Wavefront Technology Solutions Inc.

Quarterly Report

For the second

Quarter ended

February 28, 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 quarter ended February 28, 2015 and is based on information available to April 27, 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 unaudited financial results for the second quarter ended February 28, 2015 to February 28, 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 25). The financial information presented throughout this MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the quarter ended February 28, 2015 as well as the audited consolidated financial statements for the period ended August 31, 2014 and 2013 and the related notes.

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, met 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 IFRS, additional and non-IFRS measures to make strategic decisions, set targets and are used in operating activities, as well the Company believes that these additional and non-IFRS measures provide useful supplemental information to investors. "Working capital", "gross profit", "gross profit margin", "cash used in operating activities", "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. 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. Wavefront also believes that the non-IFRS measures defined here are useful for providing investors with additional information to assist them in understanding components of Wavefront's financial results.

OVERVIEW OF BUSINESS

Wavefront's business operates in a market where there is increasing demand to bring economically beneficial solutions to exploration and production companies ("E&P") to maximize oil and gas productivity. Central to Wavefront's broad intellectual property portfolio is the fluid delivery process, Powerwave that encompasses a client's post exploration operations.

Today, mature field oil and gas production accounts for over 70% of global oil supply. Extending field life by improving both single well and field-wide productivity remains the biggest challenge for production companies in post exploration activities. Advanced technologies such as Powerwave hold significant promise to improve financial returns from assets; mitigate production decline (i.e. maximize production); and, operate at high efficiency.

Wavefront focuses on two primary technology and services areas:

i. ***Maximizing Production***: Oil and gas well workover or stimulation (revitalizing individual well productivity); and,

ii. ***Mitigating Production Decline***: Optimizing Improved or Enhanced Oil Recovery ("IOR" or "EOR") strategies for mature fields through more efficient fluid injection.

A single well workover or 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 workovers or cleanouts are 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 workover or 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.

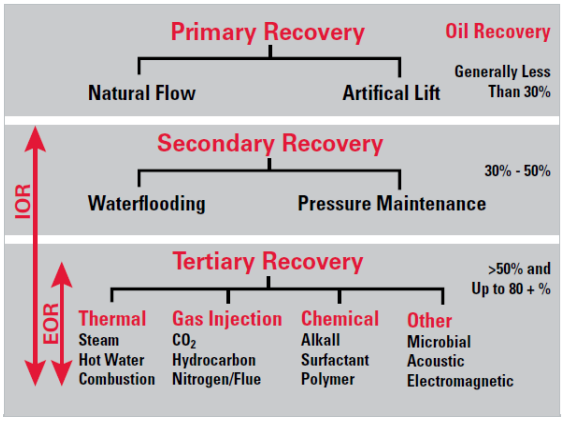
Improved well stimulation leading to increased post-stimulation production performance is achieved with Wavefront's Powerwave well stimulation tools that maximize volumetric contact area with the well completion and reservoir during the stimulation operation. The well workover and stimulation market is in excess of $1 billion annually[1] as virtually all production and injection wells periodically require some form of stimulation to enhance production or injection.

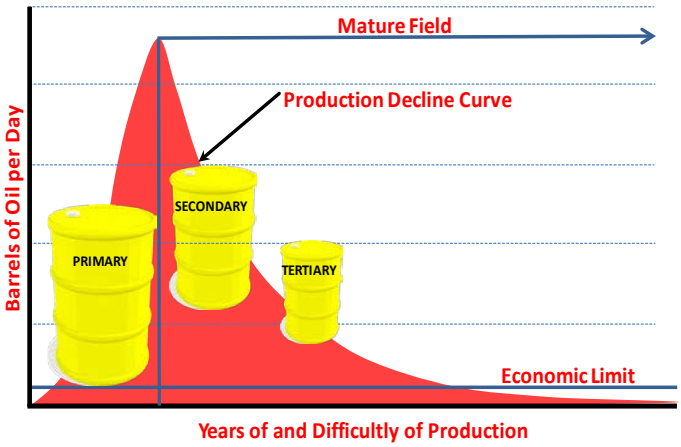
It is well established that many once-prolific oil fields are reaching or have reached maturity with production rates from these fields in steady decline. Not so widely known is that even after many stages of production up to 60% of all oil remains stranded in these fields.

[1] Ducker Worldwide, LLC 2014

In the United States approximately 80% of the producing oil wells are classified as marginal (produce oil at less than 10 barrels of oil per day). Total United States production from these marginal wells represents about 1 million barrels of oil per day or approximately 19% of domestic oil production[2].

IOR and EOR strategies to maximize oil production target oil trapped in the reservoir. This oil becomes increasingly more difficult to produce with time due to various physical limitations. The most common strategies for IOR and EOR projects involve the purposeful injection of a fluid to mobilize trapped oil or to re-pressurize the reservoir. Powerwave is applicable to all common IOR or EOR strategies (except acoustic or electromagnetic) as it works to improve how fluids are injected and distributed throughout the reservoir to rescue stranded oil.





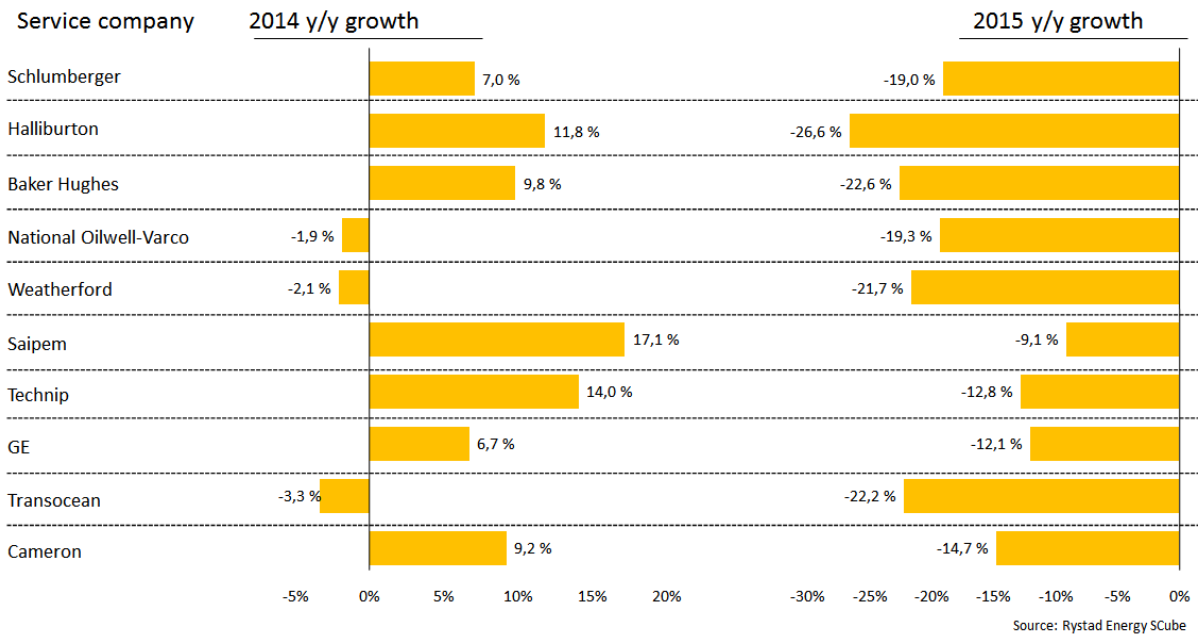
In North America there are approximately 166,400 active wells[3] used to inject water, polymers, surfactants, and combinations thereof. These wells are heavily concentrated in Alberta, California, and Texas.

OUTLOOK

Wavefront has a comprehensive market opportunity within the oil industry and focus continues on positioning the Company to capitalize on immediate and future growth prospects.

With the fall and continued volatility in oil prices 2015 will bring numerous challenges for the Company to grow year-over-year revenue as E&P companies have cut operating and manage capital budgets. As the following graph illustrates, the challenge to grow revenue is in line with the vast majority of oilfield service suppliers as it is anticipated that many providers will experience negative growth in 2015[4].

[2] US Department of Energy, netl.doe.gov/research/oil-and-gas/stripper-wells
[3] Ducker Worldwide, LLC 2014
[4] Rystad Energy, March 2015 Newsletter



Wavefront's overall financial results may also remain susceptible to technology adaption rates, client project scheduling, direct and indirect competition, and pricing pressure from customers as they seek to cut costs to improve profitability.

In contrast to the large-scale budget cuts experienced in North America certain international clients have not experienced the magnitude of sweeping cuts in operating and capital budgets. Though budget cuts have occurred and in certain instances spending frozen overall budgetary reductions have been of a lesser magnitude. It is unclear at this time if these companies will stay the course therefore we caution that if there are material changes in these clients operating and capital budgets Wavefront's ability to grow revenue in these markets may also be affected.

Internationally Wavefront has confirmed Powerwave IOR/EOR contracts in Argentina, Colombia, and Brazil as well as an expanded Powerwave program slated for Oman. Recently, the Company completed installation of Powerwave IOR/EOR tools in Brazil with revenues being recognized over the term of the contract. The Powerwave project for Oman is anticipated in the later end of fiscal 2015 whilst the Argentina and Colombian projects are on-going multi-year endeavours.

In all countries but Brazil these contracts are entered into with oil producers through the Company's third-party representatives or distributors. These representatives and distributors are "Powerwave Certified Providers" and act as Wavefront's daily marketing arm, holders of inventory, and personnel for Powerwave related work.

Wavefront expects to see growth in the well workover and stimulation business in the Middle East for the remainder of fiscal 2015 as positive Powerwave results are related to the user community. Also, Wavefront is the in process of adding prominent regional service providers as distributors. These service providers have well servicing contracts with major operators in the aforementioned regions and "touch" wells on a daily basis. It is our expectation as these new marketing partners become more familiar with Powerwave and its associated benefits that their marketing departments will more broadly promote Wavefront and Powerwave.

With our strong market focus of Powerwave within two well defined industry verticals, Wavefront is seeking to minimize technology risk and accelerate commercialization timelines. We remain confident that with our know-how as well as the experience and positioning of our marketing partners that over the long-term our Company will continue to succeed to grow market penetration in key geographical areas.

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.

For the six months ended February 28, 2015, Wavefront's total revenue amounted to $2,553,145, which was a decrease of $340,543 compared to the comparative period that reported total revenues of $2,893,688. Despite the impact of crude oil prices on oil field services, which also impacted Wavefront's six month revenues, the Company was able to increase Powerwave workover and stimulation revenues by $180,316 over the comparative period in 2014. Due to marketing efforts, the Company experienced the greatest increases in Powerwave workover and stimulation revenues in the United States and internationally, which increased $356,064 over the comparative period.

Total revenues declined by $187,493 for the second quarter over the comparative period in 2014. The decline in quarterly revenues from the comparative was largest in the Powerwave Drilling (i.e., $60,785) and Tubing Pumps and Bailer (i.e., $54,666) CGUs as drilling activity and well completions declined. The Company's decision, in a prior period, to have a greater focus on Powerwave workovers and stimulation, has resulted in increases in Powerwave stimulation revenues in the United States and internationally by $26,877 and $11,806, respectively, for the three months ended February 28, 2015 over the comparative period of 2014. Additionally international Powerwave IOR/EOR revenues increased by $132,327 for the three months ended February 28, 2015 over the comparative period of 2014.

Wavefront has over the past two quarters has tried to targeted to reduce operating expenditures dollar for dollar to any reductions in revenue and manage capital expenditures to those that are absolutely necessary and / or linked to near term revenue generation. The six month decline in total revenues was $340,543; however, the Company was able to reduce expenses by $502,647 and in particular general and administrative expenses by $409,565. In addition, the quarterly decline in total revenues was $187,493; however, the Company was able to reduce expenses by $209,973 and in particular general and administrative expenses by $218,044. Included in the expense reduction, Wavefront has reduced its staff compliment by 28% since fiscal 2014, which may result in a reduction of annualized wages by $693,000.

As a result of the proactive positioning of the Company in the Powerwave stimulations and expense rationalization, the net uses of cash and cash equivalents was $531,708 and $45,554 for the six and three months ended February 28, 2015, respectively. The Company will continue to focus its resources on the markets and products with nearer term sales and those with higher potentials for recurring revenues.

With specific concentration on increasing market penetration for Wavefront's Powerwave workover and stimulation suite of tools the Company believed that this may have contributed, at least in the short term, to the decreases in Powerwave IOR/EOR revenue growth. Despite the strategic focus, Powerwave workover and stimulation quarterly revenues declined from prior quarter as a result of reduced activity by American and Canadian E&Ps companies as they began reducing their expenditures in face of the lower crude oil prices. The declines in revenues were $262,710 and $51,156 respectively, but were offset by increases in international Powerwave workover and stimulation revenues that increased by $117,950.

Impairment

International Accounting Standards ("IAS") 36, Impairment of Assets, seeks to ensure that an entity's assets are not carried at more than their recoverable amount (i.e. the higher of fair value less costs of disposal and value in use). The Company considers both external and internal sources of information in assessing whether there are indications that any of its CGUs are impaired in applying IAS 36. External sources of information that the Company considers include changes in the market, economic and legal environments in which the Company operates that are not within its control and may affect the recoverable amount of its net carrying amount of its assets. Internal sources of information the Company considers include any obsolescence, utilization or expected utilization rates, and economic performance or performance compared to Management's expectations of its CGUs' assets. In assessing whether there is objective evidence that the Company's assets are impaired, Management considers observable data including the carrying amount of the Company's net assets as compared to the Company's market capitalization.

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 and implemented operation expense reduction measures, including rationalization of its work force, and managed capital programs.

The model used to evaluate impairment was the value in use calculation, which is based on a discounted cash flow model. In accordance with IAS 36, the impairment loss allocated to the individual assets within the CGU is subject to a cap where the carrying amount of the individual asset should not be reduced below the highest of 1) its fair value less costs of disposal; or 2) its value in use; and zero. In determining the recoverable amounts Management makes estimates of the discounted future after-tax cash flows expected from its various CGUs and the appropriate discount rates of those CGUs. The model used to evaluate the impairment for the value in use calculation to determine the impairment amount used the industry information, such as the drop in and volatility in oil prices, and the changes to operating and capital budgets of E&P companies as a basis of the projections to its discounted cash flow models. The projected cash flows are significantly sensitive to changes in assumptions about Wavefront's technology commercialization rates, contract conversion rates, project timing, cost of sales and other expenses, commodity prices and E&P company budgetary reactions to commodity pricing. These key assumptions affect estimated growth rates beyond the periods covered by the Company's most recently board approved forecasts in determining recoverable amounts.

Further information regarding assumptions and estimates used, as well as a sensitivity analysis in respect of each of the annual growth rate and discount rate applied, being the key assumptions, is contained in Note 3, "Impairment" of the Unaudited Interim Condensed Consolidated Financial Statements for the period ended February 28, 2015 and is incorporated by reference herein.

For the 3 months ended February 28, 2015, the Company recognized a non-cash impairment charge of $2,968,885, which is allocated to the assets in the CGU consisting of $98,313 non-cash impairment charge for property, plant and equipment and $2,870,572 non-cash impairment charge for intangible assets. The Company used internal forecasts considering short and long term plans and current market conditions and then reconciled to observable indicators such as market capitalization. The recorded value in use impairment loss was limited to those items where the recoverable was not determined based on a fair value less costs of disposal. The assets where fair value less costs of disposal was used include: the Powerwave tools within the property, plant and equipment category; computer, automotive, office and shop equipment; and leasehold improvements.

For the 3 months ended November 30, 2014, the Company calculated a total non-cash impairment loss on the Powerwave, Primawave and Performance Drilling CGUs in the amount of $2,054,590 determined by a value in use calculation. The non-cash impairment loss was allocated to the assets in the CGUs consisting of a $1,655,206 non-cash impairment charge to property, plant and equipment and $399,384 non-cash impairment charge to intangible assets. The Company forecasts used product line historical growth rates and an external consultant's, Ducker Worldwide LLC, strategic plan for bear market conditions and then discounted those expectations given observable indicators such as market capitalization.

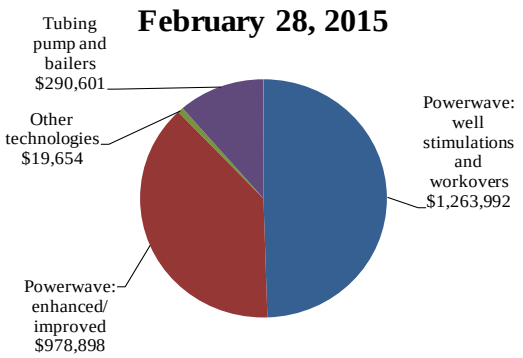
Management believes that the methodology used to impair the CGUs, which involves a significant number of judgments and estimates, provides a reasonable basis for determining the impairment. Many factors used in determining the impairment are outside Management's control and involve inherent uncertainty. Therefore, actual results could differ from those estimates and further changes in the numerous variables associated with the judgments, assumptions and estimates made in assessing the impairment could cause the CGUs to be further impaired.

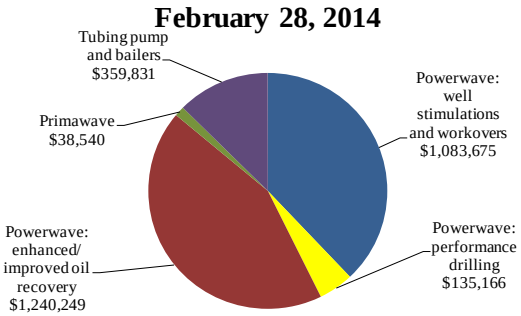
Given the continued volatility of markets, the Company will continue to monitor impairment indicators and to test for the recoverable amounts of the various CGUs as required.

Consolidated Results – six months ended February 28, 2015

Revenues

Revenues for the six months ended February 28, 2015 were $2,553,145, a decline of $340,543 over the comparative quarter ended February 28, 2014 that recognized revenues of $2,893,688. The changes in product line mix can be characterized as follows:





Revenue attributed to Powerwave product lines were $2,242,889, a decline of $81,035 over revenues in the comparative quarter of $2,323,924. The Powerwave product line revenues can then be broken into short-term projects involving well workovers and stimulations, and long-term projects related to using Wavefront's technology in IOR/EOR.

For the six months ended February 28, 2015, the total revenue related to Powerwave IOR/EOR projects totalled $978,898 compared to $1,240,249 in the comparative quarter. Of the $978,898 of revenue related to Powerwave IOR/EOR projects $523,419 relate to international projects and $371,959 related to Canadian projects.

For the six months ended February 28, 2015, Powerwave revenues related to well workover and stimulations totalled $1,263,992, an increase of $180,316 or 16.6%, compared to $1,083,675 in the comparative quarter. More specifically, the Company, due to its focused strategy, was able to increase Powerwave well workover and stimulation revenues in the United States and internationally by $356,064 or 45.4% over comparative period revenues.

For the six months ended February 28, 2015, revenues from the tubing pumps and bailer product line totalled $290,601 compared to $359,831 in the comparative quarter. Tubing pumps and bailer revenues comprise of tool rental, delivery and refurbishment fees. The Company has been engaged in new client discussions regarding bailer quotes due to Wavefront's long-term price competiveness. That said the Company still expects to see continued variation in bailer revenues as more resources are designated to Powerwave projects and lower heavy oil drilling activity in Western Canada due to current oil prices. Tubing pump revenues are expected to remain lower as progressive capacity pumps are now able to manage larger volumes of sand, and thus, reduce demand for pump rentals in the early stages of well production.

For the six months ended February 28, 2015, Other Technology revenues totalled $19,654 for the reporting period compared to $173,705 from the comparative quarter. The Company expects to see continued variation in Other Technology revenues quarter over quarter but anticipates some higher usage in the period May to October.

Geographically, $786,456 (2014 – $1,215,378) in revenue was generated in Canada, $1,124,820 (2014 - $931,769) from the United States, and $641,869 (2014 - $746,541) internationally. The Company's focus in Canada and the United States is on Powerwave well workovers and stimulations and IOR/EOR projects. Working with our marketing partners and internal sales personnel our Company's goal is to broadly expand the client base in well workovers and stimulations as well as IOR/EOR. The geographic revenues are more specifically described as follows:

Canada. Gross revenues in our Canadian operation decreased by $428,923 to $786,456 compared to $1,179,152 in comparative quarter. Powerwave IOR/EOR project revenues totalled $371,959 (2014 - $502,500); Powerwave well workover and stimulation revenues in Canada totalled $123,896 (2014 - $299,643); tubing pump and bailer revenues totalled $290,601 (2014 - $359,831). The Company also recognized Other Technology revenues of $17,177 and $36,227 in oil and gas revenues in the comparative period.

United States. Gross revenues in our United States operation increased by $193,052 to $1,124,820 (2014 - $931,769). Powerwave IOR/EOR project revenues totalled $83,520 (2014 - $114,869); Powerwave well workover and stimulation revenues totalled $1,022,146, an increase of $351,608 or 27.5% over comparative revenues of $670,538; and Other Technology revenues totalled $19,154 (2014 - $146,361).

International: Gross revenues outside our Canadian and United States operations decreased by $104,672 to $641,869 (2014 - $746,541). Powerwave IOR/EOR project applications revenues totalled $523,419 (2014 - $622,880) Powerwave well workover and stimulation revenues totalled $117,950 (2014 - $113,494); and Other Technology revenues totalled $500 (2014 - $10,167). Wavefront has seen a general interest in technology to bolster oil production in aging fields in the international community including Latin and South America, Brazil, the Middle East, Europe and certain sectors of Asia. As well, as production revenues in certain state owned E&Ps, may supplement social programs, the Company anticipates some increases in demand; however, crude oil prices may inject volatility to demand that is unpredictable.

Direct Expenses

Costs of sales for the six month period ended February 28, 2015 were $884,948 or 34.7% of revenues (2014 - $883,262 or 30.5% of revenues).

The increase in costs of sales principally relates to increases Powerwave IOR/EOR was impacted by international project costs, and a particular sale of down-hole Powerwave tools and controllers. The particular sale of tools relative proportion within the product mix in Powerwave EOR also impacted costs of sales within that product application and is not expected to be indicative of any future tool sales. Increased variable field compensation expense related to Powerwave workovers and stimulations in the United States and Powerwave IOR/EOR internationally.

Gross Profit

The following table sets out the gross profit margins by product line for the six month ended February 28, 2015:

	Powerwave EOR	Powerwave Stimulation	Tubing pumps & bailers	Other Technologies	Total
Revenues	$ 978,898	$ 1,263,992	$ 290,601	$ 19,654	$ 2,553,145
Costs of sales	405,083	317,980	160,953	932	884,948
	$ 573,815	$ 946,012	$ 129,648	$ 18,722	$ 1,668,197
Gross profit margin (note 1)	58.6%	74.8%	44.6%	95.3%	65.3%

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 six months ended February 28, 2014:

	Powerwave EOR	Powerwave Stimulations	Tubing pumps & bailers	Other Technologies	Total
Revenues	$ 1,240,248	$ 1,083,676	$ 359,831	$ 173,706	$ 2,857,461
Costs of sales	234,005	446,315	142,182	60,760	883,262
	$ 1,006,243	$ 637,361	$ 217,649	$ 112,946	$ 1,974,199
Gross profit margin (note 1)	81.1%	58.8%	60.5%	65.0%	69.1%

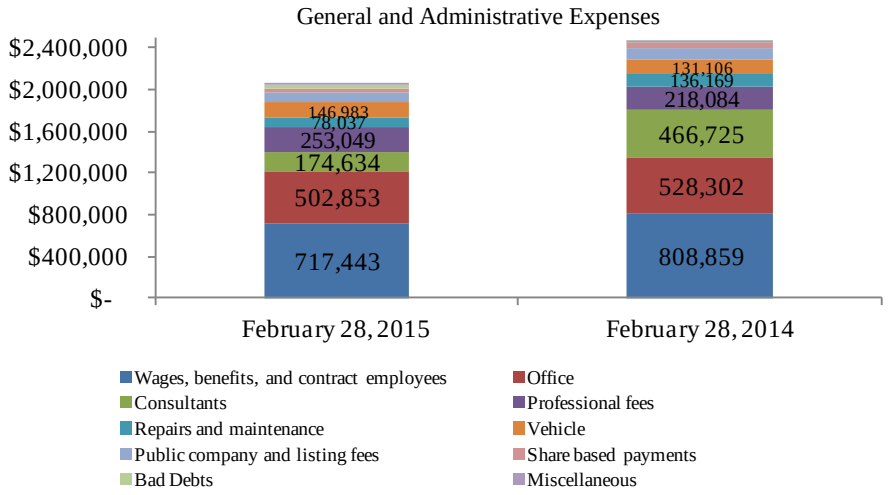
note 1: Gross profit margin is calculated by subtracting direct costs from revenue and dividing the result by revenue, and is further discussed in Non-IFRS Measures

In addition to the above noted revenues for the comparative six months ended February 28, 2014, the Company had oil and gas production revenues of $36,227.

Other Expenses

Other expenses for the six months ended February 28, 2015, amounted to $8,540,788, compared to $4,021,646 in 2014. Excluding the non-cash impairment charge as noted above (page 6) and costs of sales, expenses for the six months ended February 28, 2015 amounted to $3,517,313, representing a decrease in these expenses of $504,333 compared to $4,021,646 in 2014. The decrease in expenses was principally a result of the following changes:

i) The following chart illustrates the general and administrative expenses (February 28, 2015 - $2,055,548; February 28, 2014 - $2,465,113):



General and administrative expenses decreased by $409,565 and principally relate to the following:

- Decreases in consulting fees of $292,091 to $174,634 related principally to the reduction of consultants that do not directly relate to revenue and the use of external consultants in the comparative quarter for strategic planning.

- Decreases in wage and employee benefits of $91,416 to $717,443. The decreases related to overall staff reductions and the amounts of direct labour being allocated to revenue generating projects (i.e., cost of sales).

- Repair and maintenance expenses decreased by $58,132 to $78,037 principally pertaining to the repair and maintenance of the infrastructure at the South Rodney oilfield in the comparative quarter and a reduction in general shop supplies.

- Share based payments decreased by $26,513 to $32,943 due to certain incentive stock options still being expensed in the comparative period.

- Office expenses decreased by $25,449 to $502,853 as in a prior period the Company consolidated office spaces. Additionally the Company has focused on increasing operating efficiencies.

- Offsetting the above noted decreases were increases bad debt expenses of $45,547 to $50,276, which relates primarily to the collectability of a particular international IOR/EOR Powerwave client and the financial solvency of certain smaller E&P clients impacted by market conditions.

- Additionally, professional expenses increased by $34,965 to $253,049 principally due to professional fees related to patents that saw an increase in expense of $27,325. Auditor fees have declined marginally as the Company elected to only have a desk review of its second quarter interim financials in light of the market pressures and commodity market volatility on revenues.

ii) Amortization and depreciation expense decreased by $222,028 to $613,996 from the comparative quarter. The amortization and depreciation expense decreased as result of impairments to property, plant and equipment and intangible assets, and the transferring of certain IOR/EOR Powerwave tools to inventory which were sold to a Canadian E&P client.

iii) Offsetting the above decreases was the recognition of a non-cash impairment expense of $5,023,475 as noted above (page 6); of which, $2,968,885 related to the non-cash impairment charge related to the Powerwave CGU that was recorded in the quarter ended February 28, 2015, and $2,054,590 related to the non-cash impairment charge related to the Powerwave, Primawave and Performance Drilling CGUs that was recorded in the quarter ended November 30, 2014.

iv) Additionally selling and marketing expense increased by $98,246 to $753,380. The increase is a result of sales and marketing efforts to support the strategic focus on Powerwave workover and stimulations, in particular in the United States and internationally, and the incurrence of retirement allowances related to certain restructurings in the sales team. Annualized saving in sales and sales management salaries approximate $357,800.

v) As well, research and development expense increased by $29,014 to $94,389 from the comparative quarter. The increase in research and development principally relates to additional material purchases, and the recognition of a Scientific Research and Experimental Development ("SR&ED") refund granted by Canada Revenue Agency in the comparative quarter. The SR&ED refunds are treated as an expense reduction in the expense category where the expense originally occurred.

Net Finance Section of Income

Interest income of $69,872 (2014 - $83,117) includes interest earned for the reporting period of $34,684 (2014 - $48,580), and foreign exchange gain of $35,188 (2014 – $34,537). The decrease of $13,896 of interest earned relates to lower principal balances as cash on hand. The lower interest earned was partially offset as during the reporting period the Company invested some its investments at the National Bank earning 1.45% interest versus a rate of interest of 1.05% at TD Canada trust.

Financing cost of $3,491 (2014 - $954) only includes interest expenses for each period.

Operating Cash Flows

The following table sets out the cash used in operations for the six months ended February 28, 2015 and 2014:

	As at February 28, 2015	As at February 28, 2014
Net loss	$ (6,806,210)	$ (1,929,057)
Items not affecting cash		
Impairment	5,023,475	-
Amortization and depreciation	613,996	836,024
Unrealized foreign exchange gain	142,630	59,573
Share-based payment	37,335	91,669
Interest expense	3,491	954
Gain on disposal of property, plant and equipment	(5,918)	(10,069)
Funds from (used in) operations	(991,201)	(950,906)
Interest paid	(3,491)	(954)
Net change in non-cash working capital items	495,924	(387,225)
Cash used in operating activities	$ (498,768)	$ (1,339,085)

Although cash used in operating activities decreased by $840,317 or 62.7%, Wavefront expects continued volatility as it works towards sustainability in the low crude oil markets. More importantly, net decreases in cash and cash equivalents for the six months ended February 28, 2015 was $531,708, a variance of $1,076,013 from the comparative period in 2014.

Net Loss and Comprehensive Loss, and Loss Per Share

The basic and diluted net loss for the six months ended February 28, 2015 increased by $4,877,153 to $6,806,210 ($0.082 per share), compared to $1,929,057 ($0.023 per share) for the comparative period ended February 28, 2014. The increase in net losses was principally impacted by the recording of the non-cash impairment expense of $5,023,475 that represents 73.8% of the recorded net losses.

Prior to the non-cash impairment expense of $5,023,475, the basic and diluted net loss for the six months ended February 28, 2015 decreased by $146,322 to $1,782,735 ($0.021 per share).

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 February 28, 2015	As at February 28, 2014
Net loss	$ (6,806,210)	$ (1,929,057)
Items not affecting cash		
Amortization and depreciation	613,996	836,024
Interest and tax expense	5,691	2,772
EBITDA	$ (6,186,523)	$ (1,090,261)
EBITDA loss per share	$ (0.075)	$ (0.013)

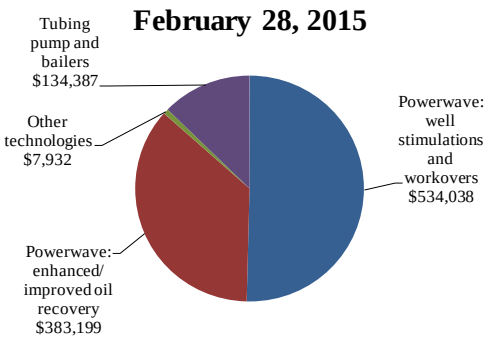
note 1: EBITDA is calculated by adding back all interest, tax, depreciation and amortization to net loss, and is further discussed in Non-IFRS Measures

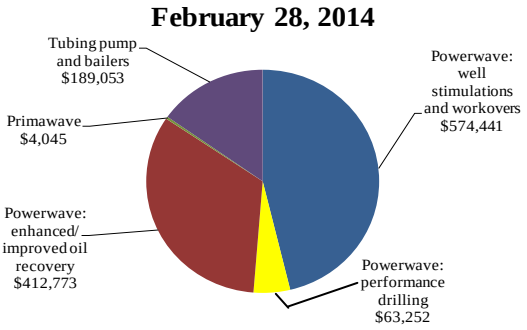
The Company's EBITDA loss and EBITDA loss per share prior to the non-cash impairment expense of $5,023,475, for the six months ended February 28, 2015 increased only by $72,787 or 6.7% to $1,163,048 ($0.014 per share).

Consolidated Results – three months ended February 28, 2015

Revenues

Revenues for the three months ended February 28, 2015 were $1,059,555, a decrease of $187,493 over the comparative quarter ended February 28, 2014 that recognized revenues of $1,247,048. The changes in product line mix can be characterized as follows:





Revenue attributed to Powerwave product lines were $917,237, a decrease of $69,977 over revenues in the comparative quarter of $987,214. The Powerwave product line revenues can then be broken into short-term projects involving well workover and stimulations and long-term projects related to using Wavefront's technology in IOR/EOR projects.

For the second quarter 2015, revenue related to Powerwave IOR/EOR projects totalled $383,199 compared to $412,773 in the comparative quarter. Of the $383,199 of revenue related to Powerwave IOR/EOR projects $249,087 related to international projects and $110,959 related to Canadian projects.

For the second quarter 2015, Powerwave revenues related to well workover and stimulations totalled $534,038 compared to $574,441 in the comparative quarter. Of the $534,038 of revenue recognized related to Powerwave well workover and stimulation activities $379,718, an increase of $26,877 over the comparative period, related to work in the United States and $117,950, an increase of $11,806 over the comparative period, related to work internationally.

For the second quarter 2015, revenues from the tubing pumps and bailer product totalled $134,387 compared to $189,053 in the comparative quarter.

For the second quarter 2015, Other Technology revenues totalled $7,931 for the reporting period compared to $67,297 from the comparative quarter. The Company also recognized $3,484 in oil and gas revenues in the comparative quarter.

Geographically, $281,716 (2014 – $572,621) in revenue was generated in Canada, $410,802 (2014 - $442,906) from the United States, and $367,037 (2014 - $231,522) internationally. The Company's focus in Canada and the United States is on Powerwave well workovers and stimulations and IOR/EOR projects. Working with our marketing partners and internal sales personnel our Company's goal is to broadly expand the client base for well workovers and stimulations and IOR/EOR. The geographic revenues are more specifically described as follows:

Canada. Gross revenues in our Canadian operation decreased by $290,905 to $281,716 compared to $572,621 in comparative quarter. Powerwave IOR/EOR project revenues totalled $110,959 (2014 - $261,000); Powerwave well workover and stimulation revenues in Canada totalled $36,370 (2014 - $115,457); and tubing pump and bailer revenues totalled $134,387 (2014 - $189,053). The Company also recognized Other Technologies revenues of $3,627 and $3,484 in oil and gas revenues in the comparative period.

United States. Gross revenues in our United States operation decreased by $32,104 to $410,802 (2014 - $442,906). Powerwave IOR/EOR project revenues totalled $23,153 (2014 - $35,012); Powerwave well workover and stimulation revenues totalled $379,718, an increase of $26,877 over comparative revenues of $352,841; and Other Technology revenues totalled $7,931 (2014 - $55,053).

International: Gross revenues outside our Canadian and United States operation increased by $135,516 to $367,037 (2014 - $231,522). Powerwave IOR/EOR project applications revenues totalled $249,087 (2014 - $116,760), and Powerwave well workover and stimulation revenues internationally totalled $117,950 (2014 - $106,144). The Company also recognized Other Technology revenues of $8,617 in the comparative period.

Direct Expenses

Costs of sales for the three month period ended February 28, 2015 were $519,606 or 49.0% of revenues (2013 - $375,036 or 30.1% of revenues).

The increase in costs of sales of $144,570 relates to project costs of sales in international projects and a prior period adoption of a field incentive and commission program designed at enhancing sales. Second quarter costs of sales were also impacted by a particular sale of down-hole Powerwave tools and controllers, and its relative proportion within the product mix in Powerwave EOR applications. As this pricing was unique, Management believes that once these costs are fully recognized that the cost of sale as a percentage of revenue will decrease.

Gross Profit

The following table sets out the gross profit margins by product line for the three months ended February 28, 2015:

	Powerwave EOR	Powerwave Stimulation	Tubing pumps & bailers	Other Technologies	Total
Revenues	$ 383,199	$ 534,038	$ 134,387	$ 7,931	$ 1,059,555
Costs of sales	271,165	170,892	77,439	110	519,606
	$ 112,034	$ 363,146	$ 56,948	$ 7,821	$ 539,949
Gross profit margin (note 1)	29.2%	68.0%	42.4%	98.6%	51.0%

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 following table sets out the gross profit margins by product line for the three months ended February 28, 2014:

	Powerwave EOR	Powerwave Stimulations	Tubing pumps & bailers	Other Technologies	Total
Revenues	$ 412,773	$ 574,441	$ 189,053	$ 67,297	$ 1,243,564
Costs of sales	26,604	232,417	91,591	24,424	375,036
	$ 386,169	$ 342,024	$ 97,462	$ 42,873	$ 868,528
Gross profit margin (note 1)	93.6%	59.5%	51.6%	63.7%	69.8%

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

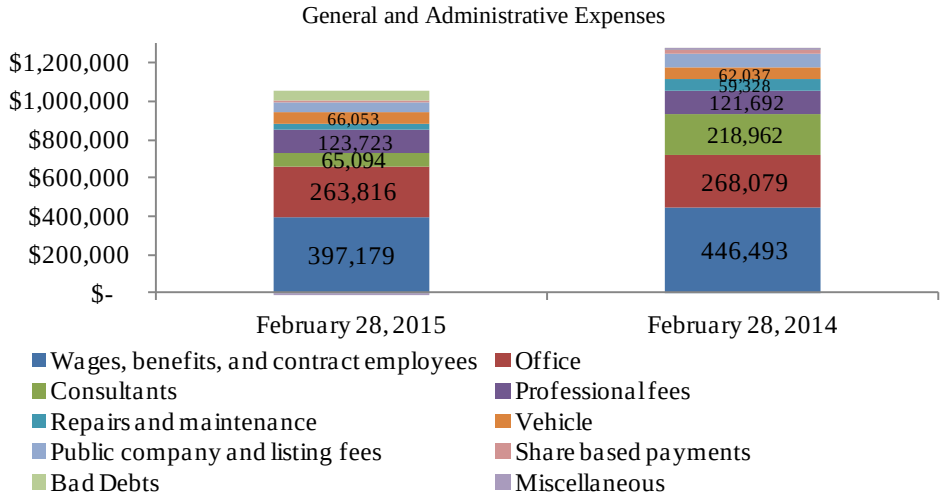
In addition to the above noted revenues for the comparative three months ended February 28, 2014, the Company had oil and gas production revenues of $3,484.

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

Other Expenses

Other expenses for the second quarter ended February 28, 2015, amounted to $4,679,278, compared to $2,064,936 in 2014. Excluding the non-cash impairment charge as noted above (page 6) and costs of sales, expenses for the second quarter ended February 28, 2015 amounted to $1,710,393, which was a decrease in these expenses of $354,543 compared to $2,064,936 in 2014. The change in expenses was principally a result of the following changes:

i) The following chart illustrates the general and administrative expenses (February 28, 2015 - $1,053,654; February 28, 2014 - $1,271,698):



General and administrative expenses decreased by $218,044 and principally relate to the following:

- Decreases in consulting fees of $153,868 to $65,094 related principally to the use of external consultants in the comparative quarter for strategic planning and the reduction of management and agent consultants.

- Decreases in wage and employee benefits of $49,314 to $397,179. The decreases related to the rationalization of the Company's workforce in light of declining revenues within the industry and volatile commodity markets.

- Repair and maintenance expenses decreased by $29,035 to $30,293 principally pertains to the general reduction of shop supplies amounting to $16,908, and $12,091 in repair and maintenance expenses recognized in the comparative period related to oil field infrastructure at the South Rodney oilfield that was disposed of in the prior year.

- Public company and listing fees decreased by $26,484 to $45,822 as a result of the Company decision to reduce the size of its annual general meeting thus impacting quarterly accruals. In addition the Company incurred investor relation advisor fee in the comparative period.

- Offsetting the above noted decreases were increases in bad debt expenses of $44,516 to $49,143, which relates to the collectability of a particular international Powerwave IOR/EOR client and the identification of specific accounts as uncollectable given current market conditions.

ii) Amortization and depreciation expense decreased by $192,620 to $233,878 from the comparative quarter. The amortization and depreciation expense decreased as result of impairments to property, plant and equipment and intangible assets, and the transferring of certain EOR Powerwave tools to other asset, a portion of which is recorded as cost of sales.

iii) Offsetting the above decreases was the recognition of non-cash impairment expense, as noted above (page 6) related to the Powerwave CGU of $2,968,885 that was recorded in the quarter ended February 28, 2015.

iv) Additionally research and development expense increased by $40,260 to $40,531 from the comparative quarter. The increase in research and development principally relates to the recognition of a SR&ED refund granted by Canada Revenue Agency in the comparative quarter.

v) As well, selling and marketing expenses also increased marginally by $15,861 to $382,330. The increase is a result of an ongoing effort to maintain and expand Powerwave revenues across the targeted markets and customer base.

Net Finance Section of Income

Interest income of $51,840 (2014 - $56,738) includes interest earned for the reporting period of $18,926 (2014 - $23,705), and foreign exchange gain of $32,914 (2014 – $33,033). The decrease of $4,779 of interest earned relates to lower principal balances as cash on hand.

Financing cost of $2,039 (2014 - $467) only includes interest expenses for each period.

Operating Cash Flows

The following table sets out the cash used in operations for the second quarter ended February 28, 2015 and 2014:

	As at February 28, 2015	As at February 28, 2014
Net loss	$ (4,089,528)	$ (1,136,653)
Items not affecting cash		
Impairment	2,968,885	-
Amortization and depreciation	233,878	426,498
Unrealized foreign exchange gain	88,142	52,541
Share-based payment	14,339	19,734
Interest expense	2,039	466
Gain on disposal of property, plant and equipment	-	(11,738)
Funds from (used in) operations	(782,245)	(649,152)
Interest paid	(2,039)	(466)
Net change in non-cash working capital items	736,693	112,375
Cash used in operating activities	$ (47,591)	$ (537,243)

Although cash used in operating activities decreased by $489,653 or 91.1%, Wavefront expects continued volatility as it works towards sustainability in the low crude oil markets. More importantly, net decreases in cash and cash equivalents for the quarter was $45,554, a variance of $621,676 from the comparative period in 2014.

Net Loss and Comprehensive Loss, and Loss Per Share

The basic and diluted net loss for the second quarter ended February 28, 2015 increased by $2,598,878 to $4,089,528 ($0.049 per share), compared to $1,136,653 ($0.014 per share) for the comparative quarter ended February 28, 2014. The increase in net losses was principally impacted by the recording of the non-cash impairment expense of $2,968,885 that represents 72.3% of the recorded net losses.

Prior to the non-cash impairment expense of $2,968,885, the basic and diluted net loss for the second quarter ended February 28, 2015 decreased by $16,010 to $1,120,643 ($0.014 per share).

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 February 28, 2015		As at February 28, 2014
Net loss	$	(4,089,528)	$	(1,136,653)
Items not affecting cash				
Amortization and depreciation		233,878		426,498
Interest and tax expense		1,821		3,725
EBITDA	$	(3,853,829)	$	(706,430)
EBITDA loss per share	$	(0.046)	$	(0.009)

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

The Company's EBITDA loss and EBITDA loss per share prior to the non-cash impairment expense of $2,968,885, for the second quarter ended February 28, 2015 increased by $178,514 to $884,944 ($0.011 per share).

LIQUIDITY AND CAPITAL RESOURCES

Assets and Liabilities

Total current assets decreased by $741,829 to $10,245,673 from the prior year ended August 31, 2014. Of the net decrease, $531,708 relates to a reduction of cash resources, of which $226,685 was used for the acquisition of leasehold improvements in the Lloydminster office and additional Powerwave tools and equipment, $498,768 was used to fund operations, and $202,581 was used to reduce current liabilities. The decreases were offset by the reduction in trade and other receivables by $882,831, and increase in prepaid and other current assets by $686,611, of which $339,041 of the prepaid and other current assets relates to the sale and license of Powerwave IOR/EOR tools.

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 also decreased by $5,886,762 from year ended August 31, 2014, of which $5,023,475 relates to non-cash impairments, $461,239 relates to transfer of property, plant and equipment to inventory, $226,685 of purchases of property, plant and equipment, $372,094 relates to amortization, and depreciation of property, plant and equipment, and $241,902 relates to the depreciation of intangible assets.

Liabilities

Total liabilities decreased by $202,581 from the prior year ended August 31, 2014 to $848,901. Of the liabilities, $183,790 relates to trade accounts payable, and $18,791 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 February 28, 2015 and August 31, 2014:

	As at February 28, 2015	As at August 31, 2014	Change
Current assets	10,245,673	10,987,502	(741,829)
Current liabilities	848,901	1,051,482	(202,581)
Working capital[note 1)]	9,396,772	9,936,020	(539,248)

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 $325,000 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 after the conclusion of year five (i.e., 2015). As security against the Letter of Credit, the Company pledged a Guaranteed Investment Certificate as security. As at February 28, 2015 the balance of the Letter of Credit was $130,000. The balance of the Company's capital is not 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 of the Powerwave well workover and stimulation and IOR/EOR products lines, the nature of product mixes between Powerwave well workover and stimulation, Powerwave IOR/EOR applications, Other technologies, and tubing pumps and bailers.

It is 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.

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 quarter.

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 fund ongoing operations and working capital needs;
- To support the marketing efforts with, and to train all licensees on, the implementation of our Company's core technologies; and
- To build new tool inventory systems when supported by immediate revenues with acceptable pay back periods.

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

As of April 27, 2015, Wavefront had $7,613,108 of cash on hand. Of the cash on hand, Wavefront has $600,000 in Term Deposits on deposit with TD Canada Trust, maturing on May 21, 2015, with a guaranteed interest rate of 0.7% and; and a Guaranteed Investment Certificates in the amount of $4,500,000 on deposit with National Bank Financial $2,000,000 cashable anytime without penalty but maturing on November 21, 2015, and $2,500,000 cashable anytime without penalty but maturing on March 20, 2016. Both investments with National Bank Financial have a guaranteed interest rate of 1.45%. Credit risk on the Term Deposit and Guaranteed Investment Certificates investment is linked to the insurance coverage limits as prescribed by the Canadian Deposit Insurance Corporation, Credit Union Deposit Insurance Corporation insurance and that of TD Canada Trust and National Bank Financial.

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	$ 1,687,301	$ 415,333	$ 645,728	$ 428,445	$ 197,795

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 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 $1,255,354 over the balance of the term.

In a prior year, the Company entered into a new sales office lease for Calgary, Alberta. The new facilities are to create a greater presence for our Company in Calgary. The office lease has a commencement date of June 15, 2011 and a five (5) year term expiring on June 14, 2016. The balance of the future commitment in base rental payments is $59,644.

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 growing Powerwave well

workover and stimulation business. 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 $367,500.

The Company is of the opinion that its working capital position of $9,396,772 as at February 28, 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 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 six month periods ended February 28, 2015, the Company recorded $18,069 (February 28, 2014 - $14,952) and $34,800 (February 28, 2014 - $31,908), respectively, in consulting expense, with $nil (August 31, 2013 - $nil) included in accounts payable and accrued liabilities.

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, 2014 and incorporated herein by reference.

ENVIRONMENTAL RISK

The Company's environmental risks are the same as disclosed in its annual MD&A issued for the year ended August 31, 2014 and incorporated herein by reference.

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, 2014 and incorporated herein by reference.

CHANGES IN ACCOUNTING POLICIES

The changes in accounting policies are disclosed in Note 2, "*Statement of Compliance*", of the Unaudited Interim Condensed Consolidated Financial Statements for the period ended November 30, 2014 and incorporated herein by reference.

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

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.

	2nd Qtr Feb 28 '15	1st Qtr Nov 30'14	4th Qtr Aug 31 '14	3rd Qtr May 31 '14
Revenue	$ 1,059,555	$ 1,493,590	$ 1,486,805	$ 1,499,056
Net Loss	$ (4,089,528)	$ (2,716,682)	$ (1,005,009)	$ (2,276,241)
Basic and diluted loss per share	$ (0.049)	$ (0.033)	$ (0.012)	$ (0.027)
Common shares outstanding				
Weighted average shares outstanding	82,956,240	82,956,240	82,956,240	82,956,240

Notes:

1) The second quarter ended February 28, 2015 included a non-cash impairment expense of $2,968,885. Net loss prior to impairment was $1,120,643 or $0.014 per share.

2) The first quarter ended November 30, 2014 included a non-cash impairment expense of $2,054,590. Net loss prior to impairment was $678,672 or $0.008 per share.

3) The third quarter ended May 31, 2014 included a non-cash impairment expense of $1,338,584. Net loss prior to impairment was $937,657 or $0.011 per share.

	2nd Qtr Feb 28 '14	1st Qtr Nov 30'13	4th Qtr Aug 31 '13	3rd Qtr May 31 '13
Revenue	$ 1,247,048	$ 1,646,640	$ 1,693,856	$ 1,659,021
Net Loss	$ (1,136,653)	$ (792,404)	$ (1,409,644)	$ (968,055)
Basic and diluted loss per share	$ (0.014)	$ (0.009)	$ (0.017)	$ (0.012)
Common shares outstanding				
Weighted average shares outstanding	82,956,240	82,956,240	82,956,240	82,956,240

Notes continued:

4) The financial data has been prepared in accordance with IFRS.

5) All amounts in Canadian dollars except share data.

DESCRIPTION OF SHARE CAPITAL

As at February 28, 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	2,160,000	
		2,160,000
Fully diluted share capital:		85,116,240

As at April 27, 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	$ 0.250	October 8, 2019
	100,000			

During the reporting quarter the incentive stock options issued to investor relations consultant as noted above were cancelled unexercised.

Subsequent to the reporting period 900,000 stock options were issued to Directors of the Company with an exercise price of $0.12. The stock options are subject to the Stock Option Plan, and expire March 17, 2020.

Options outstanding

As at February 28, 2015

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	570,000	0.38
November 12, 2013	November 12, 2018	75,000	0.41
September 28, 2011	September 28, 2016	55,000	0.66
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
		2,160,000	

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 MD&A.

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 this MD&A, 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 for the industry in which Wavefront operates, 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 for reduction of annualized wage expense, further impairment charges in the short term, continued variation in bailer revenues and stable tubing pump revenues, Other Technology revenues, production revenue increases among state owned E&Ps and associated increases in demand, continued volatility in operating cash flows, future international revenues, expectations once Powerwave is fully commercialized, the belief that international Powerwave well workover and stimulation revenues will grow in 2015, the near future plans of clients, expectations for revenue patterns and discussions of goals relating to expansion of client base;*

- *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 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, volatility in commodity pricing, client operational and scheduling difficulties, client infrastructure limitations and budgetary priorities, direct and indirect compensation and pricing pressure from customers, 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 MD&A. In determining Wavefront's forward-looking statements, Wavefront considers material factors including assumptions and expectations contained in: the "Technology Adoption" section in the annual MD&A for the year ended August 31, 2014, incorporated herein by reference, as well as expectations regarding customer demand and adoption rates for Wavefront's products; commodity prices, interest and foreign exchange rates; accounting and impairment estimates; and the availability and cost of inputs, labour and services, patent, technology and competitive risk. These material risk factors and material assumptions are not intended to represent a complete list of the factors that could affect Wavefront; please see other factors that are described in further detail in Wavefront's continuous disclosure filings, from time to time, and available on SEDAR at www.sedar.com.*

The forward-looking statements contained herein represent Wavefront's expectations at April 27, 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).