gains of $23,666 to $26,586 as a result of the weakening of CDN dollar to USD dollar.

[9] Bloomberg and USB Estimates for calendar 2016 a differential of US$16.50/bbl and US$15.50/bbl for 2018

Finance costs include accretion and interest expense, and foreign exchange losses. For the reporting period accretion expense totalled $nil (2013 - $960), and interest expenses totalled $1,601 (2013 - $5,042).

Operating Cash Flows

The following table sets out the cash used in operations for the nine months ended May 31, 2014 and 2013:

	May 31, 2014	May 31, 2013
Net loss	$ (4,205,298)	$ (3,333,501)
Items not affecting cash		
Impairment	1,338,584	-
Amortization and depreciation	1,269,263	1,276,950
Share-based payment	151,994	75,093
Interest expense	1,601	6,890
Gain on disposal of property, plant and equipment	(10,069)	(17,857)
Funds from (used in) operations	(1,453,925)	(1,992,425)
Interest paid	(1,601)	(6,890)
Net change in non-cash working capital items	(469,628)	(670,337)
Cash used in operating activities	$ (1,925,154)	$ (2,669,652)

Management believes that over time, the funds used in operations should decrease as revenue grows and as it focuses expenditures on nearer term revenues. Wavefront will continue to strive to working towards sustainability while trying to accelerate revenue growth, which means that Wavefront does not expect to be cash flow positive in the near term.

Net Loss and Comprehensive Loss, and Loss Per Share

The basic and diluted net loss before the non-cash impairment loss for the nine months ended May 31, 2014 was $2,866,714 ($0.035 per share), a decrease of $466,787 from the comparative period of $3,333,501 ($0.04 per share). The basic and diluted net loss, including the non-cash impairment loss, for the nine months ended May 31, 2014 increased by $871,797 to $4,205,298 ($0.05 per share), compared to $3,333,501 ($0.04 per share) in 2013.

The basic and diluted comprehensive loss for the nine months ended May 31, 2014 increased by $868,507 to $4,158,487 compared to $3,289,980 in 2013.

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

The following table sets out the Company's EBITDA loss and EBITDA loss per share for the nine months ended May 31, 2014 and 2013:

	May 31, 2014	May 31, 2013
Net loss	$ (4,205,298)	$ (3,333,501)
Items not affecting cash		
Amortization, depreciation and accretion	1,269,263	1,276,950
Interest and tax expense	13,465	8,737
EBITDA loss	$ (2,922,570)	$ (2,047,814)
EBITDA loss per share	$ (0.035)	$ (0.025)

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

The following table sets out the Company's EBITDA loss before the non-cash impairment loss and EBITDA loss, before the impairment loss, per share for the nine months ended May 31, 2014 and 2013:

	May 31, 2014	May 31, 2013
Net loss	$ (2,866,714)	$ (3,333,501)
Items not affecting cash		
Amortization, depreciation and accretion	1,269,263	1,276,950
Interest and tax expense	13,465	8,737
EBITDA loss	$ (1,583,986)	$ (2,047,814)
EBITDA loss per share	$ (0.0191)	$ (0.0247)

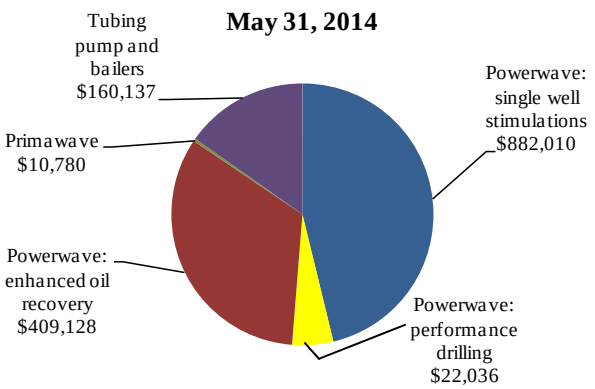
note 1: EBITDA loss is calculated by adding back all interest, tax, depreciation and amortization to net loss, and is further discussed in Non-IFRS Measures

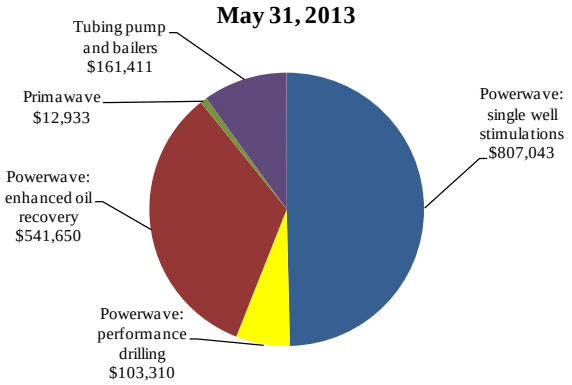
Despite increasing nine month revenues by $176,650, the Company was able to decrease net losses, prior to the impairment loss, by $463,828 or 22.6% as a result of also focusing on expenditures related to near term revenues.

Consolidated Results – three months ended May 31, 2014

Revenues

Revenues for the three months ended May 31, 2014 were $1,499,056, a decrease of $159,965 over the comparative period in 2013 that recognized revenues of $1,659,021. The breakdown in product line revenue is as follows:





Revenue attributed only to Powerwave product lines were $1,313,174 decreased by $138,829 over revenues in the comparative period of $1,452,003. Powerwave product line revenues can be further subdivided into short-term projects involving single well stimulations; long-term projects related EOR; and, performance drilling.

For the three months ended May 31, 2014, the total revenue of long-term Powerwave EOR projects totalled $409,128 compared to $541,650 in the comparative period. Of the $409,128 in Powerwave EOR revenues, $260,984 was related to Canadian projects and $102,012 related to US projects.

For the three months ended May 31, 2014, Powerwave revenues related to single well stimulations totalled $882,010, an increase of $74,967 compared to $807,043 in the comparative period.

For the three months ended May 31, 2014, Powerwave performance drilling revenues totalled $22,036. Powerwave Performance Drilling was introduced in the third quarter of 2013 and is still in the product development and pre-commercialization stage.

For the three months ended May 31, 2014, revenues from the tubing pump and bailer products totalled $160,137 compared to $161,411 in the comparative period. Tubing pump and bailer revenues comprise of tool rental, delivery and refurbishment fees. The Company expects to see continued variation in tubing pump and bailer revenues as more resources are designated to increasing market penetration for Powerwave EOR and single well stimulations.

For the three months ended May 31, 2014, Primawave revenues totalled $10,780 for the reporting period. Primawave revenues principally comprise of a short-term tool rental fee and Wavefront expects to see continued variation in Primawave revenue quarter over quarter as marketing efforts are highly focused on EOR and well stimulation.

For the three months ended May 31, 2014, the Company also recognized production and operator revenues of $14,965 (2013 - $32,674). See Oilfield Property, Plant and Equipment section below (page 17) for further discussion.

Geographically, $673,472 (2013 - $927,713) in revenue was generated in Canada, $713,998 (2013 - $540,559) from the United States, and $111,586 (2013 - $190,749) internationally. The geographic revenues are more specifically described as follows:

Canada. Gross revenues in our Canadian operation decreased by $254,241 to $673,472 compared to $927,713 in comparative period. Powerwave mature field revitalization applications revenues totalled $260,984 (2013 - $383,014); Powerwave single well stimulation revenues in Canada totalled $237,330 (2013 - $348,730); Powerwave performance drilling revenues totalled $56 (2013 - $1,884); tubing pump and bailer revenues totalled $160,137 (2013 - $161,411); and oil production revenue totalled $14,965 (2012 - $25,937).

United States. Gross revenues in our US operation increased by $173,439 to $713,998 (2013 - $540,559). Powerwave mature field revitalization applications revenues totalled $102,012 (2013 - $74,682); Powerwave single well stimulation revenues totalled $581,726, an increase of $217,996 or 60.0% over comparative revenues of $363,730; Powerwave performance drilling revenues totalled $21,980 (2013 - $101,426); and Primawave revenues totalled $8,280 (2013 - $883).

International: Gross revenues outside our Canadian and US operation totalled $111,586 (2013 - $190,749). Powerwave mature field revitalization applications revenues totalled $46,132 (2013 - $83,954) Powerwave single well stimulation revenues internationally totalled $62,954 (2013 - $94,745); and Primawave revenues totalled $2,500 (2013 - $12,050).

Third quarter revenues were affected by the client timing for the installation of international Powerwave mature field revitalization projects that approximate US $2,941,200, which the Company anticipates will commence in late summer 2014.

Direct Expenses

Under IFRS, cost of goods sold 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.

Costs of sales for the three month period ended May 31, 2014 were $460,074 or 30.7% of revenues (May 31, 2013 - $298,162 or 18.0% of revenues).

The increase in costs of sales of $161,912 relates to a prior period adoption of a field incentive and commission program designed at enhancing sales. Management believes that such variable pay has lead to increases in Powerwave revenues particularly in single well stimulations and in future international EOR revenue.

Gross Profit

The following table sets out the gross profit margins by product line for the three months ended May 31, 2014:

	Powerwave	Primawave	Tubing pumps & bailers	Oil & Gas Properties	Total
Revenues	$ 1,313,174	$ 10,780	$ 160,137	$ 14,965	$ 1,499,056
Costs of sales	367,409	4,488	88,177	-	460,074
	$ 945,765	$ 6,292	$ 71,960	$ 14,965	$ 1,038,982
Gross profit margin (note 1)	72.0%	58.4%	44.9%	100.0%	69.3%

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

The following table sets out the gross profit margins by product line for the three months ended May 31, 2013:

	Powerwave	Primawave	Tubing pumps & bailers	Oil & Gas Properties	Total
Revenues	$ 1,452,003	$ 12,933	$ 161,411	$ 32,674	$ 1,659,021
Costs of sales	229,574	8,519	60,069	-	298,162
	$ 1,222,429	$ 4,414	$ 101,342	$ 32,674	$ 1,360,859
Gross profit margin (note 1)	84.2%	-34.1%	62.8%	100.0%	82.0%

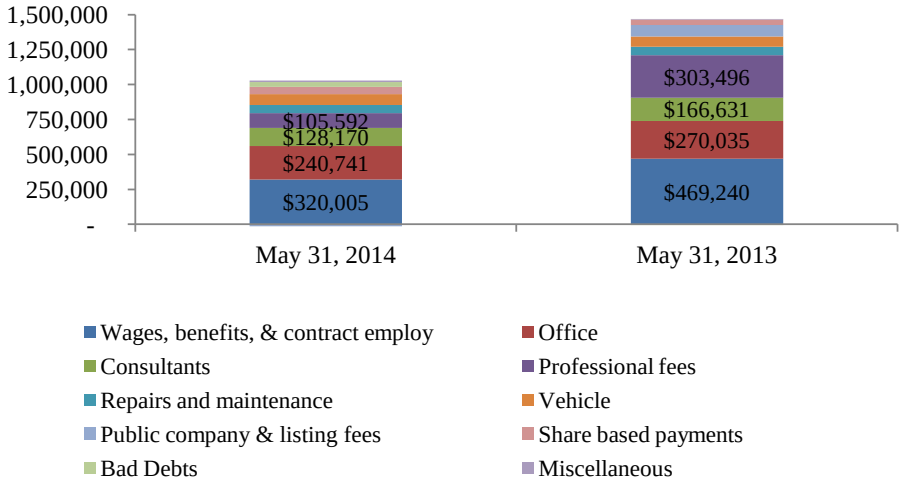
note 1: Gross profit margin is calculated by subtracting direct costs from revenue and dividing the result by revenue, and is further discussed in Non-IFRS Measures

The Company's goal is to continue to accelerate revenue growth while maintaining healthy gross profit margins.

Other Expenses

Other expenses, excluding impairment charges, for the three months ended May 31, 2014, amounted to $1,989,553, compared to $2,343,399 in 2013. The decrease in these expenses of $353,846 was principally a result of the following changes:

i) The following chart illustrates the general and administrative expenses (May 31, 2014 - $1,013,582; May 31, 2013 - $1,461,598):



General and administrative expenses decreased by $448,007 and principally relate to the following:

- Decrease in professional fees of $197,904 to $105,592 principally pertains to international tax and legal actions the Company took as a complainant over a third party's potential intellectual property infringement and the development of standard agent and international contracts work that was undertaken in the comparative reporting period.

- Decrease of wage and benefit expenses of $149,235 to $320,005 principally pertains to the amount of direct labour being allocated to revenue generating projects (i.e., cost of sales), other functional expenses (i.e., research and development) or to building tools.

- Decrease in public company and listing fees of $97,964 to <$14,385> principally pertains to expense credits applied as a result of re-assessment of year public filing and annual general meeting accruals, which were based on fiscal 2013 historicals.

- Decreases in consultant expenses by $38,461 to $128,170, which principally pertains to not using external consultants for strategic and marketing initiatives and focusing any such use in areas that will create near term revenues and profits.

- Decreases in office expenses by $29,294 to $240,741, which principally pertains to decreases in safety equipment and expenses, employee professional development, cellular phones, utilities, etc. as the Company focuses on operational efficiency.

- Offsetting the above noted decreases were increases in:

  - Bad debt expense increase of $34,294 and which principally pertains to an allowance due to the collectability on a lost performance drilling tool charge to one client.

  - Share based payment expenses of $12,760 to $51,710, which principally pertains to incentive stock option issuances on February 21, 2014, and the relative allocations to general and administrative expenses.

- A decrease of $16,818 in research and development expenses principally related to larger projects coming to a close as the Company focuses on generating near term revenue initiatives. It is believed that the Company's investment in tool research and development will assist in future revenue growth.

ii) Offsetting the above decreases was an increase in selling and marketing expense of $129,511 from the comparative period. The expense increase relates to sales personnel marketing expenses associated with having hired additional employees in Texas, California and Alberta. The management of selling and marketing expenses is in an effort to ensure that these expenses relate to more near term revenues.

Impairment

Included as a line item of the condensed consolidated interim statements of net loss and comprehensive loss is a non-cash impairment loss of $1,338,584 noted above. The goodwill had a carrying value of $1,222,217, since the non-cash impairment loss exceeded the carrying amount of goodwill by $116,367, the Company was also required to record an non-cash impairment losses allocated to property, plant and equipment in the same CGU in the amount of $116,367.

The non-cash impairment charge does not have an impact on the Company's cash flows from operating activities and, if WTI - WCS differentials[10] return to prior levels will not have an impact on the Tubing Pump and Bailers CGU's future operations. The Company assessed additional impairment indicators for the Powerwave, Performance Drilling, and Primawave CGUs and concluded no additional impairment indicators were present at May 31, 2014, and as such, the

[10] Bloomberg and USB Estimates for calendar 2016 a differential of US$16.50/bbl and US$15.50/bbl for 2018

determination of the recoverable amount for the Powerwave, Primawave and Performance Drilling CGUs was not required.

Net Finance Section of Income

Finance income for the reporting period decreased by $5,934 to $13,560. Interest earned for the reporting period decreased $7,664 to $21,511 due to low principal balances as interest rates remained constant. Offsetting the decreased interest earned were foreign exchange gains of $7,951 (2013 - $9,681) as a result of the weakening of CDN dollar to USD dollar.

For the reporting period accretion expense totalled $nil (2013 - $325), and interest expenses totalled $647 (2013 - $4,685).

Operating Cash Flows

The following table sets out the cash used in operations for the three months ended May 31, 2014 and 2013:

	May 31, 2014	May 31, 2013
Net loss	$ (2,276,241)	$ (968,056)
Items not affecting cash		
Impairment	1,338,584	-
Amortization, depreciation and accretion	433,239	452,063
Share-based payment	60,325	42,759
Interest expense	648	4,811
Gain on disposal of property, plant and equipment	-	(9,356)
Funds from (used in) operations	(443,445)	(477,779)
Interest paid	(648)	(4,811)
Net change in non-cash working capital items	(142,972)	71,309
Cash used in operating activities	$ (587,065)	$ (411,281)

Funds used in operations for the three months ended May 31, 2014 increased by $57,554 to $587,066 from the funds used in operations for prior quarter, i.e., the three months ended February 28, 2014, of $529,512. Management believes that over time, the funds used in operations should decrease as revenue grows and as it focuses expenditures on nearer term revenues. Wavefront is strongly committed to achieving sustainability while trying to accelerate revenue growth. While Wavefront works towards sustainability it may delay the Company becoming cash flow positive in the near term.

Net Loss and Comprehensive Loss, and Loss Per Share

The basic and diluted net loss before the non-cash impairment loss for the three months ended May 31, 2014 was $937,657 ($0.011 per share), a decrease of $30,399 from the comparative period of $968,056 ($0.012 per share). The basic and diluted net loss for the three months ended May 31, 2014 increased by $1,308,186 to $2,246,241 ($0.027 per share), compared to $968,056 ($0.012 per share) in 2013.

The basic and diluted net loss and compressive loss for the third quarter ended May 31, 2014 increased by $1,346,320 to $2,302,909 compared to $956,590 in 2013.

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

The following table sets out the Company's EBITDA loss and EBITDA loss per share for the three months ended May 31, 2014 and 2013:

	May 31, 2014	May 31, 2013
Net loss	$ (2,276,241)	$ (968,056)
Items not affecting cash		
Amortization, depreciation and accretion	433,239	452,063
Interest and tax expense	6,277	289
EBITDA loss	$ (1,836,725)	$ (515,704)
EBITDA loss per share	$ (0.022)	$ (0.006)

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

The following table sets out the Company's EBITDA loss before the non-cash impairment loss and EBITDA loss, before the impairment loss, per share for the three months ended May 31, 2014 and 2013:

	May 31, 2014	May 31, 2013
Net loss	$ (937,657)	$ (968,056)
Items not affecting cash		
Amortization, depreciation and accretion	433,239	452,063
Interest and tax expense	6,277	289
EBITDA loss	$ (498,141)	$ (515,704)
EBITDA loss per share	$ (0.0060)	$ (0.0062)

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

LIQUIDITY AND CAPITAL RESOURCES

Assets and Liabilities

Total current assets decreased by $1,927,205 to $11,824,408 from the prior year end. Of the net decrease, $2,341,665 relates to a reduction of cash resource, of which $1,925,154 was used to fund operations, $347,456 was used for the acquisition of additional Powerwave tools and equipment, $84,351 relates to the acquisition of intellectual property licences and patents, less proceeds on disposition of property, plant and equipment of $15,296.

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 a decrease of $649,796 in property, plant and equipment to $4,807,179, which is comprised of: $881,413 relating to depreciation, $347,456 relating to purchases, $116,367 relates to impairments, $5,754 relating to the impact of foreign translation, and $5,227 relates to a gain on disposals. Non-current assets also included a decrease of $301,648 in intangible assets to $3,645,930, which is comprised of: $387,850 relating to amortization, $84,351 relating to purchases and $1,850 relating to the impact of foreign translation. In addition, the Company recorded $1,222,217 goodwill non-cash impairment loss, fully impairing the goodwill.

Oilfield Property, Plant and Equipment

The initial acquisitions of oilfield leases were to allow the collection of and auditing of Powerwave data, and to showcase our Company's technologies and test new tool designs. As Wavefront's clients gained their own experience as to the effectiveness of Powerwave, collect their own Powerwave data and results and there is a greater commercialization of the Powerwave technology across the market, the strategic importance of Wavefront's oilfield assets diminished. It is believed that the data however, originally obtained from our Company's various oilfield leases and related assets led directly to earlier market adoption, and subsequent expansion, of Powerwave's commercialization.

Rodney South Oilfield

The Company's oilfield production operation consists only of its working interest in the South Rodney oilfield assets. The Company's board of directors approved the disposition of the South Rodney related assets and liabilities at August 31, 2013. As at August 31, 2013, the Company classified the South Rodney oilfield assets of $702,426 and the decommissioning obligation of $38,345, as held for sale, and wrote them down to their fair value from disposition estimated at $nil. On April 17, 2014, the Company closed the sale of the South Rodney related assets and liabilities for total consideration of $1.

Liabilities

Total liabilities, consisting of accounts payable and accrued liabilities, decreased by $119,971 to $1,161,401 from the prior year-end. Of the current liabilities, $392,091 relates to accounts and trade accounts payable, and $607,109 relates to accruals related to the design and manufacturing of Powerwave tool inventory, sales and marketing liabilities and other various corporate services.

Liquidity

The following table presents working capital information as at May 31, 2014 and August 31, 2013:

	As at May 31, 2014	As at August 31, 2013	Change
Current assets	11,824,408	13,751,613	(1,927,205)
Current liabilities	1,161,401	1,281,372	(119,971)
Working capital[note 1)]	10,663,007	12,470,241	(1,807,234)

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

Wavefront continues to monitor its cash reserves and working capital to ensure its sustainability. If Management reorganized the Company with the primary objective of being cash flow positive, it could potentially do so but at the risk of future revenue growth. Management will continue to try to balance Wavefront's sustainability with future revenue growth objectives.

Wavefront believes that its working capital position will continue to fluctuate and our Company's cash flow break-even will also be affected by the entire product mix of the Company which has changed with the Company's strategic realignment in marketing focus.

It is further believed that, as our clients experience positive Powerwave results, 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.

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 then is terminated in year five (i.e., 2015). As security against the Letter of Credit, the Company pledged a Guaranteed Investment Certificate as security, and thus, is restricted. As at May 31, 2014 the balance of the Letter of Credit was $130,000. The balance of the Company's capital is not subject to any external restrictions.
The Company did not default nor was it in arrears on any operating lease payments.

Financings

During the reporting periods the Company undertook no financings.

Capital Resources

Currently, and 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 tool systems for all product lines for deployment to external clients;
- To support the marketing efforts with, and to train all licensees on, the implementation of our Company's core technologies; and,
- To design and build additional tool systems to allow Wavefront to expand the applications of its core technologies.

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

As of July 28, 2014, there are no amounts owed in respect of the lines of credit and Wavefront had $9,066,434 of cash on hand. Of the cash on hand, Wavefront has $7,686,126 in Term Deposits on deposit with TD Canada Trust, a Canadian chartered bank. The investments in Term Deposits range from ninety days or less, maturing on August 18 and 28, 2014, with a guaranteed interest rate of 1.05%. 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	$ 1,997,948	$ 414,668	$ 784,880	$ 438,772	$ 359,627

In a prior year, the Company entered into a new office and warehouse space for its Edmonton, Alberta facilities. The office and warehouse lease had a commencement date of February 1, 2011 and a ten (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 (5) for a one-time payment of $100,000. The future commitment in base rental payments is $1,409,238 over the balance of the term.

As well, in the previous 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 growth for single well stimulations. The office lease has a commencement date of July 1, 2012 and a five (5) year term expiring on June 30, 2017. The balance of the future commitment in base rental payments is $485,625.

In addition, the Company maintains sales office lease for Calgary, Alberta to create a greater presence for our Company in Calgary. The office lease has a commencement date of June 15, 2011 and a five (5) year term expiring on June 14, 2016. The balance of the future commitment in base rental payments is $94,308.

The Company is of the opinion that its working capital position of $10,663,007 as at May 31, 2014 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 Company entered into a consulting agreement with a director of the Company to provide certain services for a monthly fee of US $5,000 per month. During the three and nine month periods ended May 31, 2014, the company recorded $16,404 (May 31, 2013 - $15,138) and $49,212 (May 31, 2013 - $45,415), respectively, in consulting expense, with $nil (August 31, 2013 - $nil) included in accounts payable.

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, 2013.

ENVIRONMENTAL RISK

The Company's environmental risks are the same as disclosed in its annual MD&A issued for the year ended August 31, 2013.

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, 2013.

CHANGES IN ACCOUNTING POLICIES

The changes in accounting policies are disclosed in Note 2, "*Statement of Compliance*", of the Unaudited Condensed Consolidated Interim Financial Statements for the period ended May 31, 2014.

FINANCIAL AND OTHER INSTRUMENTS

Wavefront's significant financial and other instruments consist of accounts receivable, accounts payable and accrued liabilities and interest bearing obligations such as its operating line, and other amounts that will result in future cash outlays.

Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. Wavefront's financial instruments that are exposed to concentrations of credit risk consist primarily of accounts receivable 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.

SUPPLEMENTARY INFORMATION

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.

	3rd Qtr May 31'14	2nd Qtr Feb 28'14	1st Qtr Nov 30'13	4th Qtr Aug 31 '13
Revenue	$ 1,499,056	$ 1,247,048	$ 1,646,640	$ 1,693,856
Net loss	$ (2,276,241)	$ (1,136,653)	$ (792,404)	$ (1,411,335)
Basic and diluted loss per share	$ (0.027)	$ (0.014)	$ (0.009)	$ (0.017)
Common shares outstanding				
Weighted average shares outstanding	82,956,240	82,956,240	82,956,240	82,956,240

	3rd Qtr May 31'13	1st Qtr Nov 30'12	4th Qtr Aug 31 '12	3rd Qtr May 31 '12
Revenue	$ 1,659,021	$ 1,027,488	$ 1,529,585	$ 1,729,034
Net loss	$ (968,056)	$ (1,364,460)	$ (1,002,678)	$ (891,693)
Basic and diluted loss per share	$ (0.012)	$ (0.016)	$ (0.012)	$ (0.011)
Common shares outstanding				
Weighted average shares outstanding	82,956,240	82,956,240	82,956,240	82,926,495

(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 May 31, 2014, 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	2,435,000	
		2,435,000
Fully diluted share capital:		85,391,240

As at July 28, 2014, Wavefront's number of issued and outstanding shares is 82,956,240.

Market for Securities

The common shares of Wavefront Technology Solutions Inc. are listed on the TSX Venture Exchange under the symbol of WEE. The Company's shares also trade on International OTCQX under the symbol WFTSF.

Options granted during the period

The Company maintains a Stock Option Plan under which it may grant options for up to 10,771,558 shares of the Company at an exercise price equal to or greater than the market price of the Company's stock at the date of grant. All stock options awarded are exercisable for a period of 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
February 21, 2014	825,000	Directors and officers	$ 0.315	February 21, 2019
	825,000			

Options outstanding

As at May 31, 2014

Date Granted	Expiry Date	Number of Incentive Stock Options	Exercise Price per Share $
February 21, 2014	February 21, 2019	825,000	0.315
February 22, 2013	February 22, 2018	595,000	0.38
November 13, 2012	November 13, 2017	75,000	0.41
July 8, 2009	July 8, 2014	5,000	0.59
September 28, 2011	September 28, 2016	55,000	0.66
September 28, 2011	September 28, 2016	245,000	0.72
December 20, 2011	December 20, 2016	75,000	0.73
September 14, 2010	September 14, 2015	530,000	0.97
July 14, 2010	July 14, 2015	30,000	1.45
		2,435,000	

CONTROLS AND PROCEDURES

Under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the Company, as a "Venture Issuer" files on an annual basis Form 52-109FV1, the "*Certificate of annual filings – venture issuer basic certificate*" (the "**Annual Form")** which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal controls over financial reporting **("ICFR**"), as defined in NI 52-109. In particular, the certifying officers filing the Annual Form are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and,

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

However, the Company's Management, and its certifying officers on the Annual Form are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in that Annual Form. The Annual Form does contain representations which confirms that management has established processes, which are in place to provide the certifying officers with sufficient knowledge to support their written representations that they have exercised reasonable diligence that (i) the audited annual financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and that (ii) the audited annual financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the audited financial statements.

The Company's certifying officers of the Annual Form are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in that certificate. However, the reader should be aware that inherent limitations on the ability of the certifying officers to design and implement, on a cost effective basis, DC&P and ICFR for the Company as defined in NI 52-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation, including this Management Discussion & Analysis.

FORWARD-LOOKING INFORMATION

Certain statements contained herein regarding Wavefront and its operations constitute "forward-looking statements" within the meaning of Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995. All statements that are not historical or current facts, including without limitation statements regarding future estimates, plans, objectives, assumptions or expectations or future performance of Wavefront and or any of its subsidiaries, as described in the Management Discussion and Analysis above, are "forward-looking statements". Forward-looking information can be identified by the use of the future tense or other forward-looking words such as "believe", "expect", "anticipate", "intend", "should", "may", "could", "would", objective" "forecast", "position", "intend" or the negative of those terms or other variations of them or comparable terminology. Examples of such forward-looking information in this document include, but are not limited to statements with respect to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions that may prove to be incorrect:

- *under the heading "Outlook" the outlook for Wavefront's business, its plans to capitalize on new business, expectations regarding the new business model and discussions of how goals will be achieved;*

- *under the heading "Overall Results from Operations", Wavefront's expectations regarding the impact of a realignment of focus on revenue, expectations for future international revenues, expectations once Powerwave is fully commercialized, the belief that Powerwave well stimulation revenues will grow in 2014, discussions of goals relating to expansion of client base, the expectation that the commissions program will lead to future international EOR revenue (which is also discussed under the fourth quarter results heading), discussions of Wavefront's goals, including expansion of technology offerings and the focus on surface tool development and hopes for future commercialization;*

- *under the heading "Liquidity and Capital Resources", Wavefront's beliefs about its working capital position and cash flow break even, its expectations about cash inflows and investment given positive Powerwave results and its use of cash; and*

- *under the heading "Contractual Commitments", Wavefront's beliefs about working capital sufficiency and potential sources of financing.*

We provide this forward-looking information for Wavefront's business in order to describe the management expectations and targets by which Wavefront measures its success and to assist Wavefront shareholders in understanding Wavefront's financial position as at and for the periods ended on the dates presented in this report. Readers are cautioned that this information may not be appropriate for other purposes. ***We caution that such "forward-looking statements" involve known and unknown risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information****. Such material factors include fluctuations in the acceptance rates of Wavefront's Powerwave and Primawave Processes, demand for products and services, fluctuations in the market for oil and gas related products and services, the ability of Wavefront to attract and maintain key personnel, technology changes, global political and economic conditions. For a more detailed description of these risks, and of other risks to which Wavefront is subject, please see the "Risks and Uncertainties" 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 July 28, 2014, 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).