WellPoint Systems Inc.

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FORM 51-102F1

Management's Discussion and Analysis
For the Three Month Period Ended
March 31, 2010

May 28, 2010

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This Management's Discussion and Analysis ("MD&A") for WellPoint Systems Inc. ("WellPoint Systems" or the "Company") for the three month period ended March 31, 2010 should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2009 and the notes that accompany these financial statements filed on SEDAR, which are available at www.sedar.com. The audited Consolidated Financial Statements of WellPoint Systems have been prepared in accordance with accounting policies in accordance with Canadian generally accepted accounting principles (GAAP). All dollar amounts are in Canadian dollars unless otherwise indicated.

The Board of Directors carries out its responsibility for review of the disclosure in this MD&A principally through its Audit Committee, comprised of two directors, one of whom is independent. The Audit Committee reviews this disclosure and recommends its approval to the Board of Directors. This MD&A has been approved by the Board of Directors.

The Company reports on certain non-GAAP measures that are used by management to evaluate the performance of the business. Since non-GAAP measures do not have a standardized meaning, securities regulators require that non-GAAP measures be clearly defined and qualified, reconciled to the nearest GAAP measure, and be given no more prominence than the closest GAAP measures. The definition, calculation, and reconciliation of the non-GAAP measures are provided in the section "Reconciliation of non-GAAP Measures" in this MD&A.

WellPoint Systems is publicly traded on the TSX Venture Exchange under the symbol WPS.

This MD&A is dated as at May 07, 2010.

Forward-looking Statements

All statements in this MD&A that do not directly relate to historical facts constitute "forward-looking statements". These statements represent WellPoint Systems intentions, plans, expectations, and beliefs, and are subject to risks, uncertainties, and other factors that are not in the Company's control. These factors could cause actual results to differ materially from such forward-looking statements. These factors include and are not restricted to the retention of reference customers, customer adoption of new and somewhat unproven software packages, market competition in the energy and natural resources information systems industry, the Company's ability to attract and retain qualified employees, potential acquisitions and other corporate developments, foreign exchange and other general economic and business conditions. The words "believe", "likely", expect", "intend", "plan" and similar words, expressions and variations thereof, identify certain of such forward-looking statements. Such statements speak only as of the date of this MD&A. Readers are cautioned not to place undue reliance on these forward-looking statements.

Additional information about WellPoint Systems is available on its website at www.wellpointsystems.com.

Section 1: Business Overview

WellPoint Systems is apremier provider of enterprise applications and related services for managing business in the global energy sector. The Company helps its customers decrease operating costs and increase earnings through improved financial accounting and management reporting systems; effective utilization of assets; and greater operational efficiency with its midstream and upstream solutions. WellPoint is the only enterprise solution provider on the Microsoft Dynamics AX platform targeting global energy companies.

Headquartered in Calgary, Alberta, WellPoint Systems Inc. was founded in 1997 and has offices around the world that currently employ 169 people and 20 contractors. In the first quarter of 2010 approximately 90% of revenue was generated from customers in North America as compared with approximately 77% in first quarter of 2009. The Company currently has approximately 460 customers using WellPoint Systems' proprietary solutions that are delivered through five lines of business:

- **WellPoint Energy Suite** provides state of the art solutions built to improve operational efficiency, international financial management and business analysis for oil & gas producers, marketers and pipeline operators. This suite includes two products developed specifically for the energy industry. Energy Broker (ENB) is used by marketing groups in the Midstream Commodity Market to lessen their financial credit and operational delivery exposure. Energy Financial Management (EFM) is used by global energy companies to meet worldwide financial management and reporting requirements. WellPoint Enterprise Asset Management (EAM) helps companies both within and outside the energy industry manages the operational and financial aspects of all asset types including complex mission critical equipment, plants, rental units and fleets. WellPoint Energy Suite takes advantage of the Microsoft Dynamics AX architecture which provides integration with a complete enterprise resource planning ("ERP") system as well as multi-currency, multi-location and multi-language functionality. [ntf: see March Flash report – shows 65 customers]

- **WellPoint AX EAM** provides enterprise asset management solutions to a wide variety of asset intensive industries including energy, aviation, and process and discrete manufacturing. AX EAM allows companies to understand and drive key factors such as asset utilization, operational uptime and profitability by managing the complete asset life cycle – from asset commissioning through maintenance, modification and decommissioning. [ntf- 12 customers]

- **BOLO by WellPoint Systems** provides back office management solutions for upstream oil and gas companies. The integration of accounting, land and production automates the complex business process requirements of the oil and gas industry in the US. BOLO's seamless approach to the back office provides approximately 160 customers with access to the information they need to make critical business decisions in order to manage their companies better.

- **IDEAS by WellPoint System** provides a complete joint venture accounting package used by approximately 210 companies in 62 countries. Specifically developed to accommodate the unique requirements of multi-national oil and gas operators, IDEAS was designed in conjunction with the world’s most successful oil and gas companies. The system is unique in its capability to comply with local accounting and reporting requirements of any country in which it is being used, while simultaneously meeting home country financial reporting standards.

- **OMS/COBRA by WellPoint Systems** are two heritage products that remain core to our business. OMS (Oil Marketing System) manages the entire midstream oil marketing process, allowing forecasting and reporting of crude oil volumes for both producers and shippers. Approximately 60% of all crude traded in Western Canada is tracked through OMS. COBRA (Crude Oil Balancing and Revenue Accounting) manages the complex process of allocating and balancing crude oil, condensate and other petroleum products flowing through pipelines and terminals.

Section 2: Vision and Strategy

WellPoint Systems’ mission is to deliver innovative solutions that help its customers manage their businesses through the application of integrated technologies and superior services. The Company’s strategic objective is to become the dominant provider of enterprise applications to growth oriented companies within the global energy sector. The Company’s ability to achieve this objective rests upon the following key strategic initiatives:

- **Delivering Superior Technology** – WellPoint has created industry specific functionality for the complex energy and natural resources sectors while taking full advantage of a complete ERP solution, providing customers with innovative solutions tailored to their specific business needs.

- **Focusing on Customers –** WellPoint’s culture centers on its customers; partnering with clients to drive software development and service programs that enable them to better manage their businesses.

- **Building on a Strong Platform** – WellPoint is uniquely aligned with Microsoft and is the only ERP solution in the Energy Sector built on the Dynamics AX platform. This arrangement enables WellPoint products to take full advantage of Microsoft’s commitment to the Dynamics AX architecture.

- **Maintaining a Strong Leadership Team** – WellPoint has taken the steps necessary to strengthen the executive management team. The current team, with a proven track record for building companies, has a history of driving and sustaining growth in market share and financial performance.

- **Building Market Awareness** – WellPoint has invested in establishing itself as a thought leader in its market space and conducts targeted marketing campaigns in order to increase market awareness.

- **Attracting and Retaining Key People** – WellPoint seeks to be the employer of choice by offering its employees an opportunity to promote their personal development, growth and success, allowing them to share in the benefits of corporate success in an environment that leads to excellence, passion, and integrity.

The preceding vision and strategy provides WellPoint with the tools and focus to drive continued growth and success.

Section 3: Business Environment

WellPoint Systems focuses on providing business application solutions to a wide variety of industries, but primarily within the oil and gas and natural resources sectors. Although commodity prices were severely impacted by the global recession in 2008/2009, the oil and gas industry is beginning to show signs of improvement as evidenced by steadily increasing commodity prices as well as a general increase in mergers and acquisitions activity, particularly in the USA. As a result, and even though prospective customers are continuing to maintain a conservative approach to capital expenditures, the Company is nevertheless seeing a steady improvement in its sales pipeline. However, because of the uncertainties inherent in the energy markets, particularly in periods of high price volatility, rapid market transformation, or active changes in legislation – all of which influence demand for the Company's products – the Company's revenues may be negatively impacted over short periods and within any one quarter, even though revenue growth may be achieved on an annual basis.

The Company undertook a restructuring in late 2008/09 in order to reduce the cost infrastructure and to build profitability. Subsequently, in late 2009/early 2010 the Company initiated a rebuilding phase which included the addition of new management to drive marketing, sales and global services, with the intent of building a strong foundation for future growth. The Company has demonstrated its ability to grow through corporate acquisitions and organically over the last three years and continues to look for opportunities to expand its operations in North America and international markets.

Section 4: Key Performance Indicators

WellPoint Systems monitors a number of key performance indicators including those set out below:

- **Revenue** provides an overall indication of success and progress toward achieving growing market share;

- **Gross Margin** measures success in developing and delivering products and services efficiently and on a scalable basis;

- **Net Income Per Share** measures the return to shareholders and also allows management to assess whether acquisitions are accretive to earnings; and

- **Adjusted EBITDA** is Standardized EBITDA[1], excluding foreign exchange gains primarily related to the US dollar denominated debt of the Company and can vary significantly depending on exchange rate fluctuations, which are beyond the control of the Company, and write downs of deferred development costs, goodwill impairment, financing costs, stock based compensation, fees and expenses on settlement of debt and losses on extinguishment of debt and after deducting the annual amount invested in respect of deferred development costs.

1. Standardized EBITDA is a non-GAAP measure. Standardized EBITDA is in accordance with the definition noted in the Canadian Institute of Chartered Accountants ("CICA") draft publication *"Improved Communication with Non-GAAP Financial Measures"* issued by the Canadian Performance Reporting Board of the CICA.

Section 5: Overall Performance

Events or Activities Impacting the Business in 2010

- Strengthened the senior management team with the addition of a new Chief Financial Officer, Senior Vice President Marketing and Vice President Global Services and Vice President Enterprise Sales
- Decrease in Adjusted EBITDA for the quarter ended March 31, 2010 by $3.2 million to an Adjusted EBITDA loss of ($.6) million, compared with an Adjusted EBITDA of $2.6 million for the same period in 2009.
- Decrease in net income for the quarter ended March 31, 2010 by $1.8 million to a net loss of $2.3 million, compared with a net loss of $.5 million for the same period in 2009.
- Decline in net income per share for the quarter ended March 31, 2010 to ($.04), compared with a loss of ($.01) for the same period in 2009.
- Achieved Code Completion for the Revenue Distribution module for the WellPoint Energy Suite (Dynamics AX), opening up the U.S. markets;
- Enhanced report capability for Energy Financial Management (EFM) for North Sea markets;
- Rebranded WellPoint's Enterprise Asset Management (EAM) to DAXEAM (Dynamics AX EAM) to leverage its appeal and expand its reach other non-energy industry verticals;
- Closed BOLO license sale to large U.S.-based independent oil and gas company in the first quarter;
- Recognized as one of the fastest growing companies in Canada for the third straight year, achieving a ranking of 100 on the Branham 300 list of the 250 fastest growing technology companies in Canada.

Section 6: Selected First Quarter Financial Information

In thousands, except per share amounts	2010	2009	% Change 2009 - 2010
Revenue	$ 6,248	$ 10,384	(39.8%)
Gross Profit	3,521	7,059	(50.1%)
Selling, general and Administration	2,545	2,639	(3.6%)
Facilities	326	376	(13.3%)
Research and Development	1,268	1,476	(14.1%)
Depreciation and Amortization	819	885	(7.5%)
Financing and Amortization of Debt and Notes Payable issue Costs	46	81	(43.2%)
Interest	1,512	1,449	4.3%
Foreign Exchange loss	(675)	807	(183.6%)
Income (loss) before tax	(2,319)	(654)	254.6%
Income tax expense (recovery)	(182)	(125)	45.6%
Net income (loss)	$ (2,137)	$ (529)	304.0%
Income (loss) per share	$ (0.04)	$ (0.01)	300.0%
Adjusted EBITDA	$ (569)	$ 2,588	
Total assets	$ 37,470	$ 50,320	(25.5%)
Total liabilities	$ 38,603	$ 46,511	(17.0%)
Total equity	$ (1,132)	$ 3,808	(129.7%)

Revenue for the first quarter of 2010 decreased by $4.1 million as compared with the same period in 2009. Revenues were lower primarily due to lower license sales and lower professional services assignment caused by low license sales in the last quarter of 2009. Gross profit decreased by $3.5 million in the first quarter of 2010 due to the Company's revenue mix of higher margin license fees and a decrease in lower margin professional services. WellPoint decreased its selling, general and administrative ("SG&A") expenses by $0.1 million in the first quarter of 2010 as compared with the first quarter of 2009. R&D expenses for the first quarter of 2010 decreased by $0.2 million as compared with the same period in 2009. Adjusted EBITDA decreased by approximately $3.1 million primarily due to the $3.5 million decrease in the Company's gross profit. Net loss increased by $1.6 million primarily due to the $3.5 million decrease in gross profit partly offset by $1.5 million increase in foreign exchange gain.

Section 7: Results of Operations for the Three Months ended March 31, 2010

Revenue-

The following table provides a breakdown of WellPoint's revenues by category and major geography for the first quarter of 2010 and 2009:

Revenue by category

(In thousands)	2010	2009	% Change 2009 - 2010
License	$ 1,778	$ 3,402	(47.7%)
Maintenance	2,535	3,121	(18.8%)
Professional Services	1,935	3,861	(49.9%)
	$ 6,248	$ 10,384	(39.8%)

	2010	2009
License	28%	33%
Maintenance	41%	30%
Professional Services	31%	37%
	100%	100%

Revenue by geography

(In thousands)	2010	2009	% Change 2009 - 2010
Canada	$ 1,040	$ 1,850	(43.8%)
United States	4,519	6,129	(26.3%)
Other International	670	2,405	(72.1%)
	$ 6,229	$ 10,384	(40.0%)

% of total revenue	2010	2009
Canada	17%	18%
United States	73%	59%
Other International	11%	23%
	100%	100%

WellPoint Systems derives revenue from three sources relating to the software packages specifically designed for its key markets. Each product generates revenue from license sales, annual maintenance (based on a percentage of the license fee), and professional services for implementation and related support. Software is licensed to customers in perpetuity, whereby the fair value of the license is separately determinable from maintenance and/or professional service fees. Software license revenue is recognized once the license agreement is signed, the price is fixed or determinable, and the software is delivered to the customer and collectability reasonably assured. Maintenance fee arrangements generally include ongoing customer support, rights to periodic software upgrades, if and when available, and products sold on a subscription basis. Customers are generally charged in advance for maintenance services either annually or monthly. Maintenance fees are initially recorded as deferred revenue and subsequently recognized as income on a monthly basis. Professional service revenue consists of fees charged for product training, consulting, and implementation services.

Overall revenues for the first quarter of 2010 decreased by $4.1 million, as compared to the first quarter of 2009.

License revenue decreased in the first quarter 2010 to $1.8 million from $3.4 million in the first quarter of 2009. License revenue for 2009 included $1.2 million of revenue from the Company's previously announced license sale to QMENA, which did not repeat in this last quarter. Foreign exchange had unfavourable impact of $.3 million on license revenue in the first quarter of 2010. Excluding these items, license revenue in the first quarter of 2010 remained substantially flat compared to license revenue in the same period of 2009.

Maintenance revenue decreased in the first quarter 2010 to $2.5 million from $3.1 million in the first quarter of 2009. Included in 2009 is maintenance revenue of $0.3 million to one customer which did not renew its maintenance contract in 2010. Foreign exchange had an unfavourable impact of $.4 million on maintenance revenue in the first quarter of 2010.

Professional services revenue decreased in the first quarter 2010 to $1.9 million from $3.8 million in the first quarter of 2009. The decrease is primarily due to lower license revenues in the last quarter of fiscal 2009. Sales of software license rights typically impact professional services revenue approximately one or two quarters later. Management expects to see the trend starting to reverse in future quarters. The lower professional services revenue in 2010 also impacted gross profit due to the lower margins associated with services versus software license sales. . Foreign exchange had an unfavourable impact of $0.3 million on professional services revenue in the first quarter of 2010.

Revenue from outside of Canada decreased to $5.1 million in the first quarter of 2010 from $8.5 million in 2009. Included in 2009 is a $1.2 million license sale to QMENA in the middle-East..

Gross Profit-

Gross profit was $3.5 million (56% of total revenue) for the first quarter of 2010, compared with $7.0 million (68% of total revenue) for the first quarter of 2009. The $3.5 million decrease in gross profit is attributed primarily to the Company's revenue mix and the effect of the foreign exchange rate of the CAD strengthening against the USD. Compared with the same period of the prior year, the Company experienced a decrease in its sales of higher margin license and maintenance revenue by $2.2 million and decreased its lower margin professional services revenue by $1.9 million. During the first quarter of 2010, this shift in revenue mix resulted in a decrease in both gross profit and gross margin. Foreign exchange had an unfavourable impact of $.6 million on gross profit in the first quarter of 2010.

Expenses-

The following table sets forth total expenses by function and as a percentage of total revenue for the first quarter of 2010 and 2009:

(In thousands)	2010	2009	% Change 2009 - 2010
Selling, general and administration	$ 2,545	$ 2,639	(3.6%)
Facilities	326	376	(13.3%)
Research and development	1,268	1,476	(14.1%)
	$ 4,139	$ 4,491	(7.8%)

% of total revenue	2010	2009
Selling, general and administration	24.5%	25.4%
Facilities	3.1%	3.6%
Research and development	12.2%	14.2%
	39.9%	43.2%

Sales, General and Administrative Expenses-

Sales, General & Administrative ("SG&A") expenses remained relatively flat $2.5 million in the first quarter of 2010, compared with $2.6 million in the same period of the prior year. The Company continues to focus on continual cost optimization efforts which started in the latter part of 2008. Foreign exchange had a favourable impact of $.3 million on S,G&A in the first quarter of 2010.

Research and Development-

Research and development expenses decreased to $1.3 million in the first quarter of 2010, compared with $1.5 million in the same period of the prior year. Foreign exchange variations had a favourable impact of $.2 million on research and development expenses in the first quarter of 2010. Foreign exchange variations had a $0.2 million positive impact on expenses in the quarter just ended.

The Company is continuing to invest in research and development projects with the same vigor as in 2009, however the reduction in the current year expenditure is related entirely to cost optimizations.
WellPoint Systems is committed to enhancing its position as a leading provider of software and related solutions within the energy and natural resources industries. The Company is committed to continue investing in the development of new and innovative products utilizing the Microsoft Dynamics AX architecture as well as continued development of the IDEAS and BOLO product lines. This investment is a fundamental requirement as WellPoint Systems continues to build products that meet the evolving needs of its customers.

Depreciation and Amortization-

Depreciation and amortization expense decreased to $0.8 million in the first quarter of 2010, compared with $0.9 million in the same period of the prior year, mostly due to the fluctuation in the foreign exchange rates. The Company does not anticipate making significant investment in property and equipment in the balance of the year.

Interest-

Interest expenses include the cash and interest accretion on the Company's interest-bearing obligations. In addition, interest costs include the interest payable on convertible debentures. Interest accretion is a result of the allocation of proceeds received from the issuance of convertible debt to their component parts, measured at their respective fair values at the time of issue or renegotiation. The debt component has been calculated as the present value of the required interest and principal payments, discounted at a rate approximating the interest rate that would have been applicable to non-convertible debt at the time the debenture was issued or reduced, when the fair value of the conversion option increases following a change in the conversion price or conversion period. Interest expense is determined on the debt component. The difference between the debt component and the face value of the debenture is classified as shareholders' equity-convertible debentures, net of issue costs, and adjusted for income taxes. The debentures are accreted to their face value over their term with a charge to operations included in interest expense.

Interest expense remained relatively flat at $1.5 million in the first quarter of 2010, compared with $1.4 million in the same period of the prior year, reflecting costs accrued on the notes payable, capital leases and convertible debt during the quarter. The effect of foreign exchange rate of the CAD to the USD was $.04 million. These instruments had a carrying value of approximately $31.8 million with an effective annual interest rate of approximately 16.0% (comprised cash interest of approximately 8% and accretion interest of approximately 8%).

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Foreign Exchange Loss (Gain)-

Most of the Company's businesses are organized geographically so that many expenses are incurred in the same currency as the revenue generated, which mitigates some exposure to currency fluctuations. Following the acquisition of BOLO in 2007, the Company significantly increased its net liabilities denominated in United States dollars in connection with notes payable issued in connection with the acquisition along with US convertible debentures needed to complete the acquisition. The Company has not entered into any forward hedging contracts and therefore experiences gains and losses relating to foreign exchange. The foreign exchange gain was $0.7 million in the first quarter of 2010, as compared with a foreign loss of $0.8 million in the same period of the prior year.

Income Taxes-

The tax recovery was $0.2 million in the first quarter of 2010, compared with a tax recovery of $0.1 million in the same period of the prior year. The tax recovery is primarily as a result of the Company's operations in the US.

Net Loss and Net Loss per Share-

Due to the factors discussed above, the net loss for the first quarter of 2010 was $2.1 million compared with a net loss of $0.5 million for the first quarter of 2009. Basic and diluted net loss per share was ($0.04) compared with a net loss per share of ($0.01) for the first quarter of 2008.

Adjusted EBITDA-

Adjusted EBITDA loss was ($0.6) million compared with Adjusted EBITDA of $2.6 million for the first quarter of 2009. The $3.2 million decrease in Adjusted EBITDA was principally the result of the $3.5 million decrease in gross profit as discussed above.

Section 8: 2010 Outlook

In 2009, the Company focused on increasing its net income and Adjusted EBITDA. In 2010, the Company will develop infrastructure to drive organic revenue growth and profitability while at the same time investing in growing recognition of the Company's solutions and brand through increased investments in sales and marketing. The Company will continue to expand or undertake the following initiatives:

- Establishing deeper partnerships across the globe, including expanded and new agent relationships in international markets. In 2010, the Company particularly intends to focus its activities on increasing market share and driving revenue from opportunities primarily in the North American, Middle Eastern and other international markets;
- Increasing sales and marketing of WellPoint's Microsoft Dynamics AX solution - WellPoint Energy Suite – to North American market and global markets;
- Increased investment in sales, focusing on a solution sales approach versus a product based approach in order to provide improved value to our customers;
- Continuing development and marketing of BOLO and IDEAS in their target markets to increase market share;
- Continuing development and marketing of the WellPoint Energy Suite solutions to expand functionality and better conform with best practices in the computer software industry; and
- Increasing sales and marketing of the WellPoint AX EAM solution to broad-based manufacturers through partner channels.

2009 was a year of restructuring. The Company anticipates that 2010 will be a rebuilding year for revenue. In the first quarter of 2010, the Company took the opportunity to rebuild core parts of the organization to drive improved growth over the long term/ The sales and marketing teams were strengthened with the addition of a new Senior Vice President of Sales – USA, a dedicated Vice President of Partner Channels, and Senior Vice President of Marketing. We expected these initiatives to slow our momentum in the early part of the year, as the sales and marketing teams refocused on selling solutions – which have longer sales cycles, but generate larger overall opportunities.

As a result of its new focus on solution sales (which have a longer sales cycle and resulting larger revenue impact) and expansion of the Company's sales and marketing footprint, the Company does not anticipate seeing its revenue grow until the latter half of 2010.

Section 9: Liquidity and Capital Resources

The Company has historically financed its business by the issuance of convertible debt and the use of bank indebtedness. The Company's cash balance at March 31, 2010 was nil. The Company's utilized $0.4M of available credit. The Consolidated Statement of Cash Flows, are summarized below for the first quarter of 2010 and 2009:

(In thousands)	2010	2009
Opening cash	505	406
Operating activities	(866)	1,204
Financing activities	394	(86)
Investing activities	(28)	(72)
Other	(5)	10
Closing cash	-	1,462

Operating Activities-

Cash used in operating activities in the first three months of 2010 was $0.9 million compared with cash generated in operations in the comparative period of 2009 of $1.2 million. Operating cash flows were negatively impacted in 2010 by negative operating results.

Financing Activities-

Cash generated in financing activities the first quarter of 2010 was $0.4 million compared with $0.1 million of cash used in 2009. The Company has access to a bank operating credit facility of US$2.5 million with a maximum draw of 80% of allowable Canadian and United States accounts receivable. As at March 31, 2010, the Company had utilized $0.4 million of this available credit. The credit facility is payable on demand and bears interest at bank prime rate plus 3.0% and is secured against good standing accounts receivable and by a general security agreement covering the majority of the assets of the Company and its subsidiaries.

Under the terms of the bank operating credit facility, the Company is required to maintain a liquidity ratio of 1.25:1 and a rolling 6 month Adjusted EBITDA ("TTM EBITDA") of $1.073 MM as defined in the debt agreement. The company was in compliance with the Liquidity Ratio and the Adjusted EBITDA as at March 31, 2010.

Investing Activities-

The principal use of cash in the first quarter of 2010 related to the investment of $0.02 million in equipment compared with $0.07 million in the same period of 2009. The Company does not anticipate making significant investment in property and equipment in the balance of the year.

Working Capital-

The following table presents summarized working capital information as at March 31, 2010 and December 31, 2009:

(In thousands)	**2010**	**2009**
Current assets	**3,535**	**4,027**
Current liabilities	**20,955**	**19,888**
Working capital	**(17,420)**	**(15,861)**
Working capital ratio	**0.17**	**0.20**

Based on WellPoint's current cash forecasts, the Company anticipates that it will have sufficient cash and available bank credit facilities to be able to meet its operating and growth needs for the foreseeable future, but unless and until the Company either renegotiates to extend its debt maturing in 2010 or obtains new capital, it will not be able to retire the maturing obligations when due during 2010.

Financial Instruments-

The Company has exposure to counterparty credit risk, liquidity risk and market risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Audit Committee which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The Audit Committee regularly reports to the Board of Directors on its activities.

Management's primary risk management objective is to protect earnings and cash flow and ultimately shareholder value. The strategies and policies are designed to ensure that the Company's risks and exposures are in line with business objectives and risk tolerance.

Counterparty Credit Risk Management-

Counterparty credit risk arises from the possibility that a counterparty to which the Company provides software, professional services and maintenance and support services has an amount owing to the Company and is unable or unwilling to meet its obligations in accordance with the terms and conditions of its contracts with the Company, which would result in a financial loss for the Company. This risk is mitigated through established credit management techniques including setting exposure limits, monitoring exposures against these limits and obtaining financial assurances where warranted.

The maximum counterparty credit exposure at the balance sheet date consists of the carrying amount (net of allowances) of non-derivative financial assets, which are trade accounts receivables predominately from oil and gas and mining companies. The average credit period on sales is 30 days. Included in trade accounts receivables are $1.3 million which are past due as at March 31, 2010 for which the Company has provided an allowance of $0.24 million. The Company does not hold any collateral over these balances.

The aging of the accounts receivables as at March 31, 2010 is as follows:

(In thousands)	Gross	Impairment	Net
Not past due	**1,909**	**-**	**1,909**
Past due 1-30 days	**568**	**-**	**568**
Past due 31-60 days	**206**	**-**	**206**
Past due 61-150 days	**154**	**2**	**152**
Greater than 150 days	**341**	**246**	**95**
	3,178	**248**	**2,930**

The movement in the allowance for doubtful accounts for the three month period ended March 31, 2010 is as follows:

(In thousands)	Continuity
Balance, Beginning of period	**327**
Provision	**(20)**
Accounts written off	**(59)**
	248

The Company has determined that an allowance of $0.24 million is required in respect of the gross amount of trade accounts receivable. This has been based upon an individual account by account assessment based upon past credit history and the Company's knowledge of the counterparties. The concentration of credit risk as at March 31, 2010 is limited due to the customer base being large and unrelated. Accordingly, the Company believes that there is no further allowance required in excess of the allowance for doubtful accounts.

Liquidity Risk Management-

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. This includes daily monitoring of cash requirements by preparing 60-day and longer term cash flow analyses. The Company maintains a revolving credit facility of US$2.5 million with a maximum draw of 80% of allowable Canadian and United States accounts receivable. At March 31, 2010, the Company had drawn $0.4 million (December 31, 2009 - $nil) on this facility.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the contingent consideration in connection with the 2007 acquisitions made by the Company. Based on WellPoint's current cash forecasts, the Company anticipates that it will have sufficient cash and available bank credit facilities to be able to meet its operating and growth needs for the foreseeable future, but unless and until the Company either renegotiates to extend its debt maturing in 2010 or obtains new capital, it will not be able to retire the maturing obligations when due during 2010. The Company's convertible debt holders have been and continue to be supportive of the company strategic plans. The Company is currently in discussion with these debt holders with the view of renewing or extending those debt obligations when due.

(In thousands)	Carrying Amount	Contractual Cash Flow	3 Months or less	Remainder of 2010	2011 -2015
Accounts payable and accrued liabilities	3,308	3,308	1,689	1,619	-
Current portion of long term notes payable	5,294	5,465	163	5,302	-
Current portion of capital lease obligations	61	61	15	46	-
Current portion of convertible debentures	9,120	10,197	1,915	8,282	-
Long term notes payable	-	-	-	-	-
Capital lease obligations	81	95	3	4	88
Convertible debentures	17,504	27,657	585	1,169	25,903
Purchase commitments	-	1,867	369	739	759
	35,368	48,650	4,739	17,161	26,750

Subsequent to quarter end, the Corporation's major lenders agreed to delay the repayment of all debt maturing from June to August 2010 to October 1, 2010 while the Company works with the lenders to renegotiate the maturing debt and/or inject new capital. The Company's debtors include the Quorum Group, an experienced Oil & Gas investor.

Market Risk Management-

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments.

Currency Risk-

The Company is exposed to currency risk on sales, purchases and loans that are denominated in a currency other than the Canadian dollar. The primary currency in which these transactions are denominated is the United States dollar. The Company does not currently hedge any of its trade receivables or payables denominated in a foreign currency or its estimated foreign currency exposure in respect of forecasted sales and purchases. Principal and interest payments on United States dollar long term debt are matched with the cash flow generated by the United States operations.

The following table summarizes the foreign currency financial instruments as at March 31, 2010:

(In thousands)	USD	Rand
Cash	$ (137)	537
Accounts receivable	2,365	472
Accounts payable and accrued liabilities	(2,053)	(817)
Current portion of long term debt	(5,000)	-
Current portion of capital lease obligations	(59)	
Long term debt	-	-
Capital lease obligations	(80)	
Convertible debentures	(17,455)	
	$ (22,419)	192

Foreign exchange had a favourable impact of $.025 million on net income in the first quarter of 2010. This analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk-

The Company is exposed to interest rate risk as we borrow funds at both fixed and floating interest rates. As at the reporting date the interest rate profile of the Company's interest bearing financial liabilities was:

(In thousands)	Carrying Amount	Carrying Amount %
Fixed rate financial liabilities	**$ 31,835**	**100%**
Variable rate financial liabilities	**-**	**0%**
	$ 31,835	**100%**

The risk is mitigated by maintaining an appropriate mix between fixed and floating rate borrowings. All of the Company's convertible debentures and long term notes payables have fixed interest rates which remain fixed during the term of the obligation other than in the event of default in which case the interest rate on the obligations are increased. The Company's bank indebtedness bears interest at prime plus 3.0%. The Company does not account for any of its fixed rate financial liabilities as held for trading, therefore a change in interest rates at the reporting date would not affect net income with respect to its fixed rate instruments.

Fair value of financial instruments -

Financial instruments included in the balance sheet are measured at fair value upon initial recognition and approximate their fair value as at March 31, 2010. The carrying amount of financial instruments classified as current approximates fair value due to their short term to maturity. Long term notes payable and convertible debentures were initially measured at fair value and subsequently recorded at amortized cost using the effective interest rate method. The carrying amount of long term notes payable and convertible debentures approximates fair value as at March 31, 2010.

Capital Disclosures-

The Company manages its capital by matching long lived assets with long term financial instruments and equity. All sources of financing, including long term notes payable, convertible debt and other financing related to acquisitions are analyzed by management and approved by the Board of Directors.

The Company's objectives when managing capital are to:

- Safeguard the Corporation's ability to continue as a going concern and provide returns for shareholders; and
- Facilitate the acquisition and development of new products consistent with the growth strategy of the Company.

The Company manages capital through its detailed review and performance of all potential acquisitions, preparing short term and long term cash flow analyses to ensure that liquidity is adequate and monthly reviews of financial performance.

The Company considers the following items as capital of the Company:

(In thousands)	Carrying Amount
Long term notes payable	**$ -**
Convertible debentures	**26,624**
Shareholders' equity	**(1,132)**
	$ 25,492

There have been no changes to the Company's approach to capital management from December 31, 2009.

Outstanding Share Data-

The following data is as of May 07, 2010, unless otherwise noted.

The Company is authorized to issue an unlimited number of voting common and preferred shares. There are 49.6 million common shares outstanding.

The Company has various convertible debentures outstanding, which upon conversion would result in the issuance of approximately 89.945 million common shares based on a conversion price of $0.35 per share.

In connection with the completion of the $2.7 million convertible offering on March 10, 2008, if these convertible debentures are not converted to common shares prior to the respective maturity dates in 2010, the Company will be required to issue up to 0.8 million common shares of the Company as compensation for additional interest at a rate of 8% per annum.

The Company has a stock option plan for employees, directors, and consultants. As at the date of this MD&A, a total of 10,212,472 shares were reserved for issuance under this plan. Options granted vest over three years and as at March 31, 2010, 7.2 million options were outstanding with a weighted average exercise price of $0.17 per share.

On a fully diluted basis, if all convertible debentures were converted and options exercised for common shares as at May 7, 2010, the total number of common shares issued and outstanding would be approximately 146.8 million.

Section 10: Change in Accounting Policies

Future Accounting Policies

International Financial Reporting Standards (IFRS). In 2006 the Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements in Canada. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over a five year transition period with adoption required effective January 1, 2011. The Company has worked with its auditors to assess the impact of IFRS on its financial statements. The assessment has concluded that the impact of IFRS is not anticipated to be significant. During the balance of 2010, the Company will continue working with its auditors to assess the impact on such areas of accounting as revenue recognition, stock based compensation, goodwill, convertible debt instruments and accrued liabilities, to modify operating practices where required, and to formulate comparative financial statements for 2011 reporting purposes.

Section 11: Selected Quarterly Financial Information and Overview

The following table summarizes selected unaudited quarterly financial data for the past eight fiscal quarters:

	2010	2009				2008		
(in thousands)	First	Fourth	Third	Second	First	Fourth	Third	Second
Revenue	6,248	7,717	9,921	8,734	10,384	7,693	7,826	10,269
Depreciation and amortization	819	831	805	859	885	370	1,122	1,144
Financing and amortization of debt and note payable issue costs	46	42	59	63	81	(175)	137	161
Interest	1,512	1,485	1,580	1,469	1,449	1,036	959	931
Foreign exchange loss (gain)	(675)	(349)	(1,689)	(1,635)	807	2,463	739	(246)
Write down of deferred development costs	-	-	-	-	-	590	4,227	-
Loss on extinguishment of convertible debt		-				6,372		
Goodwill impairment	-	-	-	-	-	3,208	-	-
Write down of intangible assets		-				578		
Income (loss) before tax	(2,319)	(367)	2,146	1,228	(654)	(14,814)	(9,268)	(1,664)
Income tax expense (recovery)	(182)	136	(514)	(331)	(125)	(807)	(313)	727
Net Income (loss)	(2,137)	(503)	2,660	1,559	(529)	(14,007)	(8,955)	(2,391)
Earnings (loss) per share - Basic and diluted	(0.04)	(0.01)	0.05	0.03	(0.01)	(0.31)	(0.19)	(0.05)

Quarterly revenues, expenses, and net income are impacted by a number of external factors including the timing of large transactions, timing of budget approvals by customers, acquisitions, product mix, seasonality of economic activity, and write down and impairment charges.

Section 12: Related Party Transactions

There are no related party transactions to report in the first quarter of 2010.

Section 13: Reconciliation of Non-GAAP Measures

Adjusted EBITDA-

The Company reports this non-GAAP measure because it is a key measure used by management to evaluate the performance of the business. The Company believes that EBITDA is a measure commonly reported and widely used by investors as an indicator of a Company's operating performance and ability to incur and service debt. It is also used as a valuation metric. The Company believes that EBITDA assists investors in comparing performance on a consistent basis without regard to depreciation and amortization, which are non-cash in nature and can vary significantly depending upon accounting methods or non-operating factors such as historical cost.

Adjusted EBITDA is Standardized EBITDA[1], excluding foreign exchange gains primarily related to the US dollar denominated debt of the Company and can vary significantly depending on exchange rate fluctuations, which are beyond the control of the Company, and write downs of deferred development and intangible costs, goodwill impairment, financing costs, stock based compensation, fees and expenses on settlement of debt and losses on extinguishment of debt and after deducting the annual amount invested in respect of deferred development costs, which, with the implementation of International Financial Reporting Standards in the year ended December 31, 2011, will generally be required to be expensed on an annual basis.

Adjusted EBITDA is not a calculation based on GAAP and should not be considered to be an alternative to net income in measuring the Company's performance, or used as an exclusive measure of cash flow, because it does not consider the impact of working capital growth, all capital expenditures, debt reductions, and other sources and uses of cash, which are disclosed in the consolidated financial statements. Investors should carefully consider the specific items included in the Company's calculation of Adjusted EBITDA. While Adjusted EBITDA has been disclosed to permit a more complete comparative analysis of the Company's performance and debt servicing ability relative to other companies, investors should be cautioned that Adjusted EBITDA as reported by WellPoint Systems may not be comparable in all instances to Adjusted EBITDA reported by other companies.

The following is a reconciliation of Standardized EBITDA[1] with net income (loss) as reported in the consolidated financial statements and the calculation of Adjusted EBITDA for the three months ended March 31, 2010 and 2009.

	Three Months Ended Mar. 31	
(in thousands)	**2010**	**2009**
Net income (loss)	$ (2,137)	$ (529)
Interest	1,512	1,449
Income taxes	(182)	(125)
Depreciation and amortization	819	885
Financing and amortization of debt and note payable issue costs	46	81
Standardized EBITDA	58	1,761
Foreign exchange loss (gain)	(675)	807
Stock based compensation expense	48	20
Adjusted EBITDA	$ (569)	$ 2,588

Standardized EBITDA is a non-GAAP measure. Standardized EBITDA is in accordance with the definition noted in the Canadian Institute of Chartered Accountants ("CICA") draft publication *"Improved Communication with Non-GAAP Financial Measures"* issued by the Canadian Performance Reporting Board of the CICA.