Wavefront Technology Solutions Inc.

Quarterly Report

For the second

Quarter ended

February 29, 2020

The following discussion and analysis of financial results should be read in conjunction with the unaudited financial statements and the accompanying notes for the quarter ended February 29, 2020 and February 28, 2019 and is based on information available to April 28, 2020. 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 International Financial Reporting Standard ("IFRS"). The MD&A primarily compares the unaudited financial results for the second quarter ended February 29, 2020 and February 28, 2019. 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 IFRS's financial records (also see section titled "Controls and Procedures" page 22). 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 29, 2020 and February 28, 2019 as well as the audited consolidated financial statements for the period ended August 31, 2019 and 2018 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; and, met to review the unaudited 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 on April 28, 2020.

NON-IFRS MEASURES

The Company uses IFRS, additional and non-IFRS (or non-generally accepted accounting principles or non-GAAP) measures to make strategic decisions, to set targets and use in operating activities, and as such believes that the additional and non-IFRS measures provide useful supplemental information to investors. "Working capital", "other technology revenues", and "EBITDA" are measures used by the Company that may not have a standard meaning prescribed by IFRS and may not be comparable to similar measures used by other companies.

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

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

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

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

SUBSEQUENT EVENT – ECONOMIC UNCERTAINTY AND CRUDE OIL PRICE VOLATILITY

Subsequent to the reporting period ended February 29, 2020, the global impact of the novel strain of the Coronavirus ("COVID-19"), as well as, recent abnormal volatility in spot prices for, and an over supply of, oil and gas, has resulted in significant declines in global stock markets and has fostered a great deal of uncertainty as to the health of the global economy over the next 12 to 18 months.

Wavefront is subject to liquidity risks in maintaining their revenues and earnings, as well as, cash flows and financial condition. These factors, amongst others, are likely to have a negative impact on the Company's ability to raise equity and/or obtain loans and other credit facilities in the future or on terms favourable to the Company.

The Company is directly or indirectly involved in providing goods and services to the oil and gas sector, which will be affected by the impact of COVID-19, as well as, other economic factors impacting the oil and gas sector. These subsequent non-adjusting conditions may impact certain accounting judgments and estimates, including the measurement of property and equipment, as at February 29, 2020.

Wavefront's impairment test for property and equipment has historically been based on the value in use model. Impairment indicators for our property and equipment could exist in future periods, if the current conditions persist. The Company will continue to work on revisions to Wavefront's forecasts and development plans in light of the current conditions and will use these updated assumptions / forecasts in our impairment indicator analysis and for impairment tests, if such tests are required.

OVERVIEW OF BUSINESS

Wavefront, an Oil Field Service ("OFS") company, provides leading edge technology primarily focused on optimized oil and gas well stimulation and Improved/Enhanced Oil recovery ("IOR/EOR"). For oil and gas well stimulation, Powerwave^{TM}, Wavefront's core technology, has proven to optimize both chemical costs and job execution time, thus minimizing overall job cost without negatively impacting post-stimulation results. In IOR/EOR applications, Powerwave has been shown to improve oil production rates; decrease oil production decline rates; and increase estimated ultimate oil recovery.

Powerwave is marketed in two primary areas to exploration and production ("E&P") companies:

i. Well stimulation; and,
ii. IOR/EOR.

A well stimulation is an operation performed on a well to restore or enhance productivity or improve injection. In certain instances, a chemical is pumped into the well to stimulate a producing or injection interval. In other cases, hydraulic fracturing may be used to boost well performance. Lastly, various stimulation approaches 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. Powerwave stimulations are related to optimized chemical placement or cleaning the wellbore. Depending on the nature of the work, Powerwave stimulations may take several hours to several days.

IOR/EOR targets stranded or bypassed oil in reservoir which is very difficult to mobilize and produce due to various physical limitations. The common theme in IOR/EOR approaches is the injection of a fluid that mobilizes bypassed oil. IOR/EOR projects are usually 12 months or longer in duration.

Wavefront currently has distribution, agency, or representation ("Distributor") agreements that encompass representation in 65 countries (but are active in this reporting period in 9 countries) and permit Distributors to market and resell the Company's suite of technologies to end users or E&Ps. Distributors are effective alternative distribution channels used to leverage Wavefront's global reach as well as reducing the Company's overall infrastructure as the Distributor deals directly with their customers, the end users or E&Ps. The agreements provide that the Distributor is generally responsible for contracting directly with and fulfilling the provision of goods or services to the end user, i.e., E&Ps, or their customers, and thus the Distributor is responsible for the execution and costs of work performance with their customers, inclusive of their customer's satisfaction for its entire general and administrative, sales and marketing expenses. Wavefront is also not exposed to the credit risk decisions of the Distributor; thus, the Distributor bears all risks and rewards in dealing with its customers. Like any other customer, Wavefront does have credit risk in collections from its Distributors.

Distribution agreements do not generally provide for established pricing to end users or E&P's in each country but instead provide a pre-negotiated amount that Wavefront can expect to receive for each bundled Powerwave job or service the Distributor provides to the end user or E&P. The Distributors however, are entitled to deduct any commissions, fees, or foreign tax withholdings from any amounts paid to Wavefront; thus, Wavefront recognizes the net amounts received in its revenue recognition. Wavefront is responsible for supplying Powerwave tools to the Distributor; Powerwave tool replacement, if needed; certain proprietary inventory type items required to rebuild or refurbish Powerwave tools, or consumables; and, if needed all Powerwave modeling, and the provision of remote technical support.

Wavefront also sells directly to end users or E&Ps, and other non-distributors, in which case the Company is responsible for fulfilling the provision of goods or services to the end users, or E&Ps. In dealing with end users or E&Ps or non-Distributor, Wavefront negotiates an amount that it can expect to receive for each bundled Powerwave job or service.

Wavefront has typically, regardless of dealing with an end user or E&P directly as a customer or dealing with its Distributors, and despite the type of application or product line (e.g., a Powerwave stimulation or IOR/EOR project), bundled its services, jobs or projects, which may include some or all of: modelling and programming; tool mobilization and installation; tool rental (or sale); Powerwave licensing; and demobilization. As all Powerwave components are transferred consecutively to the customer (i.e., regardless if an E&P or non-distributor, or a Distributor), the customer only receives economic benefits from the Powerwave service over the licensed and rental periods (i.e., be it a shorter period for Powerwave stimulation or a longer period for an IOR/EOR project).

Wavefront's patent portfolio encompasses i) a utility patent(s) related to the general process of dynamic fluid injection (i.e., the Powerwave process) where there is communication with the well bore and geological structure; and, ii) design patents which cover specific tool designs that provide for dynamic fluid injection. Wavefront's patents were registered in various jurisdictions where the Company anticipated future work, and have various expiry dates. As a result, the Company generates revenues in some countries where it does not have registered patents, but is protected by its licenses, non-compete and non-circumvent agreements, other intellectual properties (such as the proprietary Powerwave model), etc.

In addition to the aforementioned patent portfolio, the Company's intellectual properties include "know how" or trade secrets to install and to properly operate Powerwave tools, and a proprietary model which details predictive outcomes and operating protocols for Powerwave well stimulations as related to specific reservoir conditions. The proprietary model, in certain geographic regions, may be more integral to the Company's current business than its patents. As Distributors essentially re-sell to their customers, Wavefront provides training of Distributor personnel in the use of Powerwave tools. However, all Powerwave modelling and job programming is tightly controlled and is performed only by certain Wavefront personnel at the Company's head office in Edmonton, AB.

Wavefront endeavors to continuously develop new technologies and seek new patents, and as such the Company's intellectual property portfolio will continue to evolve.

OUTLOOK

Wavefront, indeed the entire oil industry, is confronting the unprecedented convergence of the worldwide COVID-19 pandemic and a global realignment of oil production and supply sources. This perfect storm has had a profound impact on our oil industry customers. This unprecedented convergence is in addition to the already bearish oil price outlook Management noted in the Wavefront's first quarter 2020 Management Discussion and Analysis. Appropriately, governments are developing economic measures and programs to forestall severe long-term detrimental impacts on their economies, workers, and businesses, however such financial stimulus may not be enough to stave off an extended economic recession or shorter term economic depression.

The failure of OPEC and Russia (OPEC+ group) to agree on an extension of oil production cuts in March 2020 immediately eroded the price of oil. With massive geopolitical consequences, the situation was further exacerbated when, in an attempt to gain back market share, Kingdom of Saudi Arabia announced it would increase oil supply by 2 million barrels of oil per day. With the demand shock already large due to COVID-19, the anticipated oversupply further weakened the market, driving oil prices down even more. In an attempt to reverse the fortune of dire oil prices the OPEC+ group agreed to a price war truce and historical, but temporary production cuts. This measure however did not have the desired outcome as oil prices continued to plummet to historical lows including negative pricing for West Texas Intermediate (WTI) oil. In short, oil supply significantly outpaces oil demand, oil storage capacity is at critical capacity, and the near-term forecast for oil is not encouraging. Economics is about supply and demand and a timeframe for global oil demand to reach pre-pandemic levels remains indefinable. As such there will continue to be volatility in the industry. The biggest loser in the OPEC+ group spat may very well be US shale producers who have seen their fates dwindle under the load of heavy debt.

Wavefront has not been immune to this perfect storm. Activity levels of Wavefront's distributors and marketing partners have been significantly impacted by COVID-19 related public health safeguards and travel restrictions. As a result, in our focus areas we do not anticipate a resumption of pre-pandemic well servicing activities until the mid-June or July 2020 timeframe.

When there is an eventual outcome to current global circumstances, we anticipate an uptick in activity levels as E&P companies work to maintain and restore production capacity. With Wavefront's available portfolio of technologies to maximize the production of oil, the Company believes our long-term fundamentals remain strong. Our suite of technologies allows us to modify our strategies to respond appropriately and in a timely manner to the evolving sector landscape and our customer needs. The Company's disciplined focus on continuous innovation and transformation contributes to our ability to flexibly navigate the industry's volatility.

Moving forward, Wavefront will continue to be prudent in managing cash resources and operations by right-sizing the workforce relative to activity levels and rationalizing costs elsewhere. We will remain open and considerate to customer requirements and revenue opportunities. We are optimistic of the future and we will continue to support our established marketing partners and customers to our fullest extent. Better days do lie ahead and we will do our best to ensure the Company is in a strong position to meet the resumption of activities and enhance revenue generating opportunities to bolster Wavefront's balance sheet.

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 (i.e., the nature of the products and services and any bundling or cross use thereof, types of customers, operating segment served within the industry and similarity of segments with other OFS companies, quantitative and qualitative thresholds, etc.) and geographic areas, in identifying its reportable segment. The operating segment 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, by product line, as it believes this additional supplemental information is useful to investors with respect to the development of the business.

In Kuwait, the country has been on a government-mandated COVID-19 lockdown since early March 2020. This public health safeguard stopped all but essential oil field work, and as such, the Company's anticipated WaveAxe™ field trial has been put on hold. There is no new timetable for the WaveAxe field trial and such new technology trials as a whole may be deferred until the next calendar year as capital and operating budgets are constrained.

Much like Kuwait, the Kingdom of Saudi Arabia has seen strong and progressive measures being taken to combat the spread of COVID-19. These measures have resulted in the cessation of marketing efforts by our local distributor hence all marketing efforts in the Kingdom by the Company and its Distributor are being done remotely. During the second quarter ended February 29, 2020, overall Powerwave stimulation activity in the Kingdom was negatively impacted by certain actions levied against the Company's Distributor, which included restrictions on the award of well work. In addition, the local Distributor also faced increased pricing competition from other service companies as they volley to increase market share. Though Wavefront has a guaranteed minimum usage fee agreement with the local Distributor, the twin impact dynamics of work restrictions and pricing competition resulted in Wavefront seeing lower than anticipated revenue. Wavefront Management remains in close contact with the local Distributor as well as engineers for the end user and it is anticipated that recent challenges will be addressed in the very near term.

For the second quarter ended February 29, 2020, the Company's Distributor in Colombia completed four Powerwave Odyssey and four Powerwave SAN stimulations, with one Odyssey and one Powerwave SAN stimulation completed in the Company's first quarter ended November 30, 2019. There remain five Powerwave Odyssey stimulations to be completed from the initial ten well contracted program granted to Wavefront's Distributor. The remaining stimulation work is not anticipated to occur until the resumption of activities post COVID-19 work shutdown, the timing of which is unknown at this time.

For the six month period ended February 29, 2020, revenues totalled $1,406,725 (2019 - $1,838,640). Of the revenues for the reporting period, $1,221,605 relates to Powerwave stimulations, with $1,039,969 of those revenues being derived from the Middle East, a decrease of $295,672 over the comparative period. The Company continues to focus business development efforts with its Distributors in the Middle East generating revenues of $660,475 in Kuwait, and $399,190 in the Kingdom of Saudi Arabia related to Powerwave stimulations for the six months ended February 29, 2020.

For the six month period ended February 29, 2020, general and administrative, sales and marketing, and research and development expenses decreased by $157,957 (or 9.0%) to $1,606,618, compared to $1,764,575 in February 28, 2019.

For the second quarter 2020 (i.e., three months ended February 29, 2020) recorded revenues totalled $706,040 a decrease of $188,847 from the comparative quarter (i.e., three months ended February 28, 2019) revenues of $894,887. Of the revenues for the reporting quarter, $525,238 (2019 - $815,885) relates to Powerwave stimulations, with $468,823 (2019 - $683,419) of those revenues being derived from the Middle East. Revenue from the second quarter remained relatively flat from those recognized in the first quarter 2020 (i.e., the three months ended November 30, 2019) of $700,685.

Revenues for the year to date fiscal 2020 were not as expected and negatively impacted as US $1,000,000 in potential revenues related to a General Services Agreement ("GSA"), which was announced on September 9, 2019, were not yet recognized. Revenues were not recognized, at this time, due to unforeseen circumstances beyond the Company's control.

Net losses for the second quarter totalled $419,612 (2019 - $243,823). Excluding the impairment of non-current inventory of $211,965, net losses would have declined by $36,176 from the comparative period, and $37,135 from those recognized in the first quarter 2020, principally due to expense reductions in general and administrative, sales and marketing, and research and development functional expenses.

Subsequent to the reporting period and in relation to aforementioned economic uncertainty and crude oil price volatility, the Company undertook some temporary layoffs and expense reductions. The Company will continue to monitor any government programs related to COVID-19, and apply to those it feels are most beneficial and to which it qualifies.

Additionally, and subsequent to the reporting period, and due to not being able to recognize revenues, the Company has agreed to an amendment to the GSA such that minimum guaranteed aggregate consideration of US $500,000 per quarter will be suspended during the period of May 1, 2020 to December 1, 2020 (the "Amendment Period"). During the Amendment Period the Company will invoice the client only for work performed. It is hoped that such suspension will allow external events to be corrected thus permitting the Company to properly recognize revenues in future periods. It is the intent of the Company, at this time, to continue in good faith to work with executive management of the E&P client to collect all amounts owed but not recognized. Once the Company can recognize revenues, in accordance with IFRS, the Company will accordingly disclose any such recognition.

Impairment

As at February 29, 2020, the Company assessed impairment indicators for the Company's Powerwave CGU and concluded that no indicators of impairment were present (see Subsequent Event – Economic Uncertainty and Crude Oil Price Volatility on page 2, above).

Consolidated Results – six-months ended February 29, 2020

Revenues

Revenues for the six month period ended February 29, 2020 totalled $1,406,725, a decrease of $431,915 from the comparative period revenues of $1,838,640. Revenues related to Powerwave stimulations for the period ended February 29, 2020 totalled $1,221,605 (2019 - $1,656,290). Powerwave stimulation revenues for the reporting quarter from the Middle East totalled $1,039,969 (2019 - $1,336,923). North American stimulation revenues totalled $63,391 and remain behind historical norms, and in part due to the unrecognized revenues related to the GSA noted above, while Powerwave stimulation in other international regions totalled $118,245.

Revenues for the six months ended February 29, 2020, related to Powerwave IOR/EOR projects totalled $180,802 (2019 - $151,389).

Geographically, $244,193 (2019 – $145,632) in revenue was generated in North America, $1,039,969 (2019 - $1,511,474) in the Middle East, and $122,563 (2019 - $181,534) in other international geographic regions. The geographic revenues are more specifically described as follows:

North America: Revenues in North America increased by $98,561 to $244,193 compared to $145,632 in the comparative quarter principally due to the sale of IOR/EOR Powerwave systems for $180,802. Powerwave stimulation revenues in North America totalled $63,391 (2019 - $140,432) but have still to return to historical norms in part due to the unrecognized revenues related to the GSA noted above; Other Technology revenues totalled $nil (2019 - $5,200).

Middle East: Revenues in the Middle East totalled $1,039,969 (2019 - $1,511,474). Powerwave stimulation revenues in the Middle East totalled $1,039,969 (2019 - $1,336,923); Powerwave IOR/EOR projects revenues totalled $nil (2019 - $151,389) as the one IOR/EOR project came to a conclusion on August 31, 2019; and Other Technology revenues totalled $nil (2019 - $23,162).

Other International: Revenues outside of North America and the Middle East totalled $122,563 (2019 - $181,534). Powerwave stimulation revenues in other international markets totalled $118,245 (2019 - $178,934); and Other Technology revenues totalled $4,318 (2018 - $2,600).

Costs of Sales

Under IFRS cost of sales includes direct labour, wage benefits and associated stock option benefits, consumable (i.e., inventory) parts, as well as third party installation costs of Powerwave and Primawave product lines.

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

Costs of sales for the six month period ended February 29, 2020 totalled $67,054 or 4.8% of revenues (February 28, 2019 - $264,050 or 14.4% of revenues), which is principally impacted by a greater proportion of revenues being derived through Distributors, and more over, the majority of revenues being recognized by agreements providing minimum numbers of Powerwave stimulation jobs or guaranteed revenues, and thus, there were little direct costs (i.e., minimal well modelling, field labour, direct labour and inventory for Powerwave tool refurbishing).

Costs of sales associated with all Powerwave stimulations totalled $21,605 (2019 - $138,729).

Expenses

As at February 29, 2020 the Company fully impaired the $211,965 of raw materials and consumable inventory recorded within the equipment under construction, under the tools and equipment asset segment to the estimated net realizable value at $nil. COVID-19, as well as, recent abnormal volatility in spot prices for and over supply of oil, which has created material uncertainties, and has also impacted the Company's ability to consume or sell these inventory items within the next twelve months.

General and administrative, sales and marketing, research and development, and amortization and depreciation expenses for the six months ended February 29, 2020, declined by $78,735 to $1,797,060, compared to $1,875,795 in February 28, 2019. The changes within these expenses were principally a result of the following changes:

i) General and administrative expenses decreased by $234,541 or 16.7% (February 29, 2020 - $1,168,749; February 28, 2019 - $1,403,290). The change in general and administrative expenses ware as follows with the noted variances:

	Six months ended		
	February 29, 2020	February 28, 2019	Variance
Wages, wage expenses and benefits	$ 523,221	$ 508,216	$ 15,005
Office	206,116	275,360	(69,244)
Professional fees	156,721	238,926	(82,205)
Consultants	111,814	192,797	(80,983)
Public company & listing fees	101,620	97,032	4,588
Bad Debts	31,281	729	30,552
Repairs and maintenance	23,436	47,309	(23,873)
Vehicle	13,251	18,329	(5,078)
Miscellaneous	1,289	1,092	197
Share based payments	-	23,500	(23,500)
	$ 1,168,749	$ 1,403,290	$ (234,541)

In the prior year end the Company recorded bad debt expense of $431,842 against a Permian Basin-based client's aged accounts over 120 days. Despite the bad debt expense, the Company's Management continue to aggressively pursue and secure the outstanding amount owing including interest. Should any receipt of payment occur, Wavefront will record a bad debt recovery, i.e., an expense credit, reversing the bad debt expense, and will disclose accordingly.

ii) Amortization and depreciation expense increased by $79,222 to $190,442 from the comparative period. Depreciation and amortization expense was impacted by the adoption of IFRS 16, which required $75,178 in additional depreciation expense on right-of-use assets, and the addition of an intangible asset that increased depreciation and amortization by $1,459.

iii) Research and development expense increased by $67,210 to $111,420. Of the wage expense within research and development $55,844 (2019 - $43,960) relates to labour of the Company's physicist and reservoir engineer that support our Powerwave product line. The increase in research and development expenses relates to the functional allocation of fully built up wages, consumption of materials of $24,599 in and consulting fees of $30,678 in developing prototype Powerwave tools.

iv) Sales and marketing expenses remained relatively stable, increasing by $9,374 to $326,449. The changes within sales and marketing expenses relates to increases of fully built up functional wage allocation of $29,527 that relates to an allocation of fully built up labour costs, a decrease of $17,841 in marketing and advertising expense, and a decrease of travel related expenses that mainly relate to travel the Middle East of $2,607.

Net Finance Section of Income

Financing costs of $7,221 (2019 - $3,203) includes interest expense, for both reporting quarters that relates to interest on insurance financing contracts. In addition, interest expense of $4,518 relates to lease liability (i.e., IFRS 16) is included in the current reporting period only.

Financing income of $14,639 (2019 - $16,613) includes interest earned for the reporting quarters. Interest earned relates to the investment of funds principally from the private placement that was closed and announced on July 17, 2018, and cash inflows since that private placement.

Foreign exchange loss of $2,459 (2019 - $1,234) is a result of the translated difference between spot rates and the average for the year of items in the Company's Canadian entity.

Operating Cash Flows

The following table sets out the cash used in operations for the six months ended February 29, 2020 and February 28, 2019:

	Six months ended	
	February 29, 2020	February 28, 2019
Net Loss	$ (664,395)	$ (289,771)
Changes to net loss not including cash		
Impairment to non-current inventory	211,965	-
Amortization and depreciation	190,442	111,220
Impact of foreign translation	3,838	(6,380)
Share-based payments	-	23,500
Loss on disposal of property, plant and equipment	-	742
Interest expense	(7,221)	(3,203)
Changes to working capital		
Change in trade and other payables	157,032	153,651
Change in unearned revenue	74,149	66,259
Interest paid	7,221	3,203
Change in deposits	-	-
Change in inventory	(7,086)	(32,155)
Change in prepaid expenses	(131,249)	101,495
Change in trade and other receivables	(418,076)	56,234
Cash from operating activities	$ (583,380)	$ 184,795

Cash used in operating activities were negatively impacted by the net changes in non-cash working capital items (see Liquidity section on page 15, below).

Net Loss and Comprehensive Loss, and Loss Per Share

The net loss for the six months ended February 29, 2020 increased by $374,624 to $664,395 (or basic and diluted net loss of $0.008 per share), compared to the net loss of $289,771 (or basic and diluted net loss of $0.003 per share) for the comparative period ended February 28, 2019. Excluding the impairment of the non-current inventory of $211,965, the net loss would have been $452,430 (or the basic and diluted net loss of $0.005).

The comprehensive loss for the six months ended February 29, 2020 was $664,034 versus the reported comprehensive loss of $292,435 reported in the comparative reporting quarter ended February 29, 2019.

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

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

	Six months ended	
	February 29, 2020	**February 28, 2019**
Net loss	$ (664,395)	$ (289,771)
Items not affecting cash		
Amortization and depreciation	190,442	111,220
Interest and tax expense	7,221	3,203
EBITDA	$ (466,732)	$ (175,348)
EBITDA loss per share	$ (0.005)	$ (0.002)

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

Excluding the impairment of the non-current inventory of $211,965, the EBITDA loss would have been $254,767 (or the EBITDA loss of $0.003). EBITDA was also impacted by the adoption of IFRS 16 as described elsewhere.

CONSOLIDATED RESULTS – THREE MONTHS ENDED FEBRUARY 29, 2020

Revenues

For the second quarter ended February 29, 2020 gross revenues totalled $706,040, decreasing $188,847 over the comparative quarter ended February 28, 2019 that recognized revenues of $894,887. Revenues related to Powerwave stimulations for the second quarter 2020 totalled $525,238 compared to $815,885 in the comparative quarter. Powerwave stimulation revenues for the reporting quarter for the Middle East totalled $468,823 (2019 - $683,419). North American stimulation revenues totalled $23,550 (2019 - $55,451) and remain behind historical norms in part due to the unrecognized revenues related to the GSA noted above, while Powerwave stimulation in other international regions totalled $32,865 (2019 - $77,014).

Powerwave IOR/EOR projects totalled $180,802 (2019 - $53,240) and pertains to the sale of IOR/EOR Powerwave systems and is denominated in United States currency.

Geographically, $204,352 (2019 – $55,451) in revenue was generated in North America, $468,823 (2019 - $759,821) in the Middle East, and $32,865 (2019 - $79,614) in other international geographic regions. The geographic revenues are more specifically described as follows:

> **North America**: Revenues in North America increased by $148,901 to $204,352 compared to $55,451 in the comparative quarter principally due to the sale of IOR/EOR Powerwave tools for $180,802. Powerwave stimulation revenues in North America remained totalled $23,550 (2019 - $55,451) and remain behind historical norms in part due to the unrecognized revenues related to the GSA noted above.
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> **Middle East**: Revenues in the Middle East totalled $468,823 (2019 - $759,821). Powerwave stimulation revenues in the Middle East totalled $468,823 (2019 - $683,419); Powerwave IOR/EOR projects revenues totalled $nil (2019 - $53,240); and Other Technology revenues totalled $nil (2019 - $23,162).
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> **Other International**: Revenues outside of North America and the Middle East totalled $32,865 (2019 - $79,614). Powerwave stimulation revenues in other international markets totalled $32,865 (2019 - $77,014); and Other Technology revenues totalled $nil (2019 - $2,600).

Costs of Sales

Costs of sales associated with all Powerwave stimulations totalled $15,839 (2019 - $128,047) due the recognition of minimum or guaranteed revenues with little or no direct costs.

Expenses

As at February 29, 2020 the Company fully impaired the $211,965 of raw materials and consumable inventory recorded within the equipment under construction, under the tools and equipment asset segment to the estimated net realizable value at $nil. COVID-19, as well as, recent abnormal volatility in spot prices for and over supply of oil, which has created material uncertainties, has also impacted the Company's ability to consume or sell these inventory items within the next twelve months.

General and administrative, sales and marketing, research and development, and amortization and depreciation expenses for the second quarter ended February 29, 2020, decreased by $51,479 to $886,915, compared to $938,394 in February 28, 2019. The change in these expenses was principally a result of the following changes:

i) General and administrative expenses decreased by $118,175 or 16.9% (February 29, 2020 - $557,516; February 28, 2019 - $699,691) with the following noted variances:

	Three months ended		
	February 29, 2020	February 28, 2019	Variance
Wages, wage expenses and benefits	$ 262,062	$ 254,396	$ 7,666
Office	103,740	153,835	(50,095)
Professional fees	77,055	119,649	(42,594)
Public company & listing fees	55,203	49,642	5,561
Consultants	40,182	282,500	(242,318)
Vehicle	23,813	1,697	22,116
Bad Debts	11,143	18,018	(6,875)
Repairs and maintenance	7,227	9,455	(2,228)
Miscellaneous	1,091	1,064	27
Share based payments	-	9,435	(9,435)
	$ 581,516	$ 899,691	$ (318,175)

ii) Amortization and depreciation expense increased by $30,254 to $96,773 from the comparative period. Depreciation and amortization expense was impacted by the adoption of IFRS 16, which required $37,589 in additional depreciation expense on right-of-use assets, and the addition of an intangible asset that increased depreciation and amortization by $1,459.

iii) Research and development expense increased by $34,646 to $51,104. Of the wage expense within research and development $27,643 (2019 - $16,209) relates to labour of the Company's physicist and reservoir engineer that support our Powerwave product line. The increase in research and development expenses relates to the functional allocation of fully built up wages, and the consumption of materials and additional consulting fees related to developing prototype Powerwave tools.

v) Sales and marketing expenses remained relatively flat increasing by $1,796 to $157,522. The changes within sales and marketing expenses relates to increases of fully built up functional wage allocation of $14,976 that relates to an allocation of fully built up labour costs, increases of travel related expenses that mainly relate to travel to the Middle East of $7,161, and decreases of $20,373 in marketing and advertising expense.

Net Finance Section of Income

Financing costs of $3,952 (2019 - $1,744) includes interest expense, for both reporting quarters that relates to interest on insurance financing contracts. In addition, interest expense of $2,032 relates to lease liability (i.e., IFRS 16) is included in the current reporting period only.

Financing income of $6,876 (2019 - $8,468) includes interest earned for the reporting quarter. Interest earned relates to the investment of funds principally from the private placement that was closed and announced on July 17, 2018, and cash inflows since that private placement.

Foreign exchange gain of $3,380 (2019 – loss of $28,011) is a result of the translated difference between spot rates and the average for the year of items in the Company's Canadian entity.

Operating Cash Flows

The following table sets out the cash used in operations for the second quarter ended February 29, 2020 and February 28, 2019:

	Three months ended February 29, 2020	Three months ended February 28, 2019
Net Loss	$ (419,612)	$ (243,823)
Changes to net loss not including cash		
Impairment of non-current inventory	211,965	-
Amortization and depreciation	96,773	66,519
Impact of foreign translation	6,167	10,894
Interest expense	(3,952)	(1,744)
Share-based payments	-	9,435
Loss on disposal of property, plant and equipment	-	(192)
Changes to working capital		
Change in trade and other receivables	(588,090)	10,744
Change in trade and other payables	34,107	(209,198)
Change in prepaid expenses	16,979	60,697
Interest paid	3,952	1,744
Change in unearned revenue	807	121,298
Change in deposits	-	9,361
Change in inventory	(34,291)	8,160
Cash from operating activities	$ (675,195)	$ (156,105)

Cash flows from operating activities for the quarter was principally impacted by non-working capital item of trade and other receivables as Distributors and E&Ps delayed their payments to the Company.

Net Loss and Comprehensive Loss, and Loss Per Share

The net loss for the second quarter 2020, i.e., the three months ended February 29, 2020 was $419,612 (or $0.005 basic and diluted loss per share), an increase of $175,789, from the comparative quarter ended February 28, 2019, which reported a net loss of $243,823 (or $0.003 basic and diluted loss per share). Excluding the impairment of non-current inventory of $211,965, the net loss for the reporting quarter would have been $207,647 (or $0.002 basic and diluted loss per share), a decrease of $36,176 from the comparative quarter, and a decrease of $37,135 from the prior quarter ended November 30, 2019.

The comprehensive loss for the second quarter 2020 was $416,788 and impacted by foreign translation gain of $2,824 on its foreign, wholly owned, subsidiary in the United States versus the reported comprehensive loss of $251,284 reported in the comparative reporting quarter ended February 28, 2019.

Earnings (loss) 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 February 29, 2020	Three months ended February 28, 2019
Net Loss	$ (419,612)	$ (243,823)
Items not affecting cash		
Amortization and depreciation	96,773	65,519
Interest and tax expense	3,952	1,744
EBITDA (loss)	$ (318,887)	$ (176,560)
EBITDA (loss) per share	$ (0.004)	$ (0.002)

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

Excluding the impairment of the non-current inventory of $211,965, the EBITDA loss would have been $106,922 (or the EBITDA loss of $0.001), a decrease of $68,638 over the comparative quarter and $40,922 over the prior quarter ended November 30, 3019. EBITDA was also impacted by the adoption of IFRS 16 as described elsewhere.

LIQUIDITY AND CAPITAL RESOURCES

Assets and Liabilities

Total assets decreased by $293,330 to $3,882,634 from the prior year end, the changes of which principally relates to the decrease of $755,495 in cash and cash equivalents mainly related to cash used from operations as client payments were delayed; the impairment of $211,965 of non-current inventory included within property, plant and equipment under construction; and other decreases of $92,225 in property, plant and equipment, the latter of which relates to the transfer of IOR/EOR equipment to inventory for sale and amortization and depreciation charges.

Offsetting the aforementioned decreases were increases in current assets of trade and other receivables of $418,076, prepaid expenses and other current assets of $131,249, and inventories of $14,517. Total assets also increased due to the recognition of right-of-use assets (as required by IFRS 16) as at September 1, 2019 of $213,005, which was depreciated over the reporting period by $75,178 and the acquisition of intangible assets of $66,175 which was depreciated by $1,459.

The acquisition of intangible assets consists of certain exclusive, irrevocable rights related to Licensed Patents in the Middle East North Africa related to acoustic/ultrasonic well stimulation technologies. In addition to the consideration paid, the Company is required to pay a royalty of twenty-five (25%) percent of its net revenues received in relation to the Licensed Patents. Should the Company not exploit the Licensed Patents during the initial five year period, the patent owner may terminate the rights and agreement, unless the Company remits an additional payment of US $50,000 within 30 days after the 5th anniversary.

Liabilities

Total liabilities increased by $370,704 from the prior year-end to $1,224,554. Of the changes in liabilities, $74,149 relates to an increase in unearned revenue, and $157,032 relates to an increase in trade accounts payable and other accrued liabilities. Unearned revenues principally relates to timing difference related to payments ahead of revenue recognition, and moreover, the recognition of international tax withholdings differentials by Distributors.

The increases in unearned revenues principally relate to the remittance of amounts by international clients in excess of what the Company believes to be the proper tax withholding amounts, whereas the increase in trade accounts payable is a result of Management matching payables to its receipt of accounts receivables.

Total liabilities also increased due to the recognition of lease liabilities (as required by IFRS 16) of as at September 1, 2019, with a recorded value of $139,523 as at February 29, 2020. The lease liabilities are reduced through the principal net payment of lease obligation.

Liquidity

The following table presents working capital information as at February 29, 2020 and August 31, 2019:

	As at February 29, 2020	As at August 31, 2019	Change
Current assets	3,148,809	3,340,462	(191,653)
Current liabilities	(1,224,554)	(853,850)	(370,704)
Working capital[1]	1,924,255	2,486,612	(562,357)

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

Changes in working capital relate to the net decreases in cash and cash equivalents (i.e., decreasing $755,495), increases in current liabilities of $370,704 (i.e., increases in unearned revenue increased of $74,149, increases in trade accounts payable increased of $157,032, and increases in current lease liabilities of $139,523; the latter of which, is related to the adoption of IFRS 16 effective September 1, 2019). Offsetting the aforementioned, were increases in trade and other receivables of $418,076, increases in prepaid expenses and other current assets of $131,249, and increases in inventory of $14,517.

Wavefront believes that its working capital position will continue to fluctuate and that the Company's cash flow will be affected by the degree of Powerwave commercialization; the ability of Distributors and Third Parties to obtain additional Powerwave work with end users or E&Ps; and, the mix between Powerwave product lines.

With the subsequent, abnormal volatility in spot prices for and over supply of oil and gas, and the COVID-19 pandemic, the Company has experienced longer delays in realizing on its receivables, which, despite decreased revenues, has resulted in increases in trade and other receivables, and thus, a corresponding decrease in cash resources. To fully maximize the management of cash on hand and working capital, the Company has tried to match the flow of payables with receipt of its receivables. The net impacts of these actions are seen in the changes to working capital since fiscal 2019 year end.

It is anticipated that, in at least the near term, working capital cash from operations will continue to fluctuate. Given the Company's reliance on Distributors as well as a few key customers, should certain expected cash inflows not materialize in the amounts or at the times expected, cash on hand could be significantly reduced in the coming fiscal year. However, the Company is in frequent contact with its key Distributors and customers, continues to have good working relationships, collaborates on paths forward for business development, and reviews the credit quality of its counterparties.

The Company did not default nor was it in arrears on any contractual commitments or leases, and is not subject to any penalties related to delayed payments. Also see the discussion on Financings and Capital Resources for expanded discussions impacting liquidity.

Financings

There were no financings during the reporting or the comparative period. Given the Company's stage of development, the subsequent, abnormal volatility in spot prices for and over supply of oil and gas, the COVID-19 pandemic, and global economic uncertainty, it is currently believed that beyond any potential government funding, there are few financing sources available to Wavefront. Any future financings, if available, will also be dependent on Wavefront's credit rating, quality of licensing contracts, etc. and other relevant financing factors.

As government sponsored programs resulting from COVID-19 become available, the Company will endeavor to access those resources to ensure that the capital resource objectives noted below can be met.

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:

- Ensuring the Company's solvency;
- 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 currently no known trends or restrictions in Wavefront's capital resources. However, for the reasons noted above, the Company expects working capital to continue to fluctuate.

As of April 28, 2020, Wavefront had $2,178,540 of cash and cash equivalents on hand. Of the cash on hand, Wavefront has $1,718,290 in high interest savings accounts with annualized interest rate of 1.70%. The cash and cash equivalents on hand as at April 28, 2020 increased by $335,839 since the second quarter ended February 29, 2020.

Credit risk of any deposits is linked to the insurance coverage limits as prescribed by the Canadian Deposit Insurance Corporation and that of National Bank Financial.

At February 29, 2020, the Company had yet to achieve profitable operations, had an accumulated deficit of $75,089,889 (August 31, 2019 - $74,425,494), and for the year to date period ended February 29, 2020, had a net loss of $664,395 (February 28, 2019 - $289,771). The subsequent impact of COVID-19, as well as, recent abnormal volatility in spot prices for and over supply of oil, which has created material uncertainties that together with the lack of continuing profitable operations may cast significant doubt to continue as a going concern. Whether and when the Company can obtain profitability and positive cash flows from operations for the next twelve months is uncertain.

The Company however, currently has a positive working capital of $1,924,255 (August 31, 2019 - $2,486,612), which is greater than the past twelve month's cash used in operations. Additionally, the Company had net cash increases of $10,832 in fiscal 2019; and as at April 28, 2020 cash and cash equivalents of $2,178,504, an increase of $335,839 since the quarter ended February 29, 2020.

It is currently believed, that subsequent material uncertainties related to events or conditions, resulted in significant declines in global stock markets and has fostered a great deal of uncertainty as to the health of the global economy over the next 12 to 18 months, and has impacted foreign exchange and interest rates, government policies, E&P activities within the oil and gas sectors. Together with the lack of continuing profitable operations, economic reliance on limited key distributors or customer, creates material uncertainties in the near term, and may impact Wavefront's abilities to generate revenue and collect on amounts when due.

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

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
Contractual commitments and variable lease payment	$ 84,963	$ 84,963	$ -	$ -	$ -
Lease liabilities	143,000	143,000	-	-	-
	$ 227,963	$ 227,963	$ -	$ -	$ -

Note 1: In a prior year, the Company entered into an office and warehouse lease for its Edmonton, Alberta operations. The office and warehouse lease had a commencement date of February 1, 2011 and a ten year term expiring on January 31, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Expense transaction

In a prior year, the Company entered into a Consulting Agreement with Mr. Roger Kazanowski, a Director of the Company, to act as an advisor to senior management in relation to strategic planning and marketing. Mr. Kazanowski was remunerated a monthly consulting fee of US $5,000 per month. During the three and six months ended February 29, 2020, the Company recorded $nil (February 29, 2019 – $nil and $6,599, respectively) in consulting expense, with $nil (August 31, 2018 - $nil) included in accounts payable and accrued liabilities. Effective September 30, 2018, the Consulting Agreement was terminated.

PROPOSED TRANSACTIONS

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

RISK AND UNCERTAINTIES

Other than the additional risks and uncertainties set out below, the Company's business risks and uncertainties are the same as disclosed in its annual MD&A issued for the year ended August 31, 2019 (under the heading "Risks and Uncertainties").

Reliance on Distributors and Third Parties – The Company has, and is anticipated to enter into, various arrangements with agents, collaborators, licensors, licensees and others for the marketing of its products and services and execution of those jobs related to those products and services. Inadequate or poor performance of the Distributors and Third Parties, both related to Powerwave jobs or to other non-Wavefront related product and services offerings, may impact the ability of those Distributors and Third Parties to obtain additional work with end users or E&Ps, and may negatively affect the Wavefront and Powerwave brands, and thus, potentially negatively impact the Company's revenues. The Company attempts to manage this risk by visiting each region and training its Distributors in the operation of Powerwave tools, but beyond this training, the Company does not have a significant influence on how its Distributors and Third Parties operate or conduct themselves.

Agreements with Minimum Work or Guaranteed Revenues – The Company has entered into various agreements with its Distributors, and E&P clients that provided for either minimum numbers of Powerwave stimulation jobs or guaranteed revenues in the various geographic regions. Although such agreements may entice the Distributors and E&Ps to undertake work such they receive financial benefits, there is no assurance that the will receive a benefit. There is no assurance that the agreements for minimum numbers of Powerwave stimulation jobs or guaranteed revenues in the various geographic regions will not be cancelled or will continue.

COVID-19 and Other Pandemics – The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises.

The extent to which pandemics, such as the March 11, 2020 World Health Organization's declaration of the COVID-19 pandemic, impacts the Company' business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time. These include the duration, severity and scope of the outbreak and the actions taken to contain or treat the COVID-19 outbreak. While these effects are expected to be temporary, the duration of the business disruptions and the related financial impact cannot be reasonably estimated at this time. Such public health crises can result in volatility and disruptions in the supply and demand for oil and natural gas, global supply chains, international trade relations, subject the Company and its distributors to additional government regulations and restrictions, availability of parts and / or inventory may impact the ability to refurbish or supply Powerwave tools, and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. In particular, oil prices have significantly weakened in response to the outbreak of COVID-19. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition. There can be no assurance that the Company's personnel will not be impacted by COVID-19 and ultimately see its workforce productivity reduced or incur increased medical and related costs as a result of these health risks. The Company takes every precaution to strictly follow industrial hygiene and occupational health guidelines. There can be no assurance that this virus or another infectious illness will not impact the Company's personnel and ultimately its operations.

Weakness and Volatility in Oil and Gas Industry – Weakness and volatility in the market conditions for the oil and gas industry may affect the Company's revenues and restrict its cash flow and ability to access capital to fund operations. Recent market events and conditions, including global excess oil and natural gas supply, recent actions taken by the Organization of the Petroleum Exporting Countries ("OPEC"), sanctions against Iran and Venezuela, slowing growth in China and emerging economies, weakening global relationships, conflicts between the U.S. and Iran, isolationist and punitive trade policies of, and increased U.S. shale production, sovereign debt levels and political upheavals in various countries including growing anti-fossil fuel sentiment, have caused significant weakness and volatility in commodity prices. These difficulties have been exacerbated by the ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by both equity and/or debt financing more difficult.

If these conditions persist, the Company is subject to liquidity risks in meeting its future operating expenditures, to satisfy its obligations when due and its ability to continue as a going concern in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors are likely to have a negative impact on the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company. There can be no assurance that such equity or debt financing will be available on terms that are satisfactory or at all.

ENVIRONMENTAL RISK

The Company's environmental risks are the same as disclosed in its annual MD&A issued for the year ended August 31, 2019.

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, 2019, except as noted below and the Changes in Accounting Policies as referenced below.

It is believed that the non-adjusting events after the reporting period of February 29, 2020, of the global impact of the novel strain of the COVID-19, as well as, abnormal volatility in spot prices for and over supply of oil and gas may impact accounting estimates and judgments related to impairment of financial and non-financial assets. The

Company has accounted for the subsequent events as they impact revenue recognition, and financial statement disclosures and going concern.

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 second quarter ended February 29, 2020.

FINANCIAL AND OTHER INSTRUMENTS

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

Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. Wavefront's financial instruments that are exposed to concentrations of credit risk consist primarily of accounts receivable. Concentrations of credit risk with respect to accounts receivable exists as the top three customers comprise 93.6% of total revenues; however, 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 '20	1st Qtr Nov 30 '19	4th Qtr Aug 31 '19	3rd Qtr May 31 '19
Revenue	$ 706,040	$ 700,685	$ 960,356	$ 831,321
Net Loss	$ (419,612)	$ (244,782)	$ (112,539)	$ (31,180)
Basic and diluted loss per share	$ (0.005)	$ (0.003)	$ (0.001)	$ (0.0004)
Common shares outstanding				
Weighted average shares outstanding	87,572,573	87,572,573	87,540,244	87,529,350

	2nd Qtr Feb 28 '19	1st Qtr Nov 30 '18	4th Qtr Aug 31 '18	3rd Qtr May 31 '18
Revenue	$ 894,887	$ 943,753	$ 956,626	$ 1,125,103
Net Income (Loss)	$ (243,823)	$ (45,947)	$ (497,456)	$ 54,383
Basic and diluted income (loss) per share	$ (0.0028)	$ (0.001)	$ (0.006)	$ 0.001
Common shares outstanding				
Weighted average shares outstanding	87,507,380	87,442,903	83,530,011	82,966,588

Note 1: All amounts in Canadian dollars except share data

DESCRIPTION OF SHARE CAPITAL

As at February 29, 2020, Wavefront's share capital consisted of the following:

Common shares		
Authorized:		unlimited
Issued and outstanding:		
Free trading		87,572,573
Convertible into common shares		
Share purchase warrants	4,341,333	
Incentive stock options	2,775,000	
		7,116,333
Fully diluted share capital:		94,688,906

Subsequent to the reporting period, 800,000 stock options expired unexercised; and thus, the subsequent fully diluted share capital as at April 28, 2020 is 93,888,906.

As at April 28, 2020, Wavefront's number of issued and outstanding shares is 87,572,573.

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 OTCQB Venture Market under the symbol WFTSF.

Warrants granted during the period

No warrants were granted during the reporting quarter.

Warrants outstanding

As at February 29, 2020

Date Granted	Expiry Date	Number of Warrants	Exercise Price per Share $
July 17, 2018	July 17, 2020	4,341,333	0.45
		4,341,333	

Options granted during the period

No options were granted during the reporting quarter.

The Company maintains a Stock Option Plan under which the Company may grant incentive stock options for up to 10,771,558 shares of the Company at an exercise price not be less than the "Discounted Market Price" (as defined in the policies of the TSX Venture Exchange), provided that the exercise price shall not be less than $0.05 per share. All stock options awarded are exercisable for a period of up to ten years and vest, at a minimum, in equal tranches at three month intervals over a period of eighteen months.

Options outstanding

As at February 29, 2020

Date Granted	Expiry Date	Number of Incentive Stock Options	Exercise Price per Share $
March 17, 2015	March 17, 2020	800,000	0.12
August 4, 2016	August 4, 2026	1,900,000	0.28
January 6, 2017	January 6, 2027	75,000	0.35
		2,775,000	

Subsequent to the reporting period, 800,000 stock options with an exercise price of $0.12 expired unexercised. Of the 800,000 stock options, 700,000 were issued to Directors of the Company.

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 Certificates are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in those Certificates. The Certificates do 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 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 financial statements and that (ii) the 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 financial statements.

The Company's certifying officers of the Certificates are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in those Certificates. 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 potential cash payments under the terms of the non-binding Memorandum of Understanding with GDMC, potential growth of sales in the Middle East, South and North America, and 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 the potential receipt of payment of certain aged receivables 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 April 28, 2020, 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).