Wavefront Technology Solutions Inc.

Annual Report

For the fiscal

year ended

August 31, 2015

The following discussion and analysis of financial results should be read in conjunction with the audited financial statements and the accompanying notes for the year ended August 31, 2015 and is based on information available to December 15, 2015. Additional information on Wavefront Technology Solutions Inc.'s (the "Company" or "Wavefront") is available on SEDAR at www.sedar.com.

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

MANAGEMENT'S RESPONSIBILITY

Management has prepared this Management's Discussion and Analysis ("MD&A"). The MD&A is based upon Wavefront Technology Solutions Inc.'s (the "Wavefront" or "the Company") financial results prepared in accordance with IFRS. The MD&A primarily compares the audited financial results for the fourth quarter and twelve months ended August 31, 2015 to August 31, 2014. Management has established and maintains an accounting and reporting system supported by internal controls designed to safeguard assets from loss or unauthorized use and ensure the accuracy of the International Financial Reporting Standard's ("IFRS") financial records (also see section titled "Controls and Procedures" page 26). The financial information presented throughout this MD&A should be read in conjunction with 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.

Deloitte LLP, an independent firm of Chartered Accountants, has been engaged, as approved by a vote of shareholders at the Company's most recent annual general meeting, as external auditors of the Company. The Independent Auditors' Report to the shareholders, which describes the scope of their examination and expresses their opinion, is presented in the consolidated financial statements.

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

NON-IFRS MEASURES

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

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

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

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

- Other technologies revenue consists of Primawave and Performance Drilling revenues. Core revenues and Other technologies revenues are non-IFRS measure with the most comparable IFRS measure being revenues, and,

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

Wavefront is a world leader in injection methodologies that improve the distribution of fluids in the ground. Marketed under the brand name, "Powerwave", the technology is a proven and cost-effective method for increasing oil production with existing infrastructure.

Wavefront's technology, services, and equipment can be found throughout the globe with projects and/or marketing affiliations in ten countries. Wavefront focuses on two primary areas to maximize oil and gas productivity with exploration and production companies ("E&P's"):

i. Oil and gas well stimulation (revitalizing individual well productivity); and,

ii. Improved or Enhanced Oil Recovery ("IOR/EOR") by improving fluid flow through the oil reservoir.

A single well stimulation is a remedial operation performed on a producing well to restore or enhance productivity. In some instances a chemical is pumped into the well to stimulate a producing interval. In other cases stimulation is used to remove scales such as calcium carbonate or barite, to rid a well of accumulated waxes on tubulars or to remove sand fill. A single well stimulation is generally on the order of one day compared to IOR/EOR flooding operations (i.e. waterflooding) that can last much more than a decade.

IOR/EOR (including waterflooding) targets oil trapped in the nooks and crannies of a reservoir which are very difficult to produce due to various physical limitations. The common theme in all IOR/EOR (except acoustic or electromagnetic) projects are the injection of a fluid to mobilize the trapped oil.

OUTLOOK

Wavefront continues to focus efforts on positioning the Company to capitalize on growth opportunities in key geographical regions: United States; Canada; Latin/South America; and, the Middle East. The Company believes that no other technology and service provider has a similar, diverse portfolio of unique fluid injection methodologies, tools, and know-how proven to maximize oil and gas recovery. Overall, financial results remain susceptible to technology adaption rates, client project scheduling, direct and indirect competition, and pricing pressure from customers in a low dollar oil environment.

Like many oil field services related companies, Wavefront is dependent on the overall health of the global oil and gas industry as the utilization of Wavefront's suite of products and services is ultimately driven by oil and gas prices. The significant and protracted oil price downturn substantively has impacted North American demand for Wavefront technology and services. Internationally, market demand for Wavefront's suite of products and services remained relatively stable during the fiscal year ended August 31, 2015 but there exists many indicators toward future decreased activities. Overall, the oil and gas service industry continues to experience severe price deterioration as E&P's look to reduce overall costs. At this time, the duration and extent of the oil price downturn remains highly uncertain with many industry experts not expecting a measurable price increase until as late as 2017. It is anticipated that both national and major E&P's will continue to scale back certain capital and operating spending further impacting overall activity levels. Though Wavefront will continue to work diligently to advance its technology and services the unpredictable state of the industry will influence Wavefront activities in fiscal 2016 thus affecting revenue generation.

Safeguarding Wavefront's balance sheet and demonstrating disciplined cost administration continues to be at the forefront of Management decisions. Initiatives taken by Management have included a reduction in personnel, salary rollbacks, deferring non-essential capital spending and regulating marketing expenditures. We remain confident that over the long-term our Company will succeed in growing market penetration in key geographical regions. Should however, industry economic adversities deepen, Wavefront may ensure its sustainability by further cost reductions and focusing its resources on the markets and products that provide the greatest positive contribution margins.

Impairment

As at August 31, 2015, the Company determined that impairment indicators existed related to the Company's market capitalization being below the carrying value of its net assets, the continued lower crude oil prices, and the weaker than expected economic performance across the Company's CGUs.

The recoverable amount of tools and equipment within the property, plant and equipment category of the Powerwave and Tubing Pump and Bailer CGUs was determined based on a fair value less costs of disposal by applying market prices for recent sales and license of similar assets that are considered Level 2 inputs. Similarly, the fair value less costs of disposal for certain leasehold improvements, computer, automotive, office and shop equipment was determined based on market prices and an external sublease valuation for similar assets that are considered Level 2 inputs. After applying the requirements under International Accounting Standards 36 ("IAS 36"), *Impairment of Assets*, no impairment loss was recognized as at August 31, 2015.

As at November 30, 2014 and February 28, 2015, the Company determined that impairment indicators also existed related to the Company's market capitalization being below the carrying value of its net assets, the drop in and volatility in crude oil prices, and the changes to operating and capital budgets of E&P company budgets. Additional impairment indicators were present at February 28, 2015 in that the Company experienced weaker than expected economic performance across CGU and implemented operation expense reduction measures and managed capital programs. The Company's most significant CGU is the Powerwave CGU, and the recoverable amounts at November 30, 2014 and February 28, 2015 were determined based on a value-in-use calculation and fair value less costs of disposal.

The recoverable amount of tools and equipment within the property, plant and equipment category of the Powerwave and Tubing Pump and Bailer CGUs was determined based on a fair value less costs of disposal by applying market prices for recent sales and licenses of similar assets that are considered Level 2 inputs. Similarly, the fair value less costs of disposal for certain leasehold improvements, computer, automotive, office and shop equipment was determined based on market prices and subleases for similar assets that are considered Level 2 inputs. During the quarters ended

November 30, 2014 and February 28, 2015, the Company recognized an aggregate non-cash impairment charge of $5,023,475, which is allocated to the assets in the Powerwave CGU consisting of $1,753,520 non-cash impairment charge for property, plant and equipment and $3,269,955 non-cash impairment charge for intangible assets. The Company determined that there was a remaining excess of $635,206 of the impairment loss and no liability has been recognized for this remaining amount.

During the comparative year, for the third quarter ended May 31, 2014, the Company's market capitalization was below the carrying value of its net assets, which represents a potential impairment indicator. Management typically performed the annual goodwill impairment test during the fourth quarter; however, as the Tubing Pump and Bailers CGU financial performance was weaker than anticipated, Management concluded it was necessary to perform the impairment test at May 31, 2014. The Company completed the impairment test and recorded an impairment loss related to the Tubing Pump and Bailers CGU of $1,338,584, which is comprised of a $1,222,217 non-cash goodwill impairment charge and an $116,367 non-cash impairment charge to property, plant and equipment.

These non-cash impairment charges do not have an impact on the Company's cash flows from operating activities and will not have an impact on the CGUs' future operations. There is a significant amount of uncertainty with respect to the estimates of the recoverable amounts of the CGU's assets given the necessity of making key economic assumptions about the future. The key assumptions, variables and sensitivity of those assumptions are outlined in Note 6 to the Consolidated Financial Statements.

OVERALL RESULTS FROM OPERATIONS

Wavefront operates with one reportable segment that covers all aspects of the Company's business.

Wavefront considers the basis on which it is organized, including the economic characteristics (such as the nature of the products and service, 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.

Within this MD&A, however, Wavefront provides additional product level information such as revenues by product line and geography, and gross profit margins by product line, which are within its one reportable segment, as it believes this additional information is useful supplemental information to investors with respect to the development of the business.

In fiscal 2015, Wavefront's total revenue amounted to $4,460,044, a decrease of $1,419,505; whereas expenses, excluding the non-cash impairment charges, decreased by $1,784,449 or 18.0% for a net favourable impact to equity over the prior year by $364,944.

Due to industry challenges and client budgetary reductions, the Company agreed to change orders on the Powerwave IOR/EOR portion of the Ecopetrol contract (as originally announced January 30, 2014 for approximately US $1.3 million), thereby decreasing total contract value to approximately US $854,000. For fiscal 2014 and 2015 the Company recognized CDN $88,986 and CDN $583,854, respectively, in revenue related to the Ecopetrol Powerwave IOR/EOR portion of the contract.

Given the current economic realities of the energy industry, throughout the fiscal year the Company has focused on reducing operating and manage capital expenditures to those that are necessary and/or linked to near term revenue generation. To this end the Company was able to reduce overall expenses, excluding non-cash impairment charges, by $1,784,449, a 25.7% increase over the reduction of revenues of $1,419,505. Of the expense reductions, $1,034,147 relates to reductions in general and administrative, and sales and marketing expenses. In addition, the Company was able to reduce expenses for the three months ended August 31, 2015 by $823,965, a 3.9% increase in over the reduction of the revenue reduction of $793,124. As a result of expenditure and working capital management, and subsequent to the year end, the Company has been able to increase its cash balance by approximately $349,900 to $7,056,492 (page 18).

As part of the expense reduction efforts, and in addition to the reduction in personnel, effective June 1, 2015 staff wages and wages benefits were reduced by 7.5%, with management wage and wage benefits being reduced by up to approximately 10% that may result in a reduction of annualized wages by nearly $195,600. The variance in "Compensation of Key Management Personnel of the Company" (Note 11 to the Consolidated Financial Statements) is a result of having an additional sales manager for fiscal 2015; and for the US key management, an increase in compensation related to the effects in foreign exchange translation in the US Subsidiary.

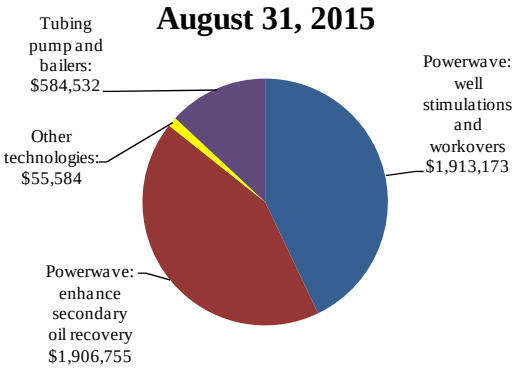
Subsequent to year end, and in response to the current economic realities, the Company further reduced its head count from twenty-three (23) to nineteen (19) employees. Although subsequent to the year end, the Company will incur certain severance and retiring allowances, but the Company will benefit from short term savings until such time the industry outlook is more favourable.

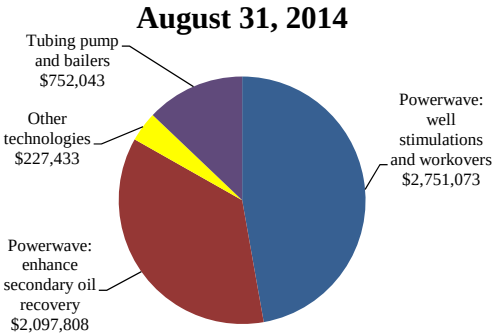
Fourth quarter gross revenues (i.e., three months ended August 31, 2015) amounted to $693,681, a decrease of $793,124 from the comparative fourth quarter (i.e., three months ended August 31, 2014) revenues; whereas expenses decreased by $823,965 or 32.8% providing a net favourable impact over the prior period to equity of $30,841. The fourth quarter included certain reorganization and onerous contract charges that were recognized in the amount of $67,494; eliminating these one-time charges the net favourable variance over the prior period to equity would have been $98,335.

Consolidated Results – fiscal year ended August 31, 2015

Revenues

Revenues for the fiscal year ended August 31, 2015 were $4,460,044, decreasing by $1,419,505 over the comparative period in 2014 that recognized revenues of $5,879,549. The changes in product line mix can be characterized as follows:





Revenue attributed only to Powerwave product lines were $3,819,928, a decrease of $1,028,883 or 21.2% over revenues in the comparative period of $4,848,811. The Powerwave product line revenues can then be broken into short-term projects involving well stimulations, and long-term projects related to using Wavefront's technology IOR/EOR.

For fiscal 2015, Powerwave revenues related to well stimulations totalled $1,913,173, a decrease of $837,900 over revenues of $2,751,073 in the comparative period. The lower revenues related to Powerwave well stimulations is a direct result of E&P companies cutting budgets and performing fewer operations to enhance individual well performance.

For fiscal 2015 the total revenue of IOR/EOR Powerwave projects totalled $1,906,755 compared to $2,097,808 in the comparative period. Lower IOR/EOR gross revenues were principally due to lower revenues in Canada and the United States. Despite client delays these lower revenues however, were partially offset by increases in international IOR/EOR revenues: Petrobras in Brazil; Ecopetrol in Colombia; and, Pan American Energy in Argentina. Other Technology revenues, comprised of Primawave and Performance Drilling, for fiscal 2015 totalled $55,584 (2014 - $227,433).

For fiscal 2015, revenues from the tubing pumps and bailer product line totalled $584,532, a decrease of $167,511 to $752,043 in the comparative period. Tubing pumps and bailer revenues are comprised of a tool rental, delivery, and tool refurbishment fees.

During the comparative fiscal year ended August 31, 2014, the Company also recognized production and operator revenues of $51,129 related to the Rodney South venture, which was also sold in the comparative year.

Geographically, $1,464,931 (2014 – $2,529,873) in revenue was generated in Canada, $1,653,167 (2014 - $2,382,008) from the United States, and $1,341,946 (2014 - $967,668) internationally. The geographic revenues are more specifically described as follows:

Canada. Gross revenues in our Canadian operation decreased by $1,064,942 to $1,464,931 compared to $2,529,873 in fiscal 2014. The Company believes revenues were negatively impacted by a decline in heavy oil client related operations such as drilling and production optimization (well stimulation and pumping solutions) resulting from volatility in commodity prices, and the heavy to light oil price differential as these companies sought to minimize operating related expenses.

Powerwave IOR/EOR applications revenues totalled $598,809 (2014 - $1,024,500); Powerwave well stimulation revenues totalled $281,590 (2014 - $672,330); Other technologies totalled $nil (2014 - $29,808); tubing pump and bailer revenues totalled $584,532 (2014 - $752,043); and oil production revenue totalled $nil (2014 - $51,192).

United States. Gross revenues in our US operation decreased by $728,841 to $1,653,167 (2014 - $2,382,008). Powerwave IOR/EOR applications revenues totalled $87,109 (2014 - $280,607); Powerwave well stimulation revenues totalled $1,510,974 (2014 - $1,917,943); and Other technologies totalled $55,084 (2014 - $183,458). The Company's focus in the United States is on Powerwave well stimulation activities primarily in Texas and California.

International: Gross revenues outside our Canadian and US operations increased by $374,278 to $1,341,946 (2014 - $967,668). Powerwave IOR/EOR applications revenues totalled $1,220,837 (2014 - $792,701); Powerwave well stimulation revenues totalled $120,609 (2014 - $160,800); and Other technologies totalled $500 (2014 - $14,167). Despite the Colombian client change orders, the Company was able to increase in Powerwave IOR/EOR applications, which is contrary to the Company's experience in Canada and the United States.

Costs of Sales

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. The non-cash impairment write-down expense related to the South Rodney oilfield and related assets were reclassified as an impairment expense line item to conform to the current year's presentation and provide better comparability.

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.

Cost of sales remained relatively flat at $1,884,726, (or 42.3% of revenues) compared to $1,868,713 (or 31.8% of revenues) for the comparative reporting period.

Costs of sales were negatively impacted by a single Canadian Powerwave IOR/EOR project that is in a loss position, and international Powerwave IOR/EOR and stimulation projects. Costs of sales associated with international Powerwave IOR/EOR projects totalled $706,085 or 37.5% of costs of goods sold. Costs of sales for all Powerwave IOR/EOR projects approximated 55.8% of Powerwave IOR/EOR revenues, whereas costs of sales for all Powerwave stimulations approximated 28.9% of Powerwave stimulations and workover revenues.

Gross Profit

Gross profits were $2,575,318 (or 57.7% of revenues) compared to $4,010,836 (or 68.2% of revenues) for the comparative reporting period.

The following table sets out the gross profit margins by cash generating unit for fiscal 2015:

	Powerwave	Other technologies	Tubing pumps & bailers	Oil & Gas Properties	Total
Revenues	$ 3,819,928	$ 55,584	$ 584,532	$ -	$ 4,460,044
Costs of sales	1,618,704	7,758	258,264	-	1,884,726
	$ 2,201,224	$ 47,826	$ 326,268	$ -	$ 2,575,318
Gross profit margin (note 1)	57.6%	86.0%	55.8%	0.0%	57.7%

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 cash generating unit for the comparative period for fiscal 2014:

	Powerwave	Other technologies	Tubing pumps & bailers	Oil & Gas Properties	Total
Revenues	$ 4,848,881	$ 227,433	$ 752,043	$ 51,192	$ 5,879,549
Costs of sales	1,468,286	80,686	319,741	-	1,868,713
	$ 3,380,595	$ 146,747	$ 432,302	$ 51,192	$ 4,010,836
Gross profit margin (note 1)	69.7%	64.5%	57.5%	100.0%	68.2%

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

Other Expenses

Other expenses for the year ended August 31, 2015, amounted to $11,218,335, compared to $9,333,906 in 2014. Excluding costs of sales, the overall increase in expenses of $1,884,429 principally relates to the following impairment charges:

i) During the current fiscal year, and as at November 30, 2014 and February 28, 2015, the Company determined that impairment indicators existed related to the Company's market capitalization being below the carrying value of its net assets, the drop in and volatility in crude oil prices, and the changes to operating and capital budgets of E&P company budgets. Additional impairment indicators were present at February 28, 2015 in that the Company experienced weaker than expected economic performance across its CGUs and implemented operation expense reduction measures and managed capital programs. As a result of the value-in-use and fair value less sell costs calculations, the Company recognized a non-cash impairment charge of $5,023,475, which was allocated to the assets in the Powerwave CGU consisting of $1,753,520 non-cash impairment charge for property, plant and equipment and $3,269,955 non-cash impairment charge for intangible assets.

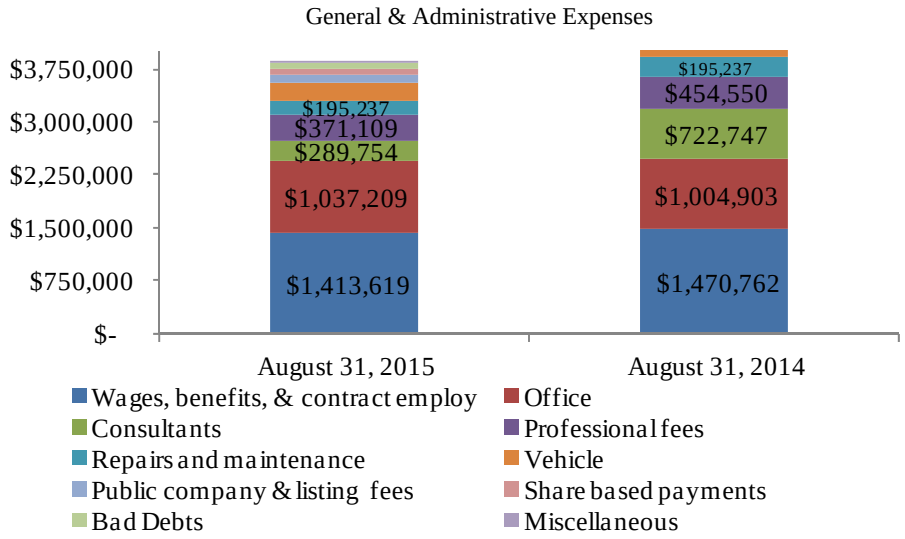
ii) During the comparative year, in the third quarter ended May 31, 2014, the Company's market capitalization was below the carrying value of its net assets, which represented a potential impairment indicator. However, as the Tubing Pump and Bailers CGU financial performance was weaker than anticipated, management concluded it was necessary to perform the impairment test. As a result of the impairment test, the Company recorded an impairment loss related to the Tubing Pump and Bailers CGU of $1,338,584, which is comprised of a $1,222,217 non-cash goodwill impairment charge and an $116,367 non-cash impairment charge to property, plant and equipment.

As a result of the above impairment charges, the Company experienced a $3,684,891 increase in impairment charges. International Accounting Standards 36, *Impairment of Assets* provides that after the above noted impairments, as at August 31, 2015, Wavefront has $2,101,124 of assets that may be subject to future impairment charges. These non-cash charges do not have an impact on the Company's cash flows from operating activities and will not have an impact on the CGU's future operations.

Excluding costs of goods sold and the above noted non-cash impairment charges, the other expenses for the year ended August 31, 2015, amounted to $6,194,860 compared to $7,995,322 in 2014, a $1,800,462 or 22.5% reduction, and relates to the following:

i) A decrease in "amortization, depreciation, and depletion" expenses of $763,633 to $972,327 (2014 - $1,735,960) relates to a reduction in the property, plant and equipment base as a result of the above noted non-cash impairment write-down of property, plant and equipment and disposition of the South Rodney oilfield.

ii) The following chart illustrates the decreases of $759,377 in general and administrative expenses (August 31, 2015 - $3,856,267; August 31, 2014 - $4,615,644):



General and administrative expenses variance primarily relates to the following:

- Decrease in consulting fees of $432,993 to $289,754 pertaining to decreases in the use of external consultants that did not relate to near term revenue support or generation.

- Decreases in professional fees of $83,441 to $371,109 that principally pertains to decreases in patent agent fees, labour recruitment fees, shareholder strategies, and non-audit fees related to tax planning preparation fees in the comparative year. In the comparative year the Company also incurred legal fees relates to litigation where the Company was a complainant that was not incurred in the current year.

- Decreases in share based payments of $72,358 to $70,038, which pertains to having more stock options that were being expensed in the comparative period.

- Decreases in repairs and maintenance expenses of $67,947 to $195,237 primarily pertains to the repair of the infrastructure at the South Rodney oilfield, i.e., $66,117, in the comparative period and a reduction in general shop supplies that did not relate to supporting near term revenue generation.

- Despite incurring retiring allowances, the Company was able to decreases wage and employee benefits of $57,143 to $1,413,619. The reductions principally relates to reductions in total head counts, i.e., August 31, 2015 totaled twenty-three (23), compared to August 31, 2014 that had thirty-two (32). Addition variances relates to variances in allocations amongst other functional expense categories (i.e., costs of sales, sales and marketing, or research and development expenses).

- Decrease in vehicle expenses of $54,754 to $248,667 relates to lower usage that is reflected in lower overall revenue generation.

iii) Sale and marketing expense decreased by $279,770 to $1,177,429 (2014 - $1,457,199) that primarily relates to decreases in marketing, advertising, promotion and entertainment expenses by $172,335, and travel expenses by $138,121. Offsetting the expense decreases were increases in sales and marketing wages expense allocation of $18,414. The overall decreases reflects the Company focus on cash preservation and incurring such expenditures only when near term revenues are more assured.

iv) Research and development project expense decreased by approximately $59,422 as the Company focused on fewer research and development projects in favor of preserving cash and focusing on near term revenue initiatives. The actual variance is relatively flat at $188,837 (2014 - $186,519) as in the comparative fiscal year, the Company received a Scientific, Research & Experimental Development cash refund of $61,740 that is recorded as a credit against the research expense incurred.

Net Finance Section of Income

Financing costs included interest expenses totalling $4,238 (2014 - $1,815).

Financing income increased for the reporting period increased marginally to $123,390 compared to $114,578 for the comparative period, as financing income includes recognized foreign exchange gains, which increased by $29,471 to $54,301 as at August 31, 2015. Financing income also include interest income, which decreased by $20,665 to $69,083 due to lower principal balances being invested.

Operating Cash Flows

The following table sets out the $1,084,040 or 45.2% decrease in cash used in operations as at August 31, 2015 compared to August 31, 2014:

	August 31, 2015	August 31, 2014
OPERATING ACTIVITIES		
Net loss	$ (8,523,865)	$ (5,210,307)
Items not affecting cash		
Impairment	5,023,475	1,338,584
Amortization and depreciation depletion	972,327	1,735,960
Impact of foreign translation	169,159	(34,152)
Share-based payments	79,216	187,804
Interest expense	4,238	1,815
Gain on disposal of property, plant and equipment	(6,308)	(17,118)
	(2,281,758)	(1,997,414)
Interest paid	(4,238)	(1,815)
Net change in non-cash working capital items	972,521	(398,286)
Cash used in operating activities	(1,313,475)	(2,397,515)

Net Loss and Comprehensive Loss, and Loss Per Share

The basic and diluted net loss for the year ended August 31, 2015 increased by $3,313,558 to $8,523,865 ($0.103 per share), compared to $5,210,307 ($0.063 per share) in 2014.

Adding back the non-cash impairments of $5,023,475 (2014 - $1,338,584), the adjusted net loss would be $3,500,390 ($0.042 per share) compared to $3,871,723 ($0.047 per share) in fiscal 2014.

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

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

	As at August 31, 2015	As at August 31, 2014
Net loss	$ (8,523,865)	$ (5,210,307)
Items not affecting cash		
Amortization, depreciation, depletion and accretion	972,327	1,735,960
Interest and tax expense	19,023	7,998
EBITDA	$ (7,532,515)	$ (3,466,349)
EBITDA loss per share	$ (0.091)	$ (0.042)

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

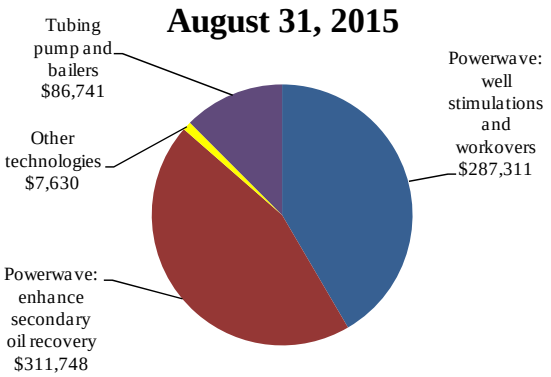
Adding back the non-cash impairments of $5,023,475 (2014 - $1,338,584), the EBITDA loss is $2,509,040 or $0.030 per share (2014 - $2,127,765 or $0.026 per share).

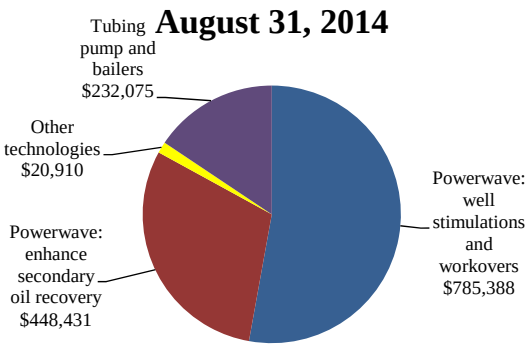
FOURTH QUARTER RESULTS FOR THREE MONTHS ENDED AUGUST 31, 2015

For the three months ended August 31, 2015, Wavefront continued to focus on the commercialization of Powerwave, its core strategic value proposition.

Revenues

Revenues for the three months ended August 31, 2015 were $693,681 a decrease of $793,124 over the comparative period in 2014 that recognized revenues of $1,486,805. The changes in product line mix are characterized in the comparative charts below.





Revenue attributed to Powerwave product lines for the three months ended August 31, 2015 were $599,311 compared to comparative period of $1,234,385. For the three months ended August 31, 2015, the total revenue of long-term Powerwave IOR/EOR projects totalled $311,748, a decrease of $136,683, compared to $448,431 in the comparative period. Of the decrease in long-term Powerwave IOR/EOR revenues, the decrease principally comes from a decrease of $147,650 in Canadian EOR revenues to $113,425; whereas international Powerwave IOR/EOR revenues increased by $74,545 to $198,324.

For the three months ended August 31, 2015 Powerwave revenues related to well stimulations totalled $287,562, a decrease of $497,049 or 63.3%, compared to $785,388 in the comparative period. Other Technology related revenues totalled $7,630 (2014: $20,910).

For the three months ended August 31, 2015 revenues from the tubing pumps and bailer product line totalled $86,741 compared to $232,075 in the comparative period.

Geographically, $262,402 (2014 – $641,024) in revenue for the three months ended August 31, 2015 was generated in Canada, $231,542 (2014 - $736,240) from the United States, and $199,736 (2014 - $109,541) Internationally. The geographic revenues are more specifically described as follows:

Canada. Gross revenues for the three months ended August 31, 2015 in our Canadian operation decreased by $378,622 to $262,402 in fiscal 2015. Powerwave IOR/EOR applications revenues totalled $113,424 (2014 - $261,016); Powerwave well stimulation revenues in Canada totalled $62,237 (2014 - $135,358); Other technologies totalled $nil (2014 - $12,575); and tubing pump and bailer revenues totalled $86,741 (2014 - $232,075).

United States. Gross revenues for the three months ended August 31, 2015 in our US operation decreased by $504,698 to $231,542 (2014 - $736,240). Powerwave IOR/EOR applications revenues totalled $nil (2014 - $63,726); Powerwave well stimulation revenues totalled $223,913 (2014 - $665,678); and Other technologies totalled $7,630 (2014 - $6,836).

International: Gross revenues for the three months ended August 31, 2015 outside our Canadian and US operations totalled $199,736 (2014 - $109,541). Powerwave IOR/EOR applications revenues totalled $197,547 (2014 - $34,283); Powerwave well stimulation revenues totalled $1,413 (2014 - $15,648); and Other technologies totalled $nil (2014 - $1,500).

Costs of Sales

Costs of sales for the three month period ended August 31, 2015 were $368,758 or 53.2% of revenues (2014 - $525,377 or 35.3% of revenues).

Gross Profit

Gross profits for the three month period ended August 31, 2015 were $324,923 or 46.8% of revenues (2014 - $961,428 or 64.7% of revenues).

The following table sets out the gross profit margins by cash generating unit for the three months ended August 31, 2015:

	Powerwave	Other technologies	Tubing pumps & bailers	Total
Revenues	$ 599,310	$ 7,630	$ 86,741	$ 693,681
Costs of sales	322,244	1,413	45,101	368,758
	$ 277,066	$ 6,217	$ 41,640	$ 324,923
Gross profit margin (note 1)	46.2%	81.5%	48.0%	46.8%

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 following table sets out the gross profit margins by product line for the comparative period of the three months ended August 31, 2014:

	Powerwave	Other technologies	Tubing pumps & bailers	Total
Revenues	$ 1,233,820	$ 20,910	$ 232,075	$ 1,486,805
Costs of sales	435,362	633	89,382	525,377
	$ 798,458	$ 20,277	$ 142,693	$ 961,428
Gross profit margin (note 1)	64.7%	97.0%	61.5%	64.7%

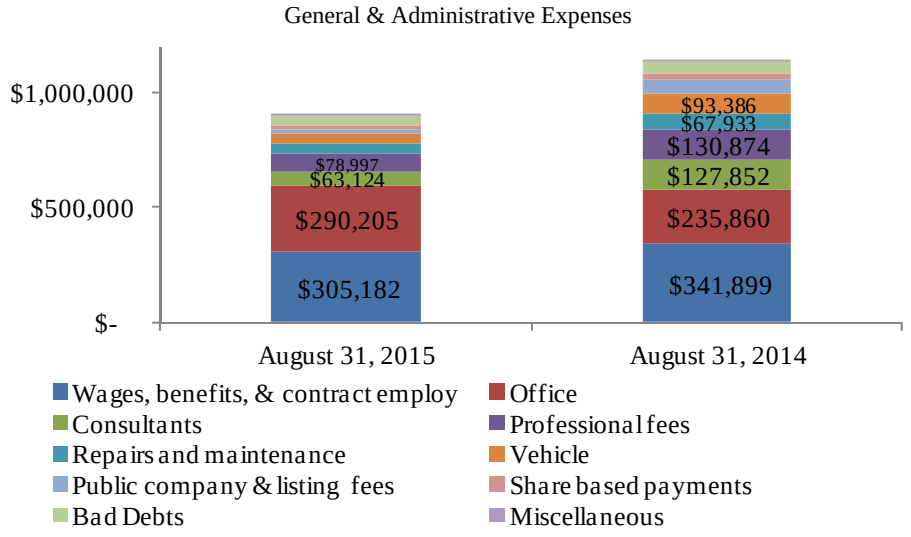
note 1: Gross profit margin is calculated by subtracting direct costs from revenue and dividing the result by revenue, and is further discussed in Non-IFRS Measures

Other Expenses

Other expenses for the three months ended August 31, 2015 amounted to $1,316,779, compared to $1,984,124 in 2014. The decrease in these expenses of $667,346 was principally a result of the following decreases:

i) A decrease of $272,742 in "amortization, depreciation, depletion and accretion" expenses to $193,955 (2014 - $466,697), relates to a reduction in the property, plant and equipment base as a result of the non-cash impairment write-downs.

ii) The following chart illustrates the decreases of $239,124 in general and administrative expenses (August 31, 2015 - $897,826; August 31, 2014 - $1,136,950):



General and administrative expenses variance primarily to the following:

- Decrease in consulting fees of $64,728 primarily relates to the continued focus on the reduced use of external consultants in favor of using house resources and focusing expenses that relate to near term revenue support or generation.

- Decrease in professional fees of $51,877 that primarily pertains to advisory work associated with international tax withholdings relates to certain international IOR/EOR Powerwave projects, and work around to transfer pricing and tax planning.

- Decrease in vehicle expense of $48,577 relates to lower usage that is reflected in lower overall revenue generation.

- Decrease in public company fees of $36,879 relates to a reduction in filing fees, transfer agent fees and dissemination fees, fewer investor relation initiatives and, given the current economic environment, scaled down annual general meeting and filing accruals.

- Decrease in wages, benefits and contract employees fees of $36,717 relates to fewer employee being employed, variances in allocations amongst other functional expense categories (i.e., costs of sales, sales and marketing, or research and development expenses), and effective June 1, 2015 staff wages and wages benefits were reduced by 7.5% with management wage and wage benefits being reduced by between 8.9% and 9.8%.

- Offsetting the above decreases was an increase in office expenses of $54,345 that primarily relates to the recording of restructuring costs related to the closure of the Calgary, Alberta sales office.

iii) A decrease of $135,751 in sales and marketing expenses to $187,386 (2014 - $323,136). The variance principally relates to decreases in sales and marketing wages expense of $74,506, travel expense by $32,906, and marketing, advertising and promotion expense by $21,478 as the Company focused on preserving cash and efforts relate to more assured near term revenue support or generation.

iv) Research and development expenses remained relatively flat, decreasing by $19,729 to $37,612 (2014 - $57,341) in research and development expense. As larger projects come to a close, the Company will focus on fewer research and development projects in favour of focusing on near term revenue initiatives.

Net Finance Section of Income

Any recognized foreign exchange losses are recorded in financing costs, where as foreign exchange gains are recorded in financing income.

Financing costs included interest expenses totalling $247 (2014 - $214), foreign exchange loss of $nil (2014 - $1,757).

Financing income for the reporting period increased by $21,562 to $39,463 compared to $17,901 for the comparative period, as financing income included recognized foreign exchange gains of $22,164 (2014 - $nil). Financing income also includes interest income of $17,299 compared to $19,657 for the comparative period. The decrease of interest income of $2,358 relates to lower principal balances as cash on hand.

Operating Cash Flows

The following table sets out the cash used in operations for the quarter ended August 31, 2015 and 2014:

	Three months ended August 31, 2015	Three months ended August 31, 2014
OPERATING ACTIVITIES		
Net loss	$ (952,640)	$ (1,005,009)
Items not affecting cash		
Amortization and depreciation depletion	193,955	466,697
Impact of foreign translation	45,207	(5,795)
Share-based payments	17,111	35,810
Interest expense	247	214
Gain on disposal of property, plant and equipment	-	(7,049)
	(696,120)	(515,132)
Interest paid	(247)	(214)
Net change in non-cash working capital items	(23,673)	78,942
Cash used in operating activities	(720,040)	(436,404)

Net Loss and Comprehensive Loss, and Loss Per Share

The basic and diluted net loss for the quarter ended August 31, 2015 decreased by $52,370 to $952,640 ($0.011 per share), compared to $1,005,009 ($0.012 per share) in 2014. The decreases in losses principally relates to the cost control initiatives the Company has implemented.

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

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

	Three months ended August 31, 2015	Three months ended August 31, 2014
Net loss	$ (952,640)	$ (1,005,009)
Items not affecting cash		
Amortization, depreciation, depletion and accretion	193,955	466,697
Interest and tax expense	2,084	214
EBITDA	$ (756,601)	$ (538,098)
EBITDA loss per share	$ (0.009)	$ (0.006)

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

SUMMARY OF QUARTERLY RESULTS AND LOSS PER SHARE

The following tables sets forth selected data derived from our unaudited condensed consolidated interim financial statements for each of the eight most recently completed quarters. This information should be read in conjunction with the applicable interim unaudited and annual audited financial statements and related notes thereto.

	4th Qtr Aug 31 '15	3rd Qtr May 31 '15	2nd Qtr Feb 28 '15	1st Qtr Nov 30'14	Annual
Fiscal 2014					
Revenue	$ 693,681	$ 1,213,218	$ 1,059,555	$ 1,493,590	$ 4,460,044
Net Loss	$ (952,640)	$ (765,016)	$ (4,089,528)	$ (2,716,682)	$ (8,523,865)
Basic and diluted loss per share	$ (0.011)	$ (0.009)	$ (0.049)	$ (0.033)	$ (0.103)
Common shares outstanding					
Weighted average shares outstanding	82,956,240	82,956,240	82,956,240	82,956,240	82,956,240

	4th Qtr Aug 31 '14	3rd Qtr May 31 '14	2nd Qtr Feb 28 '14	1st Qtr Nov 30'13	Annual
Fiscal 2014					
Revenue	$ 1,486,805	$ 1,499,056	$ 1,247,048	$ 1,646,640	$ 5,879,549
Net Loss	$ (1,005,009)	$ (2,276,242)	$ (1,136,653)	$ (792,404)	$ (5,210,307)
Basic and diluted loss per share	$ (0.012)	$ (0.027)	$ (0.014)	$ (0.010)	$ (0.063)
Common shares outstanding					
Weighted average shares outstanding	82,956,240	82,956,240	82,956,240	82,956,240	82,956,240

note 1: All amounts in Canadian dollars except share data

LIQUIDITY AND CAPITAL RESOURCES

Assets and Liabilities

Total current assets decreased by $2,198,755 to $8,788,747 from the prior year end. Of the net decrease, $1,379,012 relates to a reduction of cash resources, of which $337,104 was used for the acquisition of additional Powerwave tools, equipment and leasehold improvements, and $1,313,475 was used to fund operations.

Trade and other receivables decreased by $911,789, of which $860,063 relates to reductions in trade receivable as the Company is more aggressive in its collection and managing cash. Other receivables 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 $6,131,710, of which $5,023,475 to the non-cash impairments, $972,327 due to amortization, $461,239 due to transfers to inventory, with an offset of $337,105 due to purchases of property, plant and equipment.

Liabilities

Total liabilities decreased by $337,517 from the prior year-end to $713,964. Of the liabilities, $298,724 relates to trade accounts payable, and $38,793 relates to accruals related to the Powerwave project costs, 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 August 31, 2013 and 2012:

	As at August 31, 2015	As at August 31, 2014	Change
Current assets	8,788,747	10,987,502	(2,198,755)
Current liabilities	(713,964)	(1,051,482)	337,518
Working capital[note 1)]	8,074,783	9,936,020	(1,861,237)

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

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., February 1, 2016). As security against the Letter of Credit, the Company pledged a Guaranteed Investment Certificate as security. As at August 31, 2015 the balance of the Letter of Credit was $130,000. Once the Letter of Credit expires, none of the Company's capital is subject to any external restrictions.

Wavefront believes that its working capital position will continue to fluctuate and that our Company's cash flow break-even will also be affected by degree of commercialization and the product mixes between Powerwave well stimulation, Powerwave IOR/EOR, as well as its tubing pumps and bailer product line.

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

Financings

There were no financings during the reporting or the comparative period.

Capital Resources

Currently, and in addition to the Contractual Commitments (noted below), and in accordance with Wavefront's strategic plan, cash resources will be judiciously managed, however will be used for the following:

- To maintain an inventory of Powerwave tool systems and related activities; and,
- To support strategic marketing efforts related to near-term revenue generation.

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

As of December 15, 2015, Wavefront had $7,056,492 of cash on hand. Of the cash on hand, Wavefront has $4,762,536 in short term investments. Of the investments $4,500,000 in Term Deposits on deposit with National Bank Financial cashable without penalty on or after 90 days, with $2,500,000 cashable after June 19, 2015 but maturing on March 21, 2016, and $2,000,000 cashable on February 21, 2016 but maturing on November 23, 2016, with a guaranteed interest rates of 1.45% and 1.40% respectively.

In addition the Company has $262,536 on deposit with the TD Canada Trust maturing on January 29, 2016. Of the deposit with TD Canada Trust, $130,000 is invested at an interest rate of 0.55%, and $132,536 is invested at 0.50% but is used as security against a Letter of Credit expiring on January 29, 2016. 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 National Bank Financial and 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	$ 1,962,882	$ 424,033	$ 728,342	$ 720,600	$ 89,907

In a prior year, the Company entered into a new office and warehouse space for its Edmonton, Alberta facilities. The office and warehouse lease had a commencement date of February 1, 2011 and a ten year term expiring on January 31, 2021. The future commitment in base rental payments is $1,155,876 over the balance of the term.

In a prior year, the Company entered into a sales office lease for Calgary, Alberta. The facilities were to create a greater presence for the 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 $36,568 plus operating costs estimated at $65,298. As at August 31, 2015 the workforce at the Calgary location was released, with all Canadian CGU sales now being supported out of the Edmonton and Lloydminster, Alberta locations. Subsequent to year end, the Company subleased the facilities, resulting in a recovery of $41,063 in net and operating costs. The net liability plus incremental costs to sublease the Calgary facility estimated at $67,129, with $61,015 recorded to office expense and $6,114 to professional fee within administrative expenses and is included in trade accounts payable and accrued liabilities as at August 31, 2015.

As well, in a prior 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 stimulation and workover business. The office lease has a commencement date of July 1, 2012 and a ten (10) year term expiring on June 30, 2022. The balance of the future commitment in base rental payments is $744,680.

The Company is of the opinion that its working capital position of $8,074,783 as at August 31, 2015 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 increase over the long term as Powerwave continues to be commercialized and inducements and incentives decrease. Wavefront may consider future financings based on expected need to finance

Powerwave tools, working capital, or acquisitions, and will consider debt financing of its Powerwave tools or an acquisition 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 year, the Company recorded $72,591 (August 31, 2014 - $64,659) in consulting expense, with $nil (August 31, 2014 - $nil) included in accounts payable. Subsequent to the fiscal yearend the compensation to the director was reduced to US $3,000 per month.

PROPOSED TRANSACTIONS

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

RISK AND UNCERTAINTIES

Market Acceptance –Powerwave's acceptance will be dependent on the Company consistently demonstrating the benefits of it in the field and under a variety of conditions. There can be no assurance that commercial acceptance of the Company's products and services will be achieved within a reasonable timeframe and with the financial resources available to the Company now or in the future.

Dependence on Management - The Company is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Company.

Ability to Manage Growth - Expansion into other geographical markets and targeted growth in the Company's business has placed, and is likely to continue to place, significant strains on the Company's administrative and operational resources and increased demands on its Management, internal systems, procedures and controls. If Wavefront experiences rapid acceptance of its Technologies, the need to manage such growth will add to the demands on Wavefront's Management, resources, systems, procedures and controls. There can be no assurance that Wavefront's administrative infrastructure, systems, procedures and controls will be adequate to support Wavefront's operations or that Wavefront's officers and personnel will be able to manage any significant expansion of operations. If Wavefront is unable to manage growth effectively, Wavefront's business, operating results and financial condition will be materially adversely affected.

Key Personnel – The Company's anticipated growth and expansion into new geographic areas and, ultimately, new applications for the Technologies processes, may require additional employee expertise and may place increased demands on the Company's current resources and management with respect to recruiting, training, budgeting, scheduling, and technical skills. These demands may require the addition of new Management and technical personnel and the development of additional expertise by existing personnel. A shortage of, or failure to retain, such personnel or develop or acquire the expertise could adversely affect prospects for the Company's success.

Powerwave Technology Risks – Although the results of research, development, and field installations have demonstrated Wavefront's Powerwave technology to be viable, there is no guarantee that Powerwave will be commercially successful or be applied successfully in all cases. Although the Company believes there will be many applications for its products and services and that the anticipated market will be receptive and expand, these beliefs may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of its products. The possibility of a Powerwave project not providing the intended benefits, due to unforeseeable factors, could also impede the acceptance of the Powerwave in the market place. Any failure of the Powerwave process to generate the intended benefits even in isolated circumstances could have an adverse effect on or protracted market acceptance.

No History of Earnings - The Company is an early stage development company and does not yet have a history of earnings, profit or return on investment. There is no assurance that it will earn sufficient revenues to operate profitably or provide a return on investment in the future. The Company has no intention for the foreseeable future to pay dividends.

International Business – The Company undertakes business internationally. Securing of such business introduces currency risks, credit risks, political risks and other risks inherent to conducting business internationally. There can be no assurance that steps taken by management to address these risks will eliminate all adverse affects and, accordingly, the Company may suffer losses.

Rapid Changes / Competition – Other companies have developed, and may be developing, or may commercialize alternative technologies faster than the Company. Such companies may develop products that are as, or more, effective than those developed by the Company and there can be no assurance that research and development by others will not render the Company's technologies obsolete or non-competitive.

Need For Additional Financing – The Company may require additional financing in order to make further investments in the technology or to fund unanticipated demand, to take advantage of unanticipated opportunities, to fund the tool research and development, Powerwave tool manufacturing, or to fund the Company through a protracted commercialization to profitability stage. There can be no assurance that additional financing will be available to the Company on acceptable terms or in an acceptable form, or at all. Any financing may be affected by changes in Wavefront's credit rating, general equity market conditions, the volatility of Wavefront's shares, interest rates and valuation of available collateral. Such financing, if available, might have the effect of diluting the holdings of existing shareholders.

Patents – The Company's success will depend, in part, on its ability to enforce and defend its patents, maintain trade secret protection and operate without infringing on the proprietary rights of third parties or having third parties circumvent the Company's rights. Wavefront has received numerous patents, and is actively pursuing applications for broader international patent protection. Furthermore, there can be no assurance that others will not independently develop similar products, which duplicate any of the Company's technology or products or, if patents are issued to Wavefront, design around those patented products developed by the Company.

Reliance on Third Parties and Future Collaboration – The Company has, and is anticipated to enter into, various arrangements with agents, collaborators, licensors, licensees and others for the research, development, testing, manufacturing and marketing of its products and services. There can be no assurance that the Company will be able to establish such collaborations on favorable terms, if at all, or that its current or future collaborative arrangements will be successful.

Product Liability, Warranties and Uninsured Risks – The sale of products and services may expose the Company to warranty costs or other potential liability resulting from such use. Although product liability insurance is currently maintained, the obligation to pay a claim in excess of insurance could have a material adverse effect on the business, financial condition and future prospects of the Company.

Volatile Commodity Markets - The marketability of the Company's products and services could be affected, directly or indirectly, by significant declines in oil prices.

Government Regulations / Policy – The Company may be subject to, and adversely affected from time to time by changes in regulation and policy in the countries it is, or plans to be, operating in and such factors may create delays in project procurement and implementation that may result in the need for additional funding.

Conflicts of Interest - Directors and officers of Wavefront may serve as directors of, or have shareholdings in, other reporting or private entities. To the extent that such other companies or entities may participate in ventures in which the Company may participate, the directors or officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The laws of Canada, applicable to the Company, provide that the directors of Wavefront must act honestly, in good faith and in the best interests of Wavefront in resolving any conflicts that may arise, and all directors of Wavefront are aware of these fiduciary responsibilities. In determining whether or not the Company will participate in a particular venture, the directors will primarily consider the degree of risk to which the Company may be exposed, its financial position at that time and, depending on the magnitude of the venture and the absence of any disinterested directors, whether or not to subject any ventures in question to the shareholders of the Company for their approval.

Environmental Matters – Currently the Company supplies and licenses oilfield and environmental remediation products and services therefore, there is the possibility that it will be subject to federal, provincial and local laws and regulations regarding the environment. The Company may be subject to counterparty liability as its technology is used to inject fluids into the ground which may cause harm or inadvertently displace a contaminant plume from one location to another. Although Management believes its safety procedures are appropriate and works under the guidance of third party consultants and contractors, the risk of offence or liability cannot be completely eliminated. Moreover, there can be no assurance that the Company will not be required to incur significant costs to comply with laws and regulations in the future. The past ownership of mineral rights however, may expose the Company to the environmental risks and liabilities associated with any other oil producer, plugging and abandonment liabilities associated with any other oil producer.

ENVIRONMENTAL RISK

The Company is engaged in the enhancing oil and gas production and groundwater remediation. The Company is committed to ensuring that all stakeholders are aware of both their responsibility for safety matters and protection of the environment and how integral those matters are to Wavefront's business. These risks are managed by executing

policies and standards that are designed to comply with or exceed government regulations and industry best practices. In addition, Wavefront maintains a system, in respect of our operations, that identifies, assesses and controls safety, security and environmental risk and requires regular reporting to Senior Management and the Board of Directors. The Safety, Health and Environmental Affairs Operational Committee of the Company provides recommended environmental policies for approval by our Board and oversees compliance with government laws and regulations. Monitoring and reporting programs for environmental, health and safety performance in day-to-day operations, as well as inspections and assessments, are designed to provide assurance that environmental and regulatory standards are met. Contingency plans are in place for a timely response to an environmental event.

The Company is exposed to physical risk that may arise due to Powerwave's potential damage of well, environmental permits for Primawave projects, litigations risks related to the use of Powerwave or Primawave to inject fluids into the ground which may cause harm or inadvertently displace a contaminant plume from one location to another. These inherent risks may also create a reputational risk to the Company and its Technologies: Powerwave, Primawave and WaveAxe.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's critical accounting policies and estimates are disclosed in Note 3, "Significant Accounting Policies" and Note 5, "Critical Accounting Estimates and Judgements" of the Consolidated Financial Statements for the year ended August 31, 2015.

CHANGES IN ACCOUNTING POLICIES

The changes in accounting policies are disclosed in Note 4, "Changes In Accounting Policies And New Standards Issued But Not Yet Adopted", of the Consolidated Financial Statements for the year ended August 31, 2015.

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.

SUPPLEMENTARY INFORMATION

SELECTED ANNUAL INFORMATION

The following is selected annual consolidated financial information from Wavefront's audited financial statements for each of the three most recently completed years ended August 31. This information should be read in conjunction with the applicable interim unaudited and annual audited financial statements and related notes thereto.

		2015		2014		2013
Revenues	$	4,460,044	$	5,879,549	$	5,909,950
Net loss	$	(8,523,865)	$	(5,210,307)	$	(4,744,837)
Basic and diluted loss per share	$	(0.10)	$	(0.06)	$	(0.06)
Weighted average number of common shares outstanding		82,956,240		82,956,240		82,956,240
Working capital	$	8,074,782	$	9,936,020	$	12,470,241
Total assets	$	10,950,305	$	19,280,770	$	24,493,495
Total long term financial liabilities	$	nil	$	nil	$	nil
Total liabilities	$	713,965	$	1,051,482	$	1,281,372
Shares outstanding at August 31		82,956,240		82,956,240		82,956,240

(1) In Canadian dollars, except share data

DESCRIPTION OF SHARE CAPITAL

As at August 31, 2015, 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	2,875,000	
		2,875,000
Fully diluted share capital:		85,831,240

As at December 15, 2015, 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 months.

Date of Grant	Number of Shares	Optionee	Exercise Price		Expiry Date
October 8, 2014	100,000	Investor relations consultant	$	0.25	October 8, 2019
March 17, 2015	900,000	Directors	$	0.12	March 17, 2020
	1,000,000				

During the fiscal year the 100,000 options issued to the investor relation consultant were terminated unexercised.

Options outstanding

As at August 31, 2015

Date Granted	Expiry Date	Number of Incentive Stock Options	Exercise Price per Share $
March 17, 2015	March 17, 2020	900,000	0.12
February 21, 2014	February 21, 2019	825,000	0.315
February 22, 2013	February 22, 2018	500,000	0.38
November 12, 2013	November 12, 2018	75,000	0.41
September 28, 2011	September 28, 2016	45,000	0.66
September 14, 2010	September 14, 2015	530,000	0.97
		2,875,000	

CONTROLS AND PROCEDURES

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

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

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

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

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

FORWARD-LOOKING INFORMATION

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

are not limited to statements with respect to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions that may prove to be incorrect:

- *under the heading "Outlook" the outlook for Wavefront's business and its long-term plans, including the potential necessity for further cost reductions;*
- *under the heading "Liquidity and Capital Resources", Wavefront's beliefs about its working capital position and cash flow break even and its use of cash; and*
- *under the heading "Contractual Commitments", Wavefront's beliefs about working capital sufficiency and potential sources of financing.*

We provide this forward-looking information for Wavefront's business in order to describe the management expectations and targets by which Wavefront measures its success and to assist Wavefront shareholders in understanding Wavefront's financial position as at and for the periods ended on the dates presented in this report. Readers are cautioned that this information may not be appropriate for other purposes. ***We caution that such "forward-looking statements" involve known and unknown risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information****. Such material factors include fluctuations in the acceptance rates of Wavefront's Powerwave and Primawave Processes, demand for products and services, fluctuations in the market for oil and gas related products and services, the ability of Wavefront to attract and maintain key personnel, technology changes, global political and economic conditions. For a more detailed description of these risks, and of other risks to which Wavefront is subject, please see the "Risks and Uncertainties", "Environmental Risk" and "Financial and Other Instruments" sections in this Management Discussion and Analysis. In determining Wavefront's forward-looking statements, Wavefront considers material factors including assumptions and expectations regarding customer demand and adoption rates for Wavefront's products; commodity prices and interest and foreign exchange rates; and the availability and cost of inputs, labour and services, patent, technology and competitive risk. Many of these factors are beyond Wavefront's control and have effects which are difficult to predict. These material risk factors and material assumptions are not intended to represent a complete list of the factors that could affect Wavefront; please see other factors that are described in further detail in Wavefront's continuous disclosure filings, from time to time, and available on SEDAR at www.sedar.com. Investors and the public should carefully consider these factors, other uncertainties and potential events, and the inherent uncertainty of forward-looking statements when relying on these statements to make decisions with respect to Wavefront.*

The forward-looking statements contained herein represent Wavefront's expectations at December 15, 2015, 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).