Wavefront Technology Solutions Inc.

Annual & Fourth Quarter Report for the Fiscal Year & Period Ended August 31, 2020

The following discussion and analysis of financial results should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended August 31, 2020 and 2019 and is based on information available to December 3, 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 Standards ("IFRS"). The MD&A primarily compares the audited financial results for the year ended, and fourth quarter ended August 31, 2020 to August 31, 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 financial records (also see section titled "Controls and Procedures" page 31). The financial information presented throughout this MD&A should be read in conjunction with consolidated financial statements.

Unless otherwise indicated, all amounts shown below are in Canadian dollars. Additional information regarding our Company is available on SEDAR, www.sedar.com. Such additional information is not incorporated herein, unless otherwise specified, and should not be deemed to be made part of this MD&A.

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

The Audit Committee of the Board of Directors, whose members are independent as defined in National Instrument 52-110: Audit Committee, meet to review the consolidated financial statements with management and the auditors, and has reported to the Board of Directors thereon. On the recommendation of the Audit Committee, the Board of Directors has approved the audited consolidated financial statements.

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.

ECONOMIC UNCERTAINTY AND CRUDE OIL PRICE VOLATILITY

In March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of a novel strain of the coronavirus ("COVID-19"). COVID-19 has had a pervasive adverse impact on the global economy and supply chains. The current economic environment and ongoing pandemic, as well as, recent declines and volatility in spot prices for and 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 and time-frame for full recovery of the global economy. Governments and central banks have introduced significant monetary and fiscal initiatives to mitigate these effects. However, the eventual efficacy of such measures is unknown.

The COVID-19 outbreak presents uncertainty and risk with respect to the Company, its performance, and estimates and assumptions used by Management in the preparation of its financial results. The expected impacts to the Company's revenues and results of operations may be material; however, such impacts are not yet fully quantifiable. 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 has been affected by the impact of COVID-19, as well as other economic factors impacting the oil and gas sector. These conditions may impact certain accounting judgments, estimates, and assumptions used to prepare the consolidated financial statements, particularly the measuring the recoverable amount of, and the carrying value of an asset, as at August 31, 2020.

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™, Wavefront's core technology, has proven to optimize both chemical costs and job execution time, thus minimizing overall job cost while positively 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 8 countries), and permits 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 fees or foreign tax withholdings from any amounts paid to Wavefront. The Company thus, 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 highly integrated, interrelated and interdependent, and are transferred concurrently 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 required 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

The global oil industry was already facing numerous challenges prior to the arrival of the novel COVID-19 virus. Today it is confronted by uncertainty as to when energy demand will return to pre-COVID-19 levels. Though the Organization of the Petroleum Exporting Countries ("OPEC") plus nations cut production early in the pandemic to provide some oil price stabilization, oil remains mired in the low US $40 range and is not expected to rise above US $50 in calendar 2021. While oil and gas fundamentals have improved since the dark days of April 2020, it will be critical to avoid a reoccurrence of an oil glut. This means it will be essential that all OPEC plus nations comply with individual production targets. In a similar vein, any large upswing in US oil production would add further risk.

Previously, the Company anticipated its distributors would resume pre-pandemic well-servicing activities by late 2020. However, as the second wave of COVID-19 continues to work its way around the globe, and though highly anticipated promising vaccines are expected to be available in the near-term, the uncertainty of when countries will fully open and remain that way will continue to wreak havoc on activities that affect oil and gas demand. Furthermore, industry volatility combined with slower global economic recovery leads us to expect that E&P companies will continue to adjust their capital and operating budgets downward, further negatively impacting well-servicing activity levels and related fees.

Fiscal 2020 brought numerous challenges to the Company in adapting to the global pandemic shutdown and re-imagining effective marketing strategies. Wavefront expects fiscal 2021 to bring even greater challenges as the oil industry combats unfavorable economic, political, and societal factors. Consequently, Wavefront does not anticipate growth in 2021; indeed, the Company may experience a period of revenue contraction in several areas we serve.

Moving forward, Wavefront will continue to be a good steward in managing cash resources and operations. While the future is unclear, we remain optimistic about an industry turnaround and we will do our best to ensure the Company is in a strong position to resume normal business activity as soon as possible.

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 as it believes this additional supplemental information is useful to stakeholders with respect to the development of the business.

Since March 2020, the State of Kuwait ("Kuwait"), has been subject to various government-mandated COVID-19 restrictions. While Kuwait is cautiously progressing towards re-opening business operations travel constraints remain in-place for most foreign visitors, localized neighborhood lockdowns continue, and the offices of the sole client in the country, the National Oil Company ("NOC") remain partially closed. Since the onset of such COVID-19 restrictions Wavefront's local distributor, Gulf Drilling and Maintenance Co. ("GDMC"), has been hampered in its ability to market Powerwave related technology. Furthermore, the restrictions curtailed all but essential oil field work which additionally set-back Powerwave uptake as well as leading to the postponement the Company's anticipated WaveAxe™ field trial. While the Company and GDMC are in discussion with the NOC regarding WaveAxe there is no new timetable for a field trial.

During the fourth quarter of fiscal year 2020 GDMC notified the Company that it was exercising its option for early termination of the Exclusivity Agreement between the two companies (originally announced December 6, 2017) for exclusive use of Wavefront's Powerwave technology in Kuwait. Effective August 31, 2020 GDMC and Wavefront entered into a Termination Agreement that set out terms and conditions for the termination of the December 6, 2017 Exclusivity Agreement wherein the transaction price of the Exclusivity Agreement for fiscal 2020 was revised. Subsequent to year end fiscal year 2020 and effective September 1, 2020 Wavefront and GDMC entered into a new Exclusivity Agreement for exclusive rights to Wavefront's Powerwave related intellectual property, know-how and tools for the State of Kuwait, including the Al Khafji Joint Operations region (a common territory along the boarders of the Kingdom of Saudi Arabia and the State of Kuwait). Barring further COVID-related restrictions or unforeseen events Wavefront anticipates that activity levels in Kuwait may increase starting in the second calendar quarter of 2021.

Like Kuwait, the Kingdom of Saudi Arabia was not immune to aggressive COVID-19 restrictions that impacted Wavefront's marketing efforts and the growth of Powerwave related technology in the country. The stalling of growth in Powerwave was also compounded by unsatisfactory service quality performance of its exclusive local Distributor, which resulted in the Distributor being excluded from conducting work in oil and gas assets where Wavefront was well positioned with positive Powerwave track records. On August 31, 2020, the Exclusivity Agreement with the local Distributor expired on August 31, 2020, and on September 1, 2020 Wavefront entered into a non-exclusive distribution agreement for Powerwave-related technology with Synergy International Energy Company ("Synergy").

Within the Kingdom of Saudi Arabia coiled tubing ("CT") companies providing well services to the NOC are limited in their market access, i.e., no single CT company has access to all oil and gas fields or wells. Beyond the Company's control, under the previous distributor, a CT company, Wavefront had seen its Powerwave technology product line activity decline. While the Company believes that with present and forecasted budget reductions of the NOC reducing the pool of well stimulation work coupled with the recasting of marketing efforts under a new agency banner, it will experience a period of revenue reduction. However, over the longer-term Wavefront believes moving to Synergy, as a non-coiled tubing company, is the best course of action to broaden the use of Powerwave-related technology in Saudi Arabia with the objectives by accessing all thirteen registered coiled tubing companies providing oil and gas

well stimulation services to the NOC across all oil and gas field assets thereby potentially increasing potential market penetration, and improving technology adaptation rates with the NOC.

Revenues for fiscal 2020 ended August 31, 2020 totalled $2,804,457, a decrease of $825,860 from that recorded for the comparative year ended August 31, 2019 of $3,630,317. Of the revenues for the reporting quarter, $2,597,910 relates to Powerwave stimulations, with $2,315,750 of those revenues being derived from the Middle East, with 94.5% of total revenues generated from Distributors. The Company however, was able to reduce costs of sale by $370,560 thereby increasing gross profit margins[1] from 86.5% to 95.7% over the comparative year, while also reducing its general and administrative, sales and marketing, amortization and depreciation, and research and development expenses by $298,432. During the year, the Company incurred inventory impairment expenses of $216,079 (2019 - $32,170). Despite the reduction in revenues of $825,860 and the inventory impairment of $216,079, the Company's net loss for fiscal 2020 was $660,183 (or basic and diluted net loss per share of $0.0075), an increase of only $226,694 from the net loss for fiscal 2019 of $433,489 (or basic and diluted net loss per share of $0.0050). Excluding the fiscal 2020 inventory impairment of $216,079, the net loss would have been $444,104 (or the basic and diluted net loss of $0.005), a marginal increase of $10,614 of the net loss recorded for fiscal 2019.

Fourth quarter 2020 recorded revenues (i.e., three months ended August 31, 2020) amounted to $695,473, were below that anticipated, compared to the comparative period (i.e., three months ended August 31, 2019) revenues of $960,356. Although there was a decline in fourth quarter revenues over the comparative period, they remaining relatively stable throughout the COVID-19 periods when compared to the prior quarters revenues, i.e., three months ended May 31, 2020 recorded revenues of $702,259 while the second quarter ended February 29, 2020 recorded revenues of $706,040. Of the revenues for the fourth quarter 2020, $683,077 relates to Powerwave stimulations, with $656,492 of those revenues being derived from the Middle East.

During the fourth quarter ended August 31, 2020 general and administrative, sales and marketing, research and development, amortization and depreciation, and impairment expenses for the fourth quarter ended August 31, 2020, decreased by $97,877 to $775,546, compared to $873,423 for the fourth quarter 2019. During the fourth quarter 2020, the Company also accessed and recorded $147,864 in Canada Emergency Wage Subsidy ("CEWS") non-refundable grants. The resulting decreases in expenses, costs of sale, and CEWS grant, has allowed the Company to record $20,773 in net income (or basic and diluted net income per share of $0.0002), compared to a net loss of $112,539 (or basic and diluted net loss per share of $0.0013) fourth quarter ended August 31, 2019.

Revenues for the year and three months ended August 31, 2020 were not as anticipated and negatively impacted due to unforeseen circumstances beyond the Company's control as potential revenues related to a General Services Agreement ("GSA"), as announced on September 9, 2019, were not yet recognized, at this time. Due to the Company's inability to recognize such revenues, the Company and the E&P client 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 of the GSA 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.

[1] 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 revenue. Gross profit margin is calculated by dividing the gross profit by revenue. Gross profit is a sub total line item in the consolidated statement of net loss and comprehensive loss.

Additionally, in the fourth quarter, revenues were negatively impacted by the early termination of the Exclusivity Agreement by GDMC. The Company, however, was successfully able to enter into a Termination Agreement with GDMC, wherein the transaction price of the Exclusivity Agreement for fiscal 2020 was revised to US $793,895. The Company, was also successfully to renegotiate and enter into a new two-year Exclusivity Agreement with GDMC for the State of Kuwait, including the Al Khafji Joint Operations region for US $900,000 per year commencing September 1, 2020.

Impairment

The Company recorded inventory impairment expense during the year ended August 31, 2020 of $216,079 (August 31, 2019 - $32,170 impairment related to the obsolescence or functionality assessment of specific tools (assets) and the obsolescence of specific inventory items within the Powerwave CGU).

As at August 31, 2020, and during the period then ended, the Company identified several external indicators of impairment such as:

- The recent declines and volatility in spot prices for and over supply of oil and gas; and,
- COVID-19's impact on the Company's marketing and distribution channels, and its impact on global stock markets and macroeconomies has fostered a great deal of uncertainty as to the health and time-frame for recovery of the global economy.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (CGU).

Management believes that the methodologies used to impair the CGUs, which involved a significant number of judgments and estimates, provides a reasonable basis for determining the valuation of the CGU. Many factors used in determining the impairment are outside of Management's control and involve uncertainty and are rapidly changing. Therefore, actual results could differ from those estimates.

As at August 31, 2020, the Company determined no further indicators of impairment exist, from the time when impairment testing was last completed.

Impairment tests performed during the period ended August 31, 2020 – Powerwave CGU

The recoverable amounts of property, plant and equipment and intangible assets, recorded within its only CGU, e.g. the Powerwave, as at August 31, 2020 reporting period, was determined using value-in-use. Estimates used to determine value-in-use are described in the remainder of this note. As the estimated recoverable amounts were determined to exceed the carrying value of the property, plant and equipment and intangible assets recorded within the Powerwave CGU, no impairment loss was recognized.

As at August 31, 2020, the following key assumptions were used in the discounted cash flow projection:

Cash flows

Cash flows utilized in the value-in-use calculations were projected over a five-year period, are based on internal forecasts and risk assessments that take into account the unique operations, and adjusted forecasts and long range plans. Revenue and expense projections were also based on the "expected approach" using all expectations instead of a single "most likely" forecast. The valuation is sensitive to changes in the annual growth rate.

As tools within the CGU can be refurbished for longer term use, revenues and expenses beyond the five year projections were extrapolated using a growth rate equal to the Government of Canada Consumer Price Index ("CPI") as at the balance sheet date.

- Terminal revenue forecasted is the average revenue from the year 2020 to 2025, which reflects the cyclical nature of revenues in the oil and natural gas industry.
- Terminal growth rate of 1.88% percent based on Management's estimate, which is consistent with the assumptions that a market participant would make.

Variables and sensitivity

A pre-tax discount rate of 33% was used to discount cash flow in the August 31, 2020 valuation model. The valuation is sensitive to changes in the discount rate.

The Company forecasted its cash flows based on historical results and Managements estimates as to the future growth. A 5% increase / decrease in the annual growth rate and / or a 1% increase / decrease in the discount rate did not impact the impairment conclusion.

The Company is directly or indirectly involved in providing goods and services to the oil and gas sector, which has been affected by the impact of COVID-19, as well as other economic factors impacting the oil and gas sector. These evolving conditions may impact certain accounting judgements and estimates, including the measuring the recoverable amount of, and the carrying value of an asset.

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.

CONSOLIDATED RESULTS – FISCAL YEAR ENDED AUGUST 31, 2020

Revenues

Revenues for the fiscal year ended August 31, 2020 amounted to $2,804,457 a decrease of $825,860 from the comparative reporting period revenues of $3,630,317. Revenues related to Powerwave stimulations for the reporting fiscal year totalled $2,597,910 (2019 - $3,130,893), with revenues of $2,315,750 (2019 - $2,510,014) of Powerwave stimulation revenues being derived from the Middle East, a decrease of $194,264 over the comparative year. Powerwave stimulation revenues in Middle East were below volume expectations due to lower than expected Distributor activities primarily in the Kingdom of Saudi Arabia, and as a result of GDMC providing early termination notice of the Exclusivity Agreement between the two companies, thereby causing a revaluation of the transaction price and reducing revenues by US $206,105. Revenues however, attributed to GDMC and for Kuwait still totalled $1,026,482.

North American stimulation revenues totalled $98,838 (2019 - $283,560) lagging behind historical norms and were negatively impacted revenue recognition related to a United States E&P client and GSA, COVID-19 and E&P constrained operating budgets. Powerwave stimulation in other international regions totalled $183,322 (2019 - $337,319).

Revenues for fiscal 2020 related to Powerwave IOR/EOR projects totalled $180,802 (2019 - $374,489). The Company's only IOR/EOR project was the sale of Powerwave IOR/EOR tools in Canada but was denominated in United States currency and was destined for Colombia. The comparative year's IOR/EOR project was in Oman and concluded in fiscal 2019. The Company is continuing to seek out other IOR/EOR projects in the Middle East region and elsewhere internationally. At each reporting date all foreign currency projects are re-valued and translated into Canadian currency. Current exchange rates may impact international IOR/EOR project revenue recognition amounts.

Geographically, $292,156 (2019 – $321,235) in revenue was generated in North America, $2,315,750 (2019 - $2,947,850) in the Middle East, and $196,551 (2019 - $361,232) in other international geographic regions. The geographic revenues are more specifically described as follows:

> **North America**: Revenues in North America decreased by $29,079 to $292,156 compared to $321,235 in comparative fiscal year, principally due to the decline of Powerwave stimulation and workover projects revenues in the United States. Powerwave IOR/EOR project revenues totalled $180,802 (2019 - $nil), while Powerwave stimulation revenues in North America declined by $184,722 to $98,838 (2019 - $283,560). Other Technology revenues totalled $12,516 (2019 - $37,675).
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> **Middle East**: Revenues in the Middle East decreased by $632,100 to $2,315,750 (2019 - $2,947,850) and was impacted by to the Company not having Powerwave IOR/EOR projects revenues in the current fiscal period (2019 - $366,274). Powerwave stimulation revenues in the Middle East also decreased by $194,264 to $2,315,750 (2019 - $2,510,014); and Other Technology revenues totalled $nil (2019 - $71,562).
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> **Other International**: Revenues outside of North America and the Middle East decreased by $164,681 to $196,551 (2019 - $361,232). Powerwave stimulation revenues in other international markets decreased by $153,997 to $183,322 (2019 - $337,319); Powerwave IOR/EOR projects revenues totalled $nil (2019 - $8,215); and Other Technology revenues totalled $13,229 (2019 - $15,698).

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 Other Technology 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. The use of Distributors has resulted in decreases in field labour, field compensation, equipment expenses and consumable parts, as the Distributors are undertaking a greater percentage of these expenses relative to dealing with E&Ps or non-distributor customers. Additionally, where the Company has agreement(s) where there is guaranteed revenues, there may be periods where there may be revenues recorded with no underlying work,

and thus, no costs of sale. As a result, the product mix and impact of any revenues recorded with no or little costs of sale, will impact the Company's gross profits[2] and gross profit margin[3].

Cost of sales for the fiscal year 2020 was $119,855 or 4.3% of revenues (2019 - $490,415 or 13.5% of revenues), the change of which include:

i) A greater proportion of product revenues being derived from by product streams (i.e., minimum guaranteed licensing or royalty revenues) with $nil or little direct costs (i.e., minimal well modelling, and / or do not require direct labour or inventory for Powerwave tool refurbishing); and,

ii) Fewer Powerwave stimulations requiring any modelling and thus, less direct labour being allocated.

Cost of sales for all Powerwave stimulations totalled $59,212 or 2.3% (2019 - $214,943 or 6.9%) of Powerwave stimulation revenues.

Costs of sales variability will however, at least in the near term, be impacted by the Company's product and geographic mixes, distribution channel, and mix of guaranteed revenues where there are no or little costs of sales recognized.

Expenses

For the year ended August 31, 2020 the Company fully impaired $216,079 of raw materials and consumable inventory to the estimated net realizable value at $nil. Of the inventory impaired, $196,787 was classified as non-current and recorded within the equipment under construction, under the tools and equipment asset segment. The recent abnormal volatility in spot prices for oil as well as, COVID-19 has created material uncertainties, and has also impacted the Company's ability to consume or sell these inventory items within the next twelve months. In the comparative year ended August 31, 2019, the Company fully impaired $32,170 of property, plant and equipment, and inventory, due to obsolescence.

General and administrative, amortization and depreciation, sales and marketing, and research and development expenses for the year ended August 31, 2020, declined by $298,432 or 8.4% to $3,275,418, compared to $3,573,850 for the year ended August 31, 2019. The changes within general and administrative, amortization and depreciation, sales and marketing, and research and development expenses for the year ended August 31, 2020 were principally a result of the following changes:

i) General and administrative expenses decreased by $373,188 or 14.3% (August 31, 2020 - $2,233,208; August 31, 2019 - $2,606,396). The change in general and administrative expenses were as follows with the noted variances:

[2] 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 revenue. Gross profit is a sub total line item in the consolidated statement of net loss and comprehensive loss.

[3] Gross profit margin is calculated by dividing the gross profit by revenue.

	Year ended		
	August 31, 2020	August 31, 2019	Variance
Wages, wage expenses and benefits	$ 1,048,441	$ 974,203	$ 74,238
Office	418,389	554,891	(136,502)
Professional fees	284,491	347,563	(63,072)
Public company & listing fees	201,467	238,308	(36,841)
Consultants	195,735	315,451	(119,716)
Repairs and maintenance	49,278	81,468	(32,190)
Vehicle	25,462	41,615	(16,153)
Bad Debts	8,603	35,589	(26,986)
Miscellaneous	1,342	1,068	274
Share based payments	-	16,240	(16,240)
	$ 2,233,208	$ 2,606,396	$ (373,188)

Despite some temporary employee layoffs in the fiscal year related to oil industry volatility and COVID-19 impacts, general and administrative functional wage expense increased as less wage expense was allocated to other functional areas (i.e., costs of goods sold, sales and marketing, and research and development) due to less activities in those other functional areas.

With the engagement of Synergy as one of the Company's non-exclusive distributor in the Kingdom of Saudi Arabi, it is expected that certain expenses, i.e., consulting fees, repairs and maintenance and vehicles expenses, will increase at least in the near term. Once Synergy is established, and subject to oil industry volatility and COVID-19 impacts, it is anticipated that there general and administrative expense items will drop relative to geographic segment revenue levels. Additionally, the Company has committed to certain capital expenditures that will allow Synergy to facilitate Powerwave stimulation and workover operations with all thirteen registered CT companies in the Kingdom.

In fiscal 2018, 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) Sales and marketing expenses decreased by $136,808 to $460,780. During the reporting period there was a decrease of $75,717 travel related expenses that mainly relate to travel the Middle East, a decrease of $32,972 to $268,753 that relates to an allocation of fully built up labour costs, a decrease of $31,329 in marketing and advertising expense. The changes labour costs within sales and marketing expense relates to COVID-19 travel and isolation impacts, and temporary employee layoffs and resulting decreases in functional wage allocation.

The continued COVID-19 social distancing and travel restriction will impact marketing budgets in the near term.

iii) Research and development expense increased by $68,441 to $210,902. Research and development expense relate to labour of the Company's physicist and reservoir engineer that support our Powerwave product line and the development of a prototype high flow rate Powerwave Odyssey tool for multilateral horizontal wells. The high flow rate Powerwave Odyssey tool is hoped to allow the Company's distributors enter into a sector of wells not currently open to stimulation via the current Powerwave Odyssey tool.

The changes in research and development expenses relates to an increase in external engineering consulting of $46,469 (2019 - $nil), an increase in functional allocation of fully built up wages of $18,150 to $117,755, and an increase of $3,822 to $46,688 in consumption of materials.

Subsequent to the fiscal year ended August 31, 2020, the Company successfully developed a high flow rate Powerwave Odyssey tool for use in multilateral horizontal wells and has moved into production of commercial tools. As a result, it is anticipated that external engineering consultation expenses will decline in the coming months.

It is expected that the Company will begin marketing, depending on COVID-19 impacts and travel restrictions, the new high flow rate Powerwave Odyssey tool in the middle of calendar 2021.

iv) Amortization and depreciation expense increased by $143,123 to $370,528 from the comparative period. Depreciation and amortization expense were impacted by the adoption of IFRS 16, which required $150,357 in additional depreciation expense on right-of-use assets, and the addition of an intangible asset that increased depreciation and amortization by $3,946.

Other Income (Expenses)

Financing costs of $12,296 (2019 - $5,962) includes interest expense, for both reporting quarters that principally relates to interest on insurance financing contracts. In addition, interest expense of $7,198 relates to lease liability (i.e., IFRS 16) is included in the current reporting period only.

Government grants of $147,864 (2019 - $nil) was recorded and includes the Company the CEWS non-refundable grants.

Financing income of $24,119 (2019 - $33,781) 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 $12,975 (2019 – gain of $5,552) 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 year ended August 31, 2020 and 2019:

	Year ended August 31, 2020	Year ended August 31, 2019
Net Loss	$ (660,183)	$ (433,489)
Changes to net loss not including cash		
Amortization and depreciation	370,528	227,405
Impairment to property, plant and equipment, and inventory	216,079	29,012
Loss on disposal of property, plant and equipment	-	5,891
Impact of foreign translation	1,226	(14,765)
Share-based payments	-	16,240
Interest expense	(12,296)	(5,957)
Changes to working capital		
Interest paid	12,296	5,957
Change in inventory	4,493	(28,118)
Change in deposits	-	30,188
Change in trade and other payables	(23,839)	(17,950)
Change in prepaid expenses	(34,068)	218,130
Change in trade and other receivables	(169,901)	107,678
Change in unearned revenue	(185,460)	(57,311)
Cash from operating activities	$ (481,125)	$ 82,911

Cash used in operating activities were negatively impacted by the net changes in non-cash working capital items (see Liquidity section on page 20, below).

Net Loss and Comprehensive Loss, and Loss Per Share

The net loss for the fiscal year ended August 31, 2020 increased by $226,694 to $660,183 (or basic and diluted net loss of $0.0075 per share), compared to the net loss of $433,489 (or basic and diluted net loss of $0.0050 per share) for fiscal 2019. Excluding the inventory impairment of $216,079, the net loss would have been $444,104 (or the basic and diluted net loss of $0.005), a marginal increase of $10,614.

The comprehensive loss for the fiscal year ended August 31, 2020 was $659,369 and was impacted by a foreign translation gain of $814 on its foreign, wholly owned, subsidiary in the United States versus the reported comprehensive loss of $434,449 reported in fiscal 2019.

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

The following table sets out the Company's EBITDA loss and EBITDA loss per share for the fiscal year ended August 31, 2020 and 2019:

	Year ended August 31, 2020	Year ended August 31, 2019
Net loss	$ (660,183)	$ (433,489)
Items not affecting cash		
Amortization and depreciation	370,528	227,405
Interest and tax expense	13,574	6,918
EBITDA	$ (276,081)	$ (199,166)
EBITDA loss per share	$ (0.0032)	$ (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 property, plant and equipment, and inventory of $216,079 in the current year and the $32,170 in the comparative year, the EBITDA loss for the fiscal 2020 would have been $60,002 (or an EBITDA loss per share of $0.0007), a favourable variance of $106,964 over the comparative year of $166,966 (or an EBITDA loss per share of $0.002). EBITDA was also impacted by the adoption of IFRS 16 as described elsewhere.

CONSOLIDATED RESULTS – THREE MONTHS ENDED AUGUST 31, 2020

Revenues

For the fourth quarter ended August 31, 2020 revenues amounted to $695,473, decreasing $264,883 over the comparative quarter ended August 31, 2019 that recognized revenues of $960,356. Revenues related to Powerwave stimulations for the fourth quarter 2020 totalled $683,077, decreasing $37,752, compared to $720,829 in the comparative quarter. Powerwave stimulation revenues for the reporting quarter for the Middle East were $656,492 (2019 - $567,516) and below expectations due to lower than anticipated Distributor activity primarily in the Kingdom of Saudi Arabia and the revaluation of the transaction price of the exclusivity agreement with GDMC in the State of Kuwait. North American stimulation revenues totalled $4,949 (2019 - $85,787) and remain behind historical norms, were negatively impacted by revenue recognition related to a United States E&P client and GSA, COVID-19 and E&P constrained operating budgets. Powerwave stimulation in other international regions totalled $21,515 (2019 - $67,526).

For the fourth quarter 2019 revenues related to Powerwave IOR/EOR projects totalled $191,342. The Powerwave IOR/EOR revenues relate IOR/EOR project was in Oman and concluded on August 31, 2019.

Geographically, $17,465 (2019 – $85,787) in revenue was generated in North America, $656,492 (2019 - $807,043) in the Middle East, and $21,515 (2019 - $67,526) in other international geographic regions. The geographic revenues are more specifically described as follows:

> **North America**: Revenues in North America decreased by $68,322 to $17,465 (2019 - $85,787). Powerwave stimulation revenues in North America totalled $4,949 (2019 - $85,787), having not returned to historical norms. The Company expects should the GSA meet revenue recognition criteria that it may materially impact North American Powerwave stimulation revenues in the second fiscal quarter 2021. Other Technology revenues totalled $12,516 (2019 - $nil).

Middle East: Revenues in the Middle East decreased by $150,551 to $656,492 (2019 - $807,043). Powerwave stimulation revenues in the Middle East totalled $656,492 (2019 - $567,516); Powerwave IOR/EOR projects revenues totalled $nil (2019 - $191,342); and Other Technology revenues totalled $nil (2019 - $48,185). Powerwave stimulation revenues in Middle East were below volume expectations due to lower than expected Distributor activities primarily in the Kingdom of Saudi Arabia, and the revaluation of the transaction price of the exclusivity agreement with GDMC in Kuwait. With the establishment of a new Distributor in the Kingdom of Saudi Arabia, it may take several quarters before the Company sees prior year's baseline Powerwave revenues return in the Kingdom of Saudi Arabia.

Other International: Revenues outside of North America and the Middle East decreased by $46,011 to $21,515 (2019 - $67,526). Powerwave stimulation revenues in other international markets totalled $21,515 (2019 - $67,526).

Costs of Sales

Cost of sales for the fourth quarter ended August 31, 2020 were $2,086 of revenues (2019 - $176,084 or 18.3% of revenues), which is principally a result of:

i) A greater proportion of product revenues being derived from by product streams (i.e., minimum guaranteed licensing or royalty revenues) with $nil or little direct costs (i.e., minimal well modelling, and / or do not require direct labour or inventory for Powerwave tool refurbishing); and

ii) Fewer Powerwave stimulations being modelled and thus, less direct labour being allocated.

Cost of sales associated with all Powerwave stimulations totalled $1,867 (2019 - $49,723 or 6.8%) of Powerwave stimulation revenues.

Expenses

In the fourth quarter ended August 31, 2019 the Company recorded an impairment expense of $32,170 related to the obsolescence or functionality assessment of specific assets and certain inventory items within the Powerwave CGU.

General and administrative, amortization and depreciation, sales and marketing, and research and development expenses for the fourth quarter ended August 31, 2020, decreased by $65,706 to $775,547, compared to $841,253 for the quarter ended August 31, 2019.

The changes within general and administrative, amortization and depreciation, sales and marketing, and research and development expenses for the quarter ended August 31, 2020 were principally a result of the following changes:

i) General and administrative expenses remained relatively flat decreasing by $6,256 (August 31, 2020 - $580,371; August 31, 2019 - $586,627) with the following noted variances:

	Three months ended		
	August 31, 2020	May 31, 2019	Variance
Wages, wage expenses and benefits	$ 268,082	$ 238,576	$ 29,506
Office	112,216	137,720	(25,504)
Professional fees	72,832	63,254	9,578
Consultants	64,837	62,359	2,478
Public company & listing fees	58,335	38,338	19,997
Repairs and maintenance	13,420	14,509	(1,089)
Vehicle	5,041	10,425	(5,384)
Miscellaneous	9	10	(1)
Share based payments	-	(13,458)	13,458
Bad Debts	(14,401)	34,894	(49,295)
	$ 580,371	$ 586,627	$ (6,256)

In the current reporting quarter, general and administrative functional wage expense increased as less wage expense was allocated to other functional areas (i.e., costs of goods sold, sales and marketing, and research and development) due to less activities in those other function areas.

The engagement of Synergy, as a non-exclusive distributor, at least in the near term is expected to increase general and administrative expenses.

ii) Research and development expense decreased by $11,549 to $43,310. The changes in research and development expenses relates increase of $8,282 (2019 - $nil) in external engineering consulting; offsetting these increases was a decrease in the consumption of materials by $19,200 to $5,390. The functional allocation of fully built up wages expense remain relatively flat at $30,421 for the quarter.

v) Sales and marketing expenses decreased by $70,441 to $65,338. During the reporting quarter there was a decrease of $52,710 travel related expenses that mainly relate to COVID-19 travel restrictions pertaining to travel to the Middle East, a decrease of $9,294 in marketing and advertising expense, and a decrease of $5,190 to $61,829 that relates to an allocation of fully built up labour costs.

iii) Amortization and depreciation expense increased by $22,540 to $86,528 from the comparative period. Depreciation and amortization expense were 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 $1,243.

Other Income (Expenses)

Financing costs of $2,062 (2019 - $960) includes interest expense, for both reporting quarters that relates to interest on insurance financing contracts. In addition, interest expense of $1,108 relates to lease liability (i.e., IFRS 16) is included in the current reporting quarter only.

Government grants of $147,864 (2019 - $nil) was recorded and includes the Company the CEWS non-refundable grants.

Financing income of $2,271 (2019 - $8,719) 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 loss of $45,140 (2019 – $31,147) 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 fourth quarters ended August 31, 2020 and 2019:

	Three months ended	
	August 31, 2020	August 31, 2019
Net Income (Loss)	$ 20,773	$ (112,539)
Changes to net loss not including cash		
Amortization and depreciation	86,528	63,988
Impact of foreign translation	16,525	10,192
Loss on disposal of property, plant and equipment	-	471
Impairment of property, plant and equipment, and inventory	-	29,012
Share-based payments	-	(13,458)
Interest expense	(2,062)	(955)
Changes to working capital		
Change in prepaid expenses	51,330	99,148
Change in deposits	6,476	10,000
Change in trade and other receivables	4,613	106,778
Interest paid	2,062	955
Change in inventory	(33,857)	46,302
Change in trade and other payables	(43,535)	(147,222)
Change in unearned revenue	(300,236)	(101,992)
Cash from operating activities	$ (191,383)	$ (9,320)

The Company believes that its cash flows from operating activities will continue to fluctuate as it is dependent on its ability to collect larger dollar value receivables, from a limited number of customers, on a timely basis. Although cash management is a high priority of the Company, the collection of these receivables may beyond the control of Wavefront.

Net Income (Loss) and Comprehensive Income (Loss), and Income (Loss) Per Share

The net income for the fourth quarter ended August 31, 2020, was $20,773 (or $0.0002 basic and diluted income per share), a favourable variance of $133,312, from the comparative quarter ended August 31, 2019, which reported a net loss $112,539 (or $0.001 basic and diluted loss per share).

The comprehensive income for the fourth quarter ended August 31, 2020 was $18,097 and was impacted by a foreign translation loss of $2,676 on its foreign, wholly owned, subsidiary in the United States versus the reported comprehensive loss of $116,225 reported in the comparative reporting quarter ended August 31, 2019.

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

The following table sets out the Company's EBITDA and EBITDA per share for the fourth quarters ended August 31, 2020 and 2019:

	Three months ended	
	August 31, 2020	**August 31, 2019**
Net Loss	$ 20,773	$ (112,539)
Items not affecting cash		
Amortization and depreciation	86,528	63,988
Interest and tax expense	2,060	1,816
EBITDA	$ 109,361	$ (46,735)
EBITDA per share	$ 0.0012	$ (0.0005)

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 inventory of $ $32,170 in the comparative year, the EBITDA loss for the fiscal 2019 would have been $14,565 (or an EBITDA loss per share of $0.0002), providing for a favourable variance of $123,926 over the current EBITDA of $109,361. EBITDA was also impacted by the adoption of IFRS 16 as described elsewhere.

SUMMARY OF QUARTERLY RESULTS AND LOSS PER SHARE

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

	4th Qtr Aug 31 '20	3rd Qtr May 31 '20	2nd Qtr Feb 28 '20	1st Qtr Nov 30'19	Fiscal 2020
Fiscal 2020					
Revenue	$ 695,473	$ 702,259	$ 706,040	$ 700,685	$ 2,804,457
Net Income (Loss)	$ 20,773	$ (16,562)	$ (419,612)	$ (244,782)	$ (660,183)
Basic & diluted income (loss) per share	$ 0.0002	$ (0.0002)	$ (0.0048)	$ (0.0028)	$ (0.0075)
Common shares outstanding					
Weighted average shares outstanding	87,572,573	87,572,573	87,572,573	87,572,573	87,572,573

	4th Qtr Aug 31 '19	3rd Qtr May 31 '19	2nd Qtr Feb 28 '19	1st Qtr Nov 30'18	Fiscal 2019
Fiscal 2019					
Revenue	$ 960,356	$ 831,321	$ 894,887	$ 943,753	$ 3,630,317
Net Loss	$ (112,539)	$ (31,180)	$ (243,823)	$ (45,947)	$ (433,489)
Basic & diluted loss per share	$ (0.001)	$ (0.0004)	$ (0.0028)	$ (0.001)	$ (0.005)
Common shares outstanding					
Weighted average shares outstanding	87,540,244	87,529,350	87,507,380	87,442,903	87,540,244

Note 1: All amounts in Canadian dollars except share data

SUPPLEMENTARY INFORMATION

Selected Annual Information

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

	2020	2019	2018
Revenues	$ 2,804,457	$ 3,630,317	$ 3,215,029
Net loss	$ (660,183)	$ (433,489)	$ (1,790,771)
Basic and diluted loss per share	$ (0.008)	$ (0.005)	$ (0.021)
Weighted average number of common shares outstanding[1]	87,572,573	87,540,244	83,530,011
Working capital	$ 2,038,835	$ 2,486,612	$ 2,695,737
Total assets	$ 3,371,498	$ 4,175,964	$ 4,625,934
Total long term financial liabilities	$ nil	$ nil	$ nil
Total liabilities	$ 708,754	$ 853,850	$ 929,111
Shares outstanding at August 31[1]	87,572,573	87,540,244	82,956,240

Note 1: In Canadian dollars, except share data

LIQUIDITY AND CAPITAL RESOURCES

Assets and Liabilities

Total assets decreased by $804,466 to $3,371,498 from the prior year end, the changes of which principally relates to the decrease of $780,489 in cash and cash equivalents, which $481,125 is attributed to cash used from operations, $148,802 relates to the principal repayment of the lease (see the discussion elsewhere regarding the impacted of the adoption of IFRS 16), $84,485 related to the purchase of Powerwave tools, and $66,175 related to an intangible asset acquisition. Inventories also decreased by $16,354 as fewer inventory items were replaced in the current fiscal year.

Offsetting the decreases were increases in current assets of trade and other receivables of $169,901, which is a function of delayed payment by the Company's customers and distributors, increases of prepaid expenses of $34,068.

The net book value of property, plant and equipment declined by $336,469, and was principally a result of the impairment of property, plant and equipment, and inventory by $216,079, and amortization and depreciation expense of $216,225. Offsetting the aforementioned decreases, were net increases in non-current assets 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 $150,357 and the acquisition of intangible asset of $66,175 which was depreciated by $3,946.

The acquisition of the intangible asset consists of certain exclusive, irrevocable rights related to acoustic/ultrasonic well stimulation technology Licensed Patents for the Middle East North Africa region. 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. For the fiscal year 2020 no royalties were accrued or paid. 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 decreased by $145,097 from the prior year-end to $708,753. Of the changes in liabilities, $185,460 relates to decrease in unearned revenue, and $23,840 relates to decreases in trade accounts payable and other accrued liabilities. Unearned revenues principally relate to timing difference associated with payments received ahead of revenue recognition, but moreover, the remittance of monies paid by international Distributors in excess of what the Company believes to be the correct foreign tax withholding amounts.

The changes in unearned revenues relate to increases in Distributor accruals related to proper tax withholding amounts, which were offset by the recognition of $288,691 in revenues that were recorded as unearned in the prior year and relate again to monies paid by international Distributors in excess of what is believed to be the proper foreign tax withholding amounts.

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 $64,203 as at August 31, 2020. The lease liabilities are reduced through the principal net payment of lease obligation.

Liquidity

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

	As at Auguts 31, 2020	As at August 31, 2019	Change
Current assets	2,747,588	3,340,462	(592,874)
Current liabilities	(708,753)	(853,850)	145,097
Working capital[1]	2,038,835	2,486,612	(447,777)

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

Working capital increased by $84,018 from the prior quarter ended May 31, 2020, which reported working capital of $1,954,817.

Changes in working capital relate to the net decreases in current assets of $592,874 (i.e., decreases in cash and cash equivalents of $780,489 and decreases in inventory of $16,354, which was offset by increases in trade and other receivables of $169,901 and increases of prepaid expenses of $34,068) and decreases in current liabilities of $145,097 (i.e., decreases on unearned revenue of $185,460 and decreases on accounts payable and accrued liabilities of $23,840, which was offset by increases in current lease liabilities of $64,203, the latter of which, is related to the adoption of IFRS 16 effective September 1, 2019).

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. Working capital has also been impacted, and thus, why quarter over quarter there are large variances, as Distributor clients have been delaying paying large receivables owing to Wavefront.

With the 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. The net impact 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, and 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 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.

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 December 3, 2020, Wavefront had $1,630,618 of cash and cash equivalents on hand. Of the cash on hand, Wavefront has $1,418,898 in high interest savings accounts with annualized interest rate of 1.70%. Cash on hand as at December 3, 2020 was negatively impacted by the delayed receipt of monies owed by some larger clients, thereby increasing receivables and decreasing cash resources.

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 August 31, 2020, the Company had yet to achieve profitable operations, had an accumulated deficit of $75,085,677 (August 31, 2019 - $74,425,494) and for the fiscal year ended August 31, 2020, had a net loss of $660,183 (August 31, 2019 - $433,489) and a net decrease in cash and cash equivalents of $780,489 (August 31, 2019 – a net increase of $10,832). Whether and when the Company can obtain profitability and positive cash flows from operations for an entire fiscal year is uncertain. The fiscal year's lack of profitable operations may cast significant doubt on the Company's ability to continue as a going concern.

It is currently believed, that 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 time-frame for recovery of the global economy, 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.

Given the Company's priority of sustainability, 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, 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	$ 352,405	$ 89,451	$ 119,074	$ 119,073	$ 24,807
Lease liabilities	657,151	104,867	242,613	256,046	53,625
	$ 1,009,556	$ 194,318	$ 361,687	$ 375,119	$ 78,432

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.

Note 2: During the reporting period, the Company entered into a new agreement for the office and warehouse location in Edmonton, Alberta. The term of the new lease will be for five years, commencing February 1, 2021 and expiring January 31, 2026. For the new five year lease, the total estimated commitments and variable lease payments are estimated to be $303,550, with the future lease liabilities estimated at $591,175. The new lease commitments are included in the above table.

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 twelve months ended August 31, 2020, the Company recorded $nil (August 31, 2019 – $nil and $6,628, 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

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

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 that they receive financial benefits to offset their commitments, there is no assurance that they will receive the desired benefit and that such agreements will not be cancelled or extended beyond the initial term.

Commodity Markets - The marketability of the Company's products and services could be affected, directly or indirectly, by significant declines or volatile swings in, and /or sustained lower oil prices, which may adversely affect Wavefront's business, operating results, and financial condition.

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

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's 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.

Dependence on Management - The Company is dependent on a relatively small number of key employees, including, without in any way limiting the foregoing, the President and Chief Executive Officer and the Chief Financial Officer, the loss of any of whom could have a significant and material adverse effect on the Company.

Economic Dependence and Reliance on Few Customers or Distributors – The Company currently has a high customer concentration in that revenue of top three customers currently comprises 93.4% of total revenues. Although the high concentration allows the ability to develop long-term relationships with fewer larger customers, contractual agreements that can be tailored to each client, and customer service can be focused on fewer clients; however, the high customer concentration carries risks related to operations, revenue generation and fluctuations, and cash flow

dependence, especially the stage of Wavefront's commercialization. The ability to diversify customer dependence has also been impacted by COVID-19. The Company is endeavoring to mitigate such risks by having multiple Distributors in some of its focused geographic markets; however, there is no assurance such efforts will be successful.

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

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

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

Information Technology and Disaster Recovery – The efficient operation of the Company's business is dependent upon computer hardware and software systems. These information systems may be vulnerable to security breaches by computer hackers and cyber terrorists. In addition, an unforeseen natural or manmade disaster could result in key information technology systems being compromised, damaged, or destroyed.

The Company has implemented security measures to maintain confidential and proprietary software, designs and information stored on or operating on the Company's information systems. However, these measures and technology may not be adequate due to the increasing volume and sophistication of potential cyber-attacks. The Company has also implemented backup and redundancy measures with respect to certain information technology systems. However, there is a risk that these measures may not adequately prevent data loss or theft or damage of proprietary information or software as a result of security breach or disaster. This could result in business disruption, decreased performance, or increased costs, and could have a material adverse effect on the Company's business, financial condition, results of operation, cash flows, or reputation. The Company maintains standalone cyber insurance; however, there can be no assurance that the type and / or amount of coverage will adequately cover any potential losses the Company may suffer.

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

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

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

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

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

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

Product Liability, Warranties and Uninsured Risks – Although the Company maintains insurance to protect against certain risks in such amounts as it considers commercially reasonable, its insurance will not cover all of the potential risks associated with its operations. The sale of products and services may expose the Company to warranty costs or other potential liability resulting from such use. Although product liability insurance is currently maintained, the obligation to pay a claim in excess of insurance could have a material adverse effect on the business, financial condition and future prospects of the Company. Due to the magnitude of insurance premiums and as the exposure of the Company to a catastrophic total loss of the tools is limited to certain situations, which the Company believes has a low probability of occurring, the Company has currently decided to self-insure its tools. Should a catastrophic loss

of tools occur it would have a material adverse effect on the business, financial condition, and future prospects of the Company.

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

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.

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

Trade Relations – The Company markets its products and services in the global marketplace. The Company's manufactured products and personnel's access to these markets could be from time to time affected, directly or indirectly, by changes in governmental relations in the countries in which it operates in or plans to operate in. Wavefront's business, operating results, and financial conditions may be materially adversely affected by changes in trade relations.

Weakness and Volatility in Oil and Gas Industry – Weakness and volatility in the market conditions in 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

As an OFS provider, Wavefront is engaged in enhancing oil and gas production. The Company is committed to ensuring that all stakeholders are aware of both their responsibility for safety matters and protection of the environment and how integral those matters are to Wavefront's business. These risks are managed by executing policies and standards that are designed to comply with or exceed government regulations and industry best practices. In addition, Wavefront maintains a system, in respect of our operations, that identifies, assesses, and controls safety, security, and environmental risk and requires regular reporting to Senior Management and the Board of Directors. The Safety, Health and Environmental Affairs Operational Committee of the Company provides recommended environmental policies for approval by our Board and oversees compliance with government laws and regulations. Monitoring and reporting programs for environmental, health and safety performance in day-to-day operations, as well as inspections and assessments, are designed to provide assurance that environmental and regulatory standards are met. Contingency plans are in place for a timely response to an environmental event.

The Company is exposed to physical risk that may arise due to Powerwave's potential damage of a well, and litigation risks related to the use of Powerwave to inject fluids into the ground which may cause harm to overlying geological strata. These inherent risks may also create a reputational risk to the Company and its suite of technologies.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's critical accounting policies and estimates are disclosed in Note 3, "Significant Accounting Policies" and Note 5, "Critical Accounting Estimates and Judgments" of the Consolidated Financial Statements for the year ended August 31, 2020.

CHANGES IN ACCOUNTING POLICIES

The changes in accounting policies are disclosed in Note 4, "Changes In Accounting Policies And New Standards Issued But Not Yet Adopted", of the Consolidated Financial Statements for the year ended August 31, 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 also exists as the top three customers currently comprise 94.3% (2019 – 80.8%) of total revenues; however, the majority of transactions are with publicly traded corporations or larger oil field service companies dispersed across geographic areas. Credit risk related to the Company's two principal Distributors in Saudi Arabia and Kuwait is also mitigated by the Company's, subsequent to year end, acquisition of Export Development Canada ("EDC") export credit insurance, wherein 90% of insured losses, up to policy maximums, are covered against the risk of non-payment caused by a variety of events.

Credit risk, with respect to accounts receivables may be mitigated 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.

DESCRIPTION OF SHARE CAPITAL

As at August 31, 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	1,975,000	
		6,316,333
Fully diluted share capital:		93,888,906

As at December 3, 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 August 31, 2020

Date Granted	Expiry Date	Number of Warrants	Exercise Price per Share $
July 17, 2018	July 17, 2021	628,741	0.45
July 17, 2018	July 17, 2021	3,712,592	0.20
		4,341,333	

During the fiscal year ended August 31, 2020, the Company agreed to the re-pricing and a second extension of the term of certain share purchase warrants ("Warrants") issued on July 17, 2018. The Company agreed to extend the term of the 4,341,333 Warrants one additional year to July 17, 2021, and to decrease the exercise price of 3,712,592 of those Warrants from $0.45 to $0.20 per share.

Consistent with the policies of the Exchange, the amended Warrants that are repriced will include an accelerated expiry clause such that their exercise period will be reduced to 30 days if, for any ten consecutive trading days during their unexpired term, the closing trading price of the common shares of the Company exceeds $0.25 per share.

Also consistent with the policies of the Exchange, the Warrant re-pricing and extension apply to 3,712,592 Warrants of the 4,341,333 Warrants originally issued on July 17, 2018, while the Warrant extension, with no reduction in the original $0.45 exercise price will, apply to the remaining 628,741 Warrants to investors.

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 August 31, 2020

Date Granted	Expiry Date	Number of Incentive Stock Options	Exercise Price per Share $
August 4, 2016	August 4, 2026	1,900,000	0.28
January 6, 2017	January 6, 2027	75,000	0.35
		1,975,000	

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 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 December 3, 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).