ENVIRONMENTAL STEWARDSHIP THROUGH SMART INNOVATION

Wavefront Technology Solutions Inc.

Quarterly Report

For the first

Quarter 2021, ended

November 30, 2020

The following discussion and analysis of financial results should be read in conjunction with the unaudited financial statements and the accompanying notes for the quarter ended November 30, 2020 and 2019 and is based on information available to January 27, 2020. Additional information on Wavefront Technology Solutions Inc.'s (the "Company" or "Wavefront") is available on SEDAR at www.sedar.com.

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

MANAGEMENT'S RESPONSIBILITY

Management has prepared this Management's Discussion and Analysis ("MD&A"). The MD&A is based upon Wavefront Technology Solutions Inc.'s (the "Wavefront" or "the Company") financial results prepared in accordance with International Financial Reporting Standard ("IFRS"). The MD&A primarily compares the unaudited financial results for the first quarter ended November 30, 2020 and 2019. Management has established and maintains an accounting and reporting system supported by internal controls designed to safeguard assets from loss or unauthorized use and ensure the accuracy of the IFRS's financial records (also see section titled "Controls and Procedures" page 22). The financial information presented throughout this MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the quarters ended November 30, 2020 and 2019 as well as the audited consolidated financial statements for the periods ended August 31, 2020 and 2019 and the related notes.

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

The Audit Committee of the Board of Directors, whose members are independent as defined in National Instrument 52-110; and, met to review the condensed consolidated interim financial statements with management, and has reported to the Board of Directors thereon. On the recommendation of the Audit Committee, the Board of Directors has approved the condensed consolidated interim financial statements on January 27, 2021.

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.

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.

Key components of Wavefront's business model are geographic diversification, while focusing on the higher-margin higher rate on capital employed by leveraging the Company's Powerwave technology. This means the Company will not only work on projects with E&Ps but leverage other OFS client relations in different geographic regions to increase distribution channels and technology commercialization. In working through other OFS providers as distributors, Wavefront does not need to build and maintain a local presence with field technicians, equipment or infrastructure in the various geographic markets it serves.

Wavefront thus works through distribution, agency, or representation ("Distributor") agreements that encompass representation in 65 countries (but are active in this reporting period in 5 countries), and permits Distributors to market and resell the Company's Powerwave suite of technologies to 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 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).

As a technology company, Wavefront must support the marketing efforts of distributors. The ideal marketing approach for Powerwave would be for Wavefront personnel or its Distributors business development team to approach a single or group of engineers who could readily accept the merits of the technology and implement it accordingly. However, the ease of such a marketing approach is not reality. In most cases for most E&P's there are multiple groups that must have various criteria satisfied before approving not only a field trial but also on-going work. For example, the production engineering team may wish to implement Powerwave for stimulation work however the reservoir engineering team may be unconvinced of the utility of the technology hence the stimulation may not proceed. Alternatively, a research and technology team charged with bringing new technology to an E&P may identify Powerwave as a unique opportunity for the E&P to exploit to improve oil and gas well stimulation efforts or even a derivative of Powerwave for enhancing secondary oil recovery by water or CO2 flooding. Even though the research and technology team may have identified Powerwave as a possible gamechanger for the E&P both the reservoir and production engineering teams must also be convinced. As such marketing Powerwave to end users is a multi-pronged approach which may impact the sales cycle.

For water or CO2 flooding projects the Company have seen sales cycles from introduction to purchase order and implementation of up to 12 months. For Powerwave well stimulation sales cycles may range from several days to several months.

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.

CORONAVIRUS AND ECONOMIC UNCERTAINTY

In March 2020, the World Health Organization ("WHO") 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, disruptions to supply chains, and volatility in interest rates.

The pervasiveness of the novel COVID-19 virus and associated pandemic continues to have significant impact on the global economy. Numerous countries have approved and are in the process of distributing various COVID-19 vaccines, and many governments and central banks have also announced significant monetary and fiscal economic stimulation programs. However, the timeframe to complete and eventual efficacy of such measures is currently unknown.

The on-going 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 continue to exist and may impact certain accounting judgments, estimates, and assumptions used to prepare the consolidated interim financial statements, particularly the measuring of the recoverable amount of, and the carrying value of an asset, as at November 30, 2020.

Business Continuity

Prior to COVID-19 the Company began to move its information technology systems to a cloud base to support its workforce and distribution partners in the global marketplace. This and in cross training staff, will help establish flexible work solutions to mitigate the impact of COVID-19.

Early in the third quarter of fiscal 2020, the Company began to develop health and safety guidelines to protect our employees, clients and business partners and communities, while recognizing that specific requirements are driven by local government and health authorities. As a result of the guidelines the Company has put in place, Wavefront has been able to continue operations without having its employees work remotely. Where Wavefront is observing project delays or interruptions, it has and will continue to tailor its workforce to align with revenue streams.

Since the WHO declaration of the COVID-19 pandemic, the Company has been able to maintain its financial segregations of duties, and internal controls and procedures (see page 22).

Operations

Productivity, as measured by employee utilization, has dropped but is believed to be more a function of revenue jobs as access to oilfield sites has been limited. The Company continues to monitor utilization, recognizing that, like the rest of the world, its employees are experiencing some fatigue as the pandemic persists. The Company will continue to prioritize the distribution of key supplies to mitigate any adverse impacts of supplier reliance.
The Company, due to diversified supply channels, has not seen any material disruptions in the procurement of Powerwave tool components or parts. There have been, like many companies have experienced, delays in logistics in most business operations.

OUTLOOK

While the recently announced Organization of the Petroleum Exporting Countries plus nations ("OPEC+") oil production cuts through March 2021 have had a positive effect on oil prices there remains great uncertainty concerning forecasting future oil price stability as depressed global economic activity and continued subdued oil demand due to COVID-19 lockdown measures and rising infection rates.

In its monthly report, OPEC maintained its forecast that world oil demand in 2021 will not recover to the levels seen before the pandemic. Global demand took a 10% hit in 2020 and the cartel expects it to rebound to 95.9 million barrels a day this year, but remain 4% below 2019 levels. [1]

Oil price and equities have risen in recent periods, buoyed by vaccination announcements and the Kingdom of Saudi Arabia's recent declaration to cut additional barrels of oil. Maintaining oil prices at $50 per barrel or above will require OPEC+ nations to adhere to stated production cuts to prevent a possible glut in oil inventory. As well, any large upswing in US oil production would add further risk to driving down oil prices hence further impacting the capital and operating budgets of E&P companies.

Recently, the International Energy Forum released a new joint report with Boston Consulting Group that warns weak energy demand caused by the COVID-19 pandemic and subsequent investment cuts by companies will have repercussions through a future supply shock.[2] The report states that capital expenditures by oil and gas companies has fallen by 34% in 2020, and that lower investment levels appear to be insufficient to deliver the volumes of oil and gas needed to maintain market stability. Thus "even if oil demand were to flatten, the industry would still need to make significant investments to compensate for production declines."[3]

Although some COVID-19 vaccines are now being administered in many corners of the globe, the harsh reality is that the global economy continues to be in a second wave of COVID-19 resulting in a growing number of lockdowns adding further volatility to overall global economic recovery. Such economic volatility may further hamper demand for oil and thus overall activity levels with E&Ps who may hold back well servicing work until such time demand for

[1] "Report warns global energy crisis looming without increased oil and gas investment" by Deborah Jaremko, January 11, 2021, EnergyNow.ca
[2] "New IEF Report Warns Oil and Gas Investment Cuts Will Spur Higher Prices and Volatility", December 10, 2020, International Energy Reform
[3] "New IEF Report Warns Oil and Gas Investment Cuts Will Spur Higher Prices and Volatility", December 10, 2020, International Energy Reform

oil grows. Several OFS companies, however, are cautiously optimistic that the global economy and oil demand will begin to recover from the impact of the COVID-19 pandemic in the second half of calendar 2021[4]. There remains much debate and uncertainty as to the length and depth of the macro and micro disruption occurring in the oil and gas industry. Consequently, Wavefront does not anticipate growth in the near term; indeed, the Company may experience a period of revenue contraction in several areas we serve.

Given the continued uncertainty, Wavefront will continue to exercise disciplined operating cost and capital expenditure controls. Wavefront remains committed to strong project execution, best-in-class service, and will continue to strive toward generating solid gross profit margins[5] to ensure the Company is best positioned to quickly rebound as the economic recovery begins.

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 and the offices of the sole client in the country, the National Oil Company ("NOC") remain partially closed. Furthermore, the restrictions curtailed all but essential oil field work which additionally set-back Powerwave uptake as well as leading to the postponement of the Company's anticipated WaveAxe™ field trial. While the Company and GDMC remain in discussion with the NOC regarding WaveAxe there is no new timetable for a field trial.

During the fourth quarter of fiscal year 2020 Gulf Drilling and Maintenance Co. ("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

[4] "Baker Hughes says energy downturn to bottom out by first half of 2021", Arunima Kumar, Reuters, January 21, 21

[5] 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.

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 ("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 Company allowed the Exclusivity Agreement with the local Distributor to expire but maintained the underlying distribution agreement with the local Distributor. On September 1, 2020 Wavefront entered into a non-exclusive distribution agreement for Powerwave-related technology with Synergy International Energy Company ("Synergy") as the principal Distributor in Saudi Arabia.

Within the Saudi Arabia coiled tubing companies providing well services to the NOC are limited in their market access, i.e., no single coiled tubing company has access to all oil and gas fields or wells. Beyond the Company's control, under the previous distributor, a coiled tubing 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.

To bolster distribution of Powerwave in Saudi Arabia, the Company recently entered into a one-year equipment rental agreement for Powerwave well stimulation technology with a company founded in Weatherford, TX in 1941. This new distributor Client provides innovative solutions, technology, and services to the oil and gas industry from 90 global locations. The Company has recently completed its registration with this new Distributor and anticipate the first purchase order for Powerwave stimulation within weeks.

For the first quarter 2021 (i.e., three months ended November 30, 2020) recorded revenues amounted to $445,760 a decrease of $254,925 from the comparative quarter (i.e., three months ended November 30, 2019) revenues of $700,685. Of the revenues for the reporting quarter, $412,298 (November 30, 2019 - $695,184) relates to Powerwave stimulations, with $383,393 of those revenues being derived from the Middle East, a decrease of $187,752 over the comparative quarter. The decrease in Powerwave stimulations in the Middle East is related to lower numbers of Powerwave stimulations occurring because of limited oil field access and marketing abilities related to COVID-19, and the change of distributors in Saudi Arabia. However, in the State of Kuwait, the volume of Powerwave stimulations performed exceeded the comparative and prior quarters but the related revenues did not exceed the minimum guaranteed under agreement with the Company's Kuwait Distributor.

In fiscal 2020, the Company's Distributor in Colombia completed four Powerwave Odyssey and four Powerwave SAN stimulations. There remain five Powerwave Odyssey stimulations to be completed from the initial ten well contracted program granted to Wavefront's Distributor. The remaining Powerwave work and the installation of a dual Powerwave Dragonfly IOR/EOR system have been delayed due to COVID-19 with project completion remaining unclear.

Revenues for the first quarter 2021 in the USA were also not as expected given limited oil field access due to COVID-19, and the potential in US $500,000 revenues related to the General Services Agreement ("GSA"), which was announced on September 9, 2019, still cannot be recognized, at this time, due to unforeseen, circumstances beyond the Company's control. 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 which the GSA was executed. Once the Company can recognize revenues, in accordance with IFRS, the Company will accordingly disclose any such recognition.

CONSOLIDATED RESULTS – THREE MONTHS ENDED NOVEMBER 30, 2020

Revenues

Revenues for the first quarter 2021 ended November 30, 2020 amounted to $445,760 a decrease of $254,925 from the comparative reporting period revenues of $700,685. Revenues related to Powerwave stimulations for the reporting quarter totalled $412,298 (November 30, 2019 - $695,184), with revenues of $383,393 (November 30, 2019 - $571,145) of Powerwave stimulation revenues being derived from the Middle East, a decrease of $187,752 over the comparative year. Powerwave stimulation revenues in Middle East were below volume expectations due to the change in distributors, and lower activities primarily in Saudi Arabia related to, amongst other events, oilfield access and related travel restrictions related to COVID-19. In the State of Kuwait however, the volume of Powerwave stimulations performed exceeded the comparative and prior quarters but did not exceed the minimum guaranteed under agreement with the Company's Kuwait Distributor.

Revenues for the first quarter 2021 in the USA were also not as expected given limited oil field access due to COVID-19, and the inability to recognize US $500,000 in potential revenues related to the GSA. Revenues in other international regions, also declined by $83,889 due to pragmatically no oilfield access.

The duration of the impact of COVID-19 and the effectiveness of vaccines, as well as the impact of government or central bank stimulus is currently unknown. In addition to the impact of decreases in revenues, the current environment has also impacted the Company's liquidity as customers continue to stretch their payments to Wavefront (see Liquidity section on page 14).

Geographically, $53,128 (November 30, 2019 – $39,841) in revenue was generated in North America, $383,393 (November 30, 2019 - $571,145) in the Middle East, and $9,239 (November 30, 2019 - $89,699) in other international geographic regions. The geographic revenues are more specifically described as follows:

> **North America**: Revenues in North America increased by $13,287 to $53,128 compared to $39,841 in comparative quarter principally due to $30,032 in Primawave or ground water remediation (classified as Other Technology activities) revenues in the current reporting quarter (November 30, 2019 - $ nil). Powerwave stimulation recorded revenues in North America were $23,096 (November 30, 2019 - $39,841).
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> **Middle East**: Revenues in the Middle East decreased by $187,752 to $383,393 (November 30, 2019 - $571,145). Powerwave stimulations represented all revenues in the Middle East in both periods.
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> **Other International**: Revenues outside of North America and the Middle East decreased by $80,459 to $9,239 (November 30, 2019 - $89,699). Powerwave stimulation revenues in other international markets totalled $5,810 (November 30, 2019 - $85,381); and Other Technology revenues totalled $3,430 (November 30, 2019 - $4,318).

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[6] and gross profit margin[7].

Costs of sales for the first quarter 2021, ended November 30, 2020 were $18,442 or 4.1% of revenues (November 30, 2019 - $33,978 or 4.8% of revenues), which is principally impacted by a greater proportion of revenues being derived through Distributors, and moreover, the majority of revenues being recognized by agreements providing minimum numbers of Powerwave stimulation jobs or guaranteed revenues, and thus, there was little direct costs (i.e., minimal well modelling, field labour, direct labour and inventory for Powerwave tool refurbishing).

Costs of sales associated with all Powerwave stimulations approximated $18,442 (November 30, 2019 - $32,188).

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 is little, or no costs of sales recognized.

Expenses

General and administrative, amortization and depreciation, sales and marketing, and research and development expenses for the first quarter ended November 30, 2020, declined by $75,652 or 8.3% to $834,493, compared to $910,145 for the quarter ended November 30, 2019. The changes within general and administrative, amortization and depreciation, sales and marketing, and research and development expenses for the quarters ended November 30, 2020 and 2019 were principally a result of the following changes:

i) General and administrative expenses increased by $14,710 (November 30, 2020 - $601,943; November 30, 2019 - $587,233). The change in general and administrative expenses were as follows with the noted variances:

[6] 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.
[7] Gross profit margin is calculated by dividing the gross profit by revenue.

	Year ended		
	November 30, 2020	November 30, 2019	Variance
Wages, wage expenses and benefits	$ 268,079	$ 261,160	$ 6,919
Office	102,657	102,375	282
Consultants	84,100	71,632	12,468
Public company & listing fees	54,590	46,417	8,173
Professional fees	49,039	79,666	(30,627)
Repairs and maintenance	26,985	12,293	14,692
Vehicle	15,445	6,024	9,421
Miscellaneous	1,059	198	861
Bad Debts	(11)	7,468	(7,479)
	$ 601,943	$ 587,233	$ 14,710

With the changes to the Company's distributor in Saudi Arabia certain expenses, i.e., consulting fees, repairs and maintenance and vehicles expenses, have increased, and are expected to increase relative to comparative periods. The reporting periods increases in expenses related to the new Distributor approximated $86,528 over the comparative period, and are expected to remain higher in the near term. Once the new Distributor is fully established, it is anticipated that these general and administrative expense items will somewhat decline relative to geographic segment revenue levels. Additionally, during the reporting period the Company has committed to certain capital expenditures totalling $9,721 that will allow the new Saudi Arabi Distributor to facilitate Powerwave stimulation and workover operations with potentially all thirteen registered coiled tubing companies in the Kingdom.

Of the $14,692 increases in repair and maintenance expenses, $14,445 relates to the refurbishment and quality assurance / quality control of Powerwave stimulation tools in the Middle East region by the new Distributor in the Kingdom of Saudi Arabia that did not relate to revenue jobs, and in preparation for future stimulation work in the region.

ii) Sales and marketing expenses decreased by $53,670 to $115,257. During the reporting period there was a decrease of $72,297 travel related expenses that mainly relate to travel the Middle East, a decrease of $5,619 in marketing and advertising expense, and a decrease of $4,422 in meals and entertainment. Offsetting the decreases was an increase of $28,667 related to an allocation of fully built-up labour costs, which principally relates to the re-hiring of personnel in the Permian basin in Texas to help diversify the Company's customer base and return USA Powerwave revenues to pre-COVID-19 historical norms.

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

iii) Research and development expense decreased by $21,312 to $39,004. 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 to 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 a decrease in material and external engineering consulting of $22,005, while functional allocation of fully built-up wages was materially flat at $28,935.

During the fiscal year 2020, the Company successfully developed a high flow rate Powerwave Odyssey tool for use in multilateral horizontal wells. The Company will move into limited commercial production of high flow rate Powerwave Odyssey tools in the coming reporting periods. As a result, it is anticipated that materials and external engineering consultation expenses will continue to decline in the coming months.

Depending on COVID-19 impacts and travel restrictions, the Company anticipates marketing the new high flow rate Powerwave Odyssey tool in the middle to late calendar 2021.

iv) Amortization and depreciation expense decreased by $15,380 to $78,289 from the comparative period. The comparative period depreciation and amortization expense were impacted by the adoption of IFRS 16 and the addition of an intangible asset. With entering into a new five-year lease, it is expected that future period depreciation and amortization expense will increase.

Other Income (Expenses)

Financing costs of $1,458 (November 30, 2019 - $3,269) includes interest expense, for both reporting quarters that principally relates to interest on insurance financing contracts. In addition, interest expense of $637 (November 30, 2019 - $2,486) relates to lease liability.

During the fourth quarter 2020, the Company began accessing Canada Emergency Wage Subsidy ("CEWS"), a wage subsidy program offered by the Canadian government until June 2021 to qualifying employers who have seen a drop in revenue due to COVID-19. As a result, the Company recognized non-refundable government grants of $49,943 (November 30, 2019 - $nil) for the first quarter ended November 30, 2020.

Financing income of $9,894 (November 30, 2019 - $7,763) 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 gain of $1,576 (November 30, 2019 - loss of $5,838) 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 quarters ended November 30, 2020 and 2019:

	As at November 30, 2020	As at November 30, 2019
Net Loss	$ (347,520)	$ (244,782)
Changes to net loss not including cash		
Amortization and depreciation	78,289	93,669
Impact of foreign translation	936	(2,320)
Interest expense	(1,458)	(3,269)
Changes to working capital		
Change in trade and other receivables	124,464	170,014
Change in trade and other payables	102,464	122,925
Change in unearned revenue	27,584	73,342
Change in inventory	14,330	27,205
Interest paid	1,458	3,269
Change in prepaid expenses	(91,404)	(148,228)
Cash (used in) from operating activities	$ (90,857)	$ 91,825

Cash flows from operating activities for the quarter was principally impacted by reduced revenues and by non-working capital items (see Liquidity section on page 14, below).

Net Loss and Comprehensive Loss, and Loss Per Share

The net loss for the first quarter 2021 ended November 30, 2020 increased by $102,738 to $347,520 (or basic and diluted net loss of $0.004 per share), compared to the net loss of $244,782 (or basic and diluted net loss of $0.003 per share) for comparative quarter ended November 30, 2019.

The net loss was principally impacted by the $254,925 reduction in revenues and the increase in $86,528 in new Distributor expenses in Saudi Arabia. Excluding the incremental $86,528 in new Distributor expenses in Saudi Arabia the net loss would have been $260,992, a marginal increase of $16,210 over the comparative quarter. As Saudi Arabia represents a significant market for the Company, it is believed that the new Distributor's potentially accessing all thirteen registered coiled tubing companies in the Kingdom is a prudent investment for Wavefront.

The comprehensive loss for the first quarter 2021 ended November 30, 2020 was $347,824 and was impacted by a foreign translation loss of $304 on its foreign, wholly owned, subsidiary in the United States versus the reported comprehensive loss of $247,245 for comparative quarter ended November 30, 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 quarters ended November 30, 2020 and 2019:

	As at November 30, 2020	As at November 30, 2019
Net loss	$ (347,520)	$ (244,782)
Items not affecting cash		
Amortization and depreciation	78,289	93,669
Interest and tax expense	1,458	3,269
EBITDA	$ (267,773)	$ (147,844)
EBITDA loss per share	$ (0.0031)	$ (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

LIQUIDITY AND CAPITAL RESOURCES

Assets

Total assets decreased by $256,139 from the prior year end to $3,115,359, the changes of which principally relates to the decrease of $140,025 in cash and cash equivalents, which $90,857 is attributed to cash used from operations, $38,363 relates to the principal repayment of the lease, and $9,721 related to the purchase of assets for the Company's new Distributor in Saudi Arabia. Trade and other receivables decreased by $124,464, and inventories also decreased by $14,330. Offsetting these decreases in current assets was an increase in prepaid expenses of $91,404 that principally pertains to prepayment of insurance contracts that were not financeable.

The net book value of property, plant and equipment declined by $29,905, and was principally a result of the amortization and depreciation expense of $39,470, which was offset by capital asset acquisitions of $9,721. As well the net book value of right-of-use assets declined by $37,589, because of the amortization and depreciation expense.

Liabilities

Total liabilities increased by $91,685 from the prior year-end to $800,438. Of the changes in liabilities, $102,464 relates to increases in trade accounts payable and other accrued liabilities, and $27,584 relates to increase in unearned revenue. Offsetting the increases in current liabilities was a decrease in lease liabilities by $38,363. As at November 30, 2020, trade accounts payable totalled $251,116, trade accruals $266,196, notes payable related to insurance contract financing $77,498, vacation accruals of $61,663, and payroll tax and workers compensation accruals of $10,903.

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.

Liquidity

The Company continues to able to meet its liquidity needs through cash generated from operations and from unrestricted monies in high interest savings accounts.

With the COVID-19 pandemic, the Company has experienced longer delays in realizing on its receivables, which has impacted cash resources. Thus, working capital has seen large recent quarter over quarter large variances, as Distributor clients have been delaying paying large receivables owing to Wavefront.

The Company remains focused on invoicing and collection activities. During the COVID-19 pandemic, the Company has not experienced increased bad debts or bad debt allowances.

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, and thus, despite the COVID-19 environment, the Company has not incurred any bad debt for the reporting quarter.

In managing the Company's risks related to its higher reliance on a few foreign Distributors, the Company recently acquired Export Development Canada ("EDC") Credit Insurance, wherein 90% of insured receivable losses are covered against non-payment caused by a variety of events. The Company's EDC Credit Insurance is currently for specific customers and activities in the Kingdom of Saudi Arabia and the state of Kuwait, where 86.0% or revenues for the quarter were generated.

As of January 27, 2021, Wavefront had $1,572,386 of cash and cash equivalents on hand. Of the cash on hand, Wavefront has $1,404,408 in high interest savings accounts with annualized interest rate of 1.70%. Cash on hand as at January 27, 2020 was negatively impacted by the delayed receipt of monies owed by some larger clients.

Working Capital

The following table presents working capital information as at November 30, 2020 and August 31, 2020:

	As at November 30, 2020	As at August 31, 2020	Change
Current assets	2,560,173	2,747,588	(187,415)
Current liabilities	(800,438)	(708,753)	(91,685)
Working capital[1]	1,759,735	2,038,835	(279,100)

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

Changes in working capital relate to the net decreases in current assets of $187,415 (i.e., decreases in cash and cash equivalents of $140,025, decreases in trade and other receivables of $124,464, and decreases in inventory of $14,330 which were offset by increases in prepaid expenses of $91,404, and increases in current liabilities of $91,685 (i.e.,

increases on unearned revenue of $27,584 and increases in accounts payable and accrued liabilities of $102,464, which was offset by decreases in current lease liabilities of $38,363.

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.

Financings

There were no financings during the reporting or the comparative period. Given the Company's stage of development, the COVID-19 pandemic, oil and gas demand and commodity prices both related and unrelated to COVID-19, 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.

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.

Capital Management

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.

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.

As at November 30, 2020, the Company had yet to achieve profitable operations, had an accumulated deficit of $75,433,197 (August 31, 2020 - $75,085,677) and as at November 30, 2020, had a net loss of $347,520 (November 30, 2019 - $244,782) and a net decrease in cash and cash equivalents of $140,025 (November 30, 2019 – a net increase of $44,938). 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.

COVID-19 has impacted access to client and E&P end user oilfield well sites, and thus, have impacted income (losses) and cash inflows. As the Company operates in multiple jurisdictions, impacts are based on local government policies, rules, and stimulation or recovery programs will impact the extent and duration of the impacts to Wavefront's business are currently unknown and not measurable.

To bolster the Company's ability to withstand the impacts of the COVID-19 pandemic, the Company has significantly reduced discretionary spending and capital expenditures. As well given the potential negative impact to future operating cash flows, the Company has commenced accessing and utilizing the following government economic support mechanisms:

i) During the fourth quarter 2020, the Company began accessing the Canada Emergency Wage Subsidy ("CEWS") program. CEWS was established in March 2020 to support employers and their employees, during the COVID-19 pandemic by providing a wage subsidy with respect to eligible remuneration paid by eligible employers who have experienced a drop in revenue related to COVID-19. CEWS is administered by the Canada Revenue Agency ("CRA") on a period-by-period basis, with each period spanning 4 weeks. There is no maximum dollar amount a business can receive from the program; however, there is a maximum limit on the amount of subsidy a business can receive for a single employee's weekly wages. The subsidy amount for each employee is calculated by determining the CEWS rate (which is a function of revenue declines) and multiplying by eligible employee wages.

ii) The Company is currently assessing if it qualifies for the recently announced, new Canada Emergency Rent Subsidy ("CERS") program. CERS is administered by CRA for businesses that have seen a decline in revenues (i.e., same calculation and measurements in the CEWS program) due to the COVID-19 pandemic and may be eligible for a subsidy of up to 65% per cent of eligible business property expenses (i.e., base rent, operating expenses, property insurance, utilities, property and similar expenses and ancillary fees such as cleaning expenses) up to a maximum of $75,000 per period, between the period of September 27, 2020, until June 2021. The CERS program provides support directly to tenants instead of property owners and allows companies to make retroactive claims.

iii) The Company is currently assessing the USA Small Business Administration ("SBA") Paycheck Protection Program for its USA subsidiary, Wavefront Technology Solutions USA Inc. The Paycheck Protection Program may provide loans designed to provide a direct incentive for small businesses that have seen a decline in revenues due to COVID-19 to keep their workers on the payroll. SBA may forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses. The maximum loan amount is 2.5 times the average monthly payroll costs (i.e., employee salary, wage, commission, or other similar compensation, plus group health care benefits and insurance premiums) up to US $2 million, with a simplified loan forgiveness process for up to US $150,000.

The Company has or will categorize the above grants or subsidies and loans by their nature (i.e., as cash, a receivable or loan) on its Consolidated Statement of Financial Position. Non-refundable contributions made under the various programs are recorded as "Government Assistance" under Other Income within the Statements of Net Loss and Comprehensive Loss when there is reasonable assurance that the assistance will be received and that there are no unfulfilled conditions and other contingencies attaching to government assistance.

It is currently believed that the material uncertainties related to COVID-19, and oil and gas demand 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 revenues, collect on amounts when due, or obtain conventional or equity financing.

Given the Company's priority of sustainability, all capital and future expenditures, inclusive of research and development 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	$ 337,521	$ 89,452	$ 178,610	$ 69,459	$ -
Lease liabilities	618,150	95,767	372,233	150,150	-
	$ 955,671	$ 185,219	$ 550,843	$ 219,609	$ -

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: In a prior reporting period, the Company entered into a new lease 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

The Company has no transactions with related parties.

Proposed Transactions

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

Risk and Uncertainties

The Company's business risks and uncertainties are the same as disclosed in its annual MD&A issued for the year ended August 31, 2020.

Environmental Risk

The Company's environmental risks are the same as disclosed in its annual MD&A issued for the year ended August 31, 2020.

CLIMATE GOVERNANCE AND RISK MANAGEMENT

Aspects of climate change risk and opportunities that most influence Wavefront's business strategy are: future regulatory changes and associated compliance costs, commodity prices, access to markets and capital, social preferences, general capital investment declines in the energy sector, and reputational and Environmental, Social and Governance ("ESG") risk (related to climate change, human rights and ethical and sustainable business practices), and technology development.

The Company currently has a Safety, Health and Environmental policy as part of its Corporate policy manual. The Safety, Health and Environmental policy assists the Board in fulfilling its obligations relating to safety, health and environmental matters concerning Wavefront. Safety and protection of the environment have always been top priorities in Wavefront's business operations. Wavefront believes dedication to safety and environmental protection go beyond implementing the right policies and having the right equipment or department; but ensuring that everyone at Wavefront is aware of both their responsibility for safety matters and protection of the environment and how integral those matters are to the Company's business.

Wavefront is in the process of augmenting its Safety, Health and Environmental policy to include a multi-disciplinary risk management process, which considers ESG and climate change risks and opportunities as part of Wavefront's business evaluation. Processes for identifying, assessing, and managing climate-related issues will be integrated into the Company's enterprise risk management ("ERM") framework.

Although climate change and ESG could negatively impact energy sector activity, it also represents an opportunity for Powerwave's smart technology that does not require capital investment by end users or E&P, reduces operating cost by decreasing volumes of water or chemical injection and E&P operating horsepower, while reducing need for more frequent stimulations and increasing near term productions and thus, E&P income and cash flows.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's critical accounting policies and estimates are the same as disclosed in its Audited Consolidated Financial Statements and Notes, and its annual MD&A issued for the year ended August 31, 2020.

CHANGES IN ACCOUNTING POLICIES

The changes in accounting policies are disclosed in Note 2, "*Statement of Compliance*", of the Unaudited Interim Condensed Consolidated Financial Statements for the quarter ended November 30, 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 87.5% (2020

– 93.7%) of total revenues; however, the majority of transactions are with publicly traded corporations or larger oil field service companies dispersed across geographic areas.

In light of the COVID-19 pandemic, the Company may negotiate some payment extensions with both our vendors and clients. At this time, the Company has not made significant extensions (other than the prior quarters' financing of past amounts due) to our clients or Distributors.

Credit risk related to the Company's two principal Distributors in Saudi Arabia and Kuwait is also mitigated by the Company's, 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 also be mitigated due to Wavefront's credit evaluation and cash management processes.

Foreign currency risk

Wavefront is exposed to currency risks as a significant portion of its revenues are in foreign currencies, primarily US dollars, as a result of the Company's export of its technology and Powerwave tools to foreign jurisdictions of goods produced in Canada or services provided from Canada. Wavefront is also exposed to some limited operational expenses related to Distributors in foreign operations. Therefore, the Company is exposed to fluctuations in exchange rates to the extent that a strengthening Canadian dollar environment will result in a negative impact and a weakening Canadian dollar environment will result in positive impact on our income from 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.

SUPPLEMENTAL INFORMATION

SUMMARY OF QUARTERLY RESULTS AND LOSS PER SHARE

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

	1st Qtr 2021 Nov 30 '20	4th Qtr 2020 Aug 31 '20	3rd Qtr 2020 May 31 '20	2nd Qtr 2020 Feb 28 '20
Revenue	$ 445,760	$ 695,473	$ 702,259	$ 706,040
Net Income (Loss)	$ (347,520)	$ 20,773	$ (16,562)	$ (419,612)
Basic & diluted income (loss) per share	$ (0.0040)	$ 0.0002	$ (0.0002)	$ (0.0048)
Common shares outstanding				
Weighted average shares outstanding	87,572,573	87,572,573	87,572,573	87,572,573

	1st Qtr 2020 Nov 30'19	4th Qtr 2019 Aug 31 '19	3rd Qtr 2019 May 31 '19	2nd Qtr2019 Feb 28 '19
Revenue	$ 700,685	$ 960,356	$ 831,321	$ 894,887
Net Loss	$ (244,782)	$ (112,539)	$ (31,180)	$ (243,823)
Basic & diluted loss per share	$ (0.0028)	$ (0.001)	$ (0.0004)	$ (0.0028)
Common shares outstanding				
Weighted average shares outstanding	87,572,573	87,540,244	87,529,350	87,507,380

Note 1: All amounts in Canadian dollars except share data

DESCRIPTION OF SHARE CAPITAL

As at November 30, 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	1,875,000	
		6,216,333
Fully diluted share capital:		93,788,906

As at January 27, 2021, 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 November 30, 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 November 30, 2020

Date Granted	Expiry Date	Number of Incentive Stock Options	Exercise Price per Share $
August 4, 2016	August 4, 2026	1,800,000	0.28
January 6, 2017	January 6, 2027	75,000	0.35
		1,875,000	

During the reporting period 100,000 stock options were forfeited. The forfeited stock options were originally issued to a former Director of the Company with an exercise price of $0.28.

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 January 27, 2021, 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).