

WellPoint Systems Inc.

FORM 51-102F1

**Management's Discussion and Analysis
For the Quarter Ended June 30, 2007**

August, 2007

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) of financial position and results of operations describes vision and strategy, the business of WellPoint Systems Inc. ("WellPoint" or the "Company"), perspectives on the current business environment and the principal factors affecting the results of operations, liquidity and capital resources for the three and six months ended June 30, 2007. This discussion should be read in conjunction with the accompanying unaudited Consolidated Financial Statements for the six months ended June 30, 2007 and the notes that accompany these financial statements and with the audited Consolidated Financial Statements and MD&A filed on SEDAR for the year ended December 31, 2006. WellPoint's accounting policies are in accordance with Canadian generally accepted accounting principles (GAAP) of the Canadian Institute of Chartered Accountants (CICA). All dollar amounts are in Canadian dollars unless otherwise indicated. This MD&A is effective as of August 27, 2007.

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's 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 oil and gas 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. The Company does not intend, and does not assume any obligation, to update these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Additional information related to WellPoint is on SEDAR at www.sedar.com and on its website at www.wellpointsystems.com.

WellPoint Systems Inc.

WellPoint Systems Inc. was founded in 1997 and is headquartered in Calgary, Alberta. It is publicly traded on the TSX Venture Exchange under the symbol WPS.

Vision and Strategy

WellPoint is emerging as a leading provider of software and related solutions and services for managing critical operations within the energy (oil and gas and mining) industry.

WellPoint's vision rests upon three strategic pillars:

- Exploiting receptive U.S. & International markets;
- Strategic acquisitions that complement a focused corporate strategy; and
- Leveraging a differentiated relationship with Microsoft.

This very powerful and focused vision and strategy is what drives WellPoint forward. WellPoint's vision features continued leadership and growth in the Canadian energy market, strong growth of its proprietary software technologies in the U.S. and international energy markets, and dominance as a provider of integrated business software to the energy and mining industry based on an exceptional partnership with Microsoft.

By virtue of its relationship with Microsoft and its commitment to the Microsoft Dynamics AX architecture, WellPoint continues evolving into a "product" company which emphasizes the internal development and sale of Dynamic AX-based energy software applications.

Corporate Overview and Business

WellPoint's progress towards its vision is driven by having all corporate activities focused on its three strategic pillars.

[Exploiting receptive U.S. & International markets](#)

WellPoint has shown its ability to market its products around the globe. The Company now conducts operations in the United States and internationally through offices in Livingston, NJ, Houston, TX, Tampa, Florida, Tunis, Tunisia, Moscow, Russia and Pretoria, South Africa.

For 2007, the Company intends to continue to aggressively grow top line revenue while also delivering a modest positive net income.

In keeping with this objective, the Company announced the signing of its largest ever software licensing, services and maintenance contract with a South American party in the second quarter of 2007. The addition of a significant South American client is a very strategic milestone for WellPoint.

The Company increased its product offerings within the oil and gas industry with the third quarter release of WellPoint Energy Broker. WellPoint Energy Broker breaks new ground by offering an integrated energy software solution that enables multi-commodity deals and transactions, forecasting, scheduling, nominations and contract settlement. With unmatched support for the multiple currencies and languages needed to run local and international operations, WellPoint Energy Broker is the industry's first modular application to fully combine independent trading departments into a single integrated entity.

Strategic acquisitions that complement a focused corporate strategy

The March 2007 acquisition of iSoft Technologies (Pty) Ltd. (iSoft) was inline with it growth through a balanced diet of organic growth and strategic acquisitions. The acquisition of iSoft means that WellPoint now owns the most valuable piece of mining intellectual property (IP) in the Microsoft application world. The iSoft software focuses on Enterprise Asset Management (EAM), or as it is called in Mining -- maintenance, repairs & operations (MRO). EAM is especially relevant to asset intensive industries like mining, energy, aerospace & defense.

The March 2006 acquisition of IDEAS International, Inc. ("IDEAS") noted below, added a leading provider of finance and administrative solutions for international oil & gas operations. The quality of the people at IDEAS and their more than 200 customers and 39,000 users has allowed WellPoint to move forward with its international expansion.

WellPoint currently derives revenue from three sources relating to the software packages specifically designed for its key markets. Each product derives revenue from license sales, annual maintenance revenue, which is based on a percentage of the license fee, and professional services for implementation and related support.

Leveraging a differentiated relationship with Microsoft

WellPoint Systems Inc. has further extended its partnership with the Microsoft Corp. by becoming one of only nine Independent Software Vendors within Microsoft's elite Industry Builder program (IBP). The IBP is a structured program in which Microsoft works together with a very select number of independent software vendors to deliver complete, top-quality solutions that meet the unique needs of different industries. Microsoft Dynamics AX software solutions that are developed through this program meet Microsoft's strict quality standards and are packaged with a Microsoft-backed customer support offering. As one of only 9 companies involved in the IBP and the only company focused on energy, the Company anticipates revenue from the program will grow over the next twelve months. Also, the Company was recently named the 2007 Microsoft Dynamics™ Partner of the Year for Canada. WellPoint earned the award by exemplifying the highest level of customer service, competency and shared collaboration with Microsoft.

WellPoint now has its financial management product included on Microsoft's Dynamics AX price lists in the United States, Canada and the United Kingdom. The product, rebranded as "Energy Financial Management for Microsoft Dynamics AX", is now available for resale by Microsoft and the Microsoft partners within those specific regions who choose to become certified in the marketing and implementation of this solution.

Business Environment

WellPoint focuses on energy. The forecast for 2007 is that mineral prices will remain strong and that oil prices will remain above the \$50 - \$55 USD range. With world commodity prices expected to remain at current levels, the prospects for a prosperous energy industry remain positive. As a result, WellPoint's marketplace appears strong for the coming years, not only within North America but also from an international perspective owing to the March 2006 acquisition of IDEAS and the March 2007 acquisition of iSoft. The Company anticipates IT spending in the energy sector will increase given high energy prices and a growing desire to outsource application development due to difficulties in recruiting and maintaining qualified IT resources. In addition, with the energy industry continuing to invest significantly in updating its various software systems in an effort to meet growing government and securities requirements, WellPoint believes that demand within its markets for midstream and upstream software solutions will continue to increase in the coming years. With a buoyant mining industry, the Company will continue to have opportunities to further expand into this market.

Building for the Future

WellPoint is committed to enhancing its position as a leading provider of software and related solutions within the oil and gas and mining industries. The Company will increase its investment in the development of new and innovative products such as Integrated Financials (2006), Energy Broker (2007) and Wellsite Vault (2008) utilizing the Microsoft AX Dynamics architecture. This investment is a fundamental requirement as WellPoint completes its transition to a product company. WellPoint Energy Broker was released on July 5, 2007. Energy Broker is next generation software for natural gas, liquids and crude oil mid stream energy businesses.

Significant Developments

August 13, 2007

WellPoint announced it had completed the acquisition of substantially all of the assets of Bolo Systems, Inc. ("Bolo"), a privately held company with offices in Denver, Colorado and Houston, Texas, for approximately US\$22,860,000. Bolo is a leading provider of integrated multi-tiered financial, land and production accounting solutions for the oil and gas industry in the United States.

July 18, 2007

WellPoint announced that the Company had been named the 2007 Microsoft Dynamics™ Partner of the Year for Canada. WellPoint earned the award by exemplifying the highest level of customer service, competency and shared collaboration with Microsoft.

July 17, 2007

WellPoint announced that it had signed its largest ever software licensing, services and maintenance contract with a South American party to provide its financial enterprise software to several subsidiaries of the entity.

July 5, 2007

WellPoint announced the launch of WellPoint Energy Broker; a solution designed to provide multi-commodity marketing functionality that will revolutionize the way midstream companies run and measure their business.

May 2, 2007

WellPoint announced that it had retained The Equicom Group Inc. to provide the Company with strategic investor relations and financial communications services.

April 9, 2007

WellPoint announced that in the first quarter, it had added two more mining companies to its rapidly growing roster of mining clientele. Both Adanac Molybdenum Corporation and Global Gold Corporation selected WellPoint's Dynamics AX-based mining solution to be the foundation of their back office operation.

March 19, 2007

WellPoint announced that it has completed the certification processes associated with Microsoft's IBP and, as a result, now has its financial management product included on Microsoft's Dynamics AX price lists in the United States, Canada and the United Kingdom. The product, rebranded as "Energy Financial Management for Microsoft Dynamics AX", is now available for resale by Microsoft and the Microsoft partners within those specific regions who choose to become certified in the marketing and implementation of this solution.

March 13, 2007

WellPoint announced it had completed its purchase of iSoft Technologies (Pty) Ltd. whose software applications focus primarily around enterprise asset management, a concept especially relevant to asset intensive industries like mining, energy and aerospace and defense. The total cash paid by the Company to complete the acquisition was US\$2.463 million. The acquisition was financed by issuing convertible secured debentures for gross proceeds of \$4.5 million. The debentures bear interest at a rate of 7.75% per annum, mature on April 12, 2012 and are convertible into common shares of WellPoint at an initial conversion price of \$0.65 per common share. The balance of the proceeds will be used for general corporate purposes.

February 12, 2007

WellPoint announced it had formally initiated its channel program with the announcement of two new strategic alliances, one with ePartners Incorporated and the other with Deloitte and Touche. These alliances will ensure the Company has the implementation capacity to keep pace with the demand for WellPoint's products.

November 7, 2006

WellPoint announced it had released WellPoint Risk Expert, a product designed to provide critical risk management tools to oil and gas trading companies. The functionality of the first version includes advanced pricing tools and mark to market reporting capabilities that allow companies to improve their forecasting capabilities as well as support process controls demanded by the Sarbanes-Oxley Act.

October 10, 2006

WellPoint announced it would be partnering with Anatolia Minerals Development limited to implement, maintain and support its comprehensive financial management solution within both Anatolia's domestic and international operations. This represents the first of WellPoint's growing list of mining clientele to maintain operations that reside outside of North America.

September 6, 2006

WellPoint signed another significant contract with a large Calgary-based oil & gas services company. The agreement, valued in excess of \$800,000, calls for WellPoint to configure, implement and support a comprehensive financial management solution that is tailored specifically to align with the operational requirements of its newest client.

August 14, 2006

WellPoint is named to elite Microsoft Business Solutions Inner Circle, placing the Company in the upper echelon of Microsoft partners worldwide. Being named to the Microsoft Solutions Inner Circle is an accomplishment earned by firms whose sales achievement ranks them at the top 1% of the Microsoft Business Solutions global network of value-added reselling partners.

Performance Overview

With the acquisition of IDEAS late in the first quarter of 2006, WellPoint's business fundamentally changed as it began implementation of the strategic vision to exploit U.S. and international markets. The initial success of this vision implementation and the resulting strong organic sales growth has contributed to the strong financial performance by the Company in both the three and six month periods ended June 30, 2007. Revenues grew 156% to \$9,459,995 in the second quarter of 2007, as compared with \$3,699,643 in the second quarter of 2006. For the six month period, revenues grew 127% to \$14,383,046, as compared with \$6,335,854 in the same period of 2006. The signing of a significant software licensing, services and maintenance contract with a South American party in second quarter of 2007, which represents the largest contract of its kind that the Company has entered into, had a very positive impact on the Company's performance.

To date, the successful implementation of this strategy has resulted in an increase in U.S. dollar revenues for the first six months of 2007 as compared to 2006. U.S. and international revenues for 2007 represented 62% of total revenues compared to 38% in the comparable period of 2006.

Management uses EBITDA (earnings before interest, taxes, depreciation and amortization) as the best indicator of profitability and in this regard EBITDA was \$2,280,646 for the second quarter of 2007 as compared to \$498,197 for the second quarter of 2006, an increase of 358%. For the six months ended June 30, 2007, EBITDA was \$2,743,764 compared to \$1,001,638 for the same period of 2006, an increase of 174%. EBITDA is a non – GAAP financial measure. See discussion in "Non-GAAP Financial Measure" section of this MD&A.

Profitability in the second quarter and for the first six months of 2007 was impacted by the significant increase in revenues described above.

As a result of the factors noted above, the Company had net income after tax of \$916,362 for the second quarter of 2007 compared to \$34,119 for the same period in 2006. Net income after tax was \$826,968 for the six months ended June 30, 2007 compared to \$163,069 for the same period in 2006.

Comparison of Operating Results for the Quarter Ended June 30, 2007 and June 30, 2006

Revenues

Revenues for the quarter ended June 30, 2007 totaled \$9,459,995, up 156% from revenues of \$3,699,643 for the quarter ended June 30, 2006. License revenue and professional service fees all increased, reflecting the organic growth in WellPoint's products.

Revenues from U.S. and international customers increased to \$6,840,994 in the second quarter, up 325% from \$1,608,339 in the same quarter in 2006 for the reasons noted above. Revenues from Canadian customers increased 25% to \$2,619,001 in the quarter compared to \$2,091,304 for the second quarter of 2006.

Direct Costs

Direct costs consist of the costs relating to the use of outside contractors, costs arising from Microsoft Business Solutions license and maintenance sales, commissions and agency fees. Direct costs of \$3,315,526 for the second quarter of 2007 represented 35% of total revenue as compared to \$887,978 or 24% of total revenue for 2006. The increase in the percentage of direct costs relative to revenues largely reflects agency fee associated with the contract referred to above. Gross margin increased 119% to \$6,144,469 in the second quarter of 2007 from \$2,811,665 in the comparable quarter of 2006 although the gross margin percentage decreased to 65% in 2007 compared to 76% in 2006.

G&A Expenses, EBITDA, Net Income

Quarter Ended June 30	2007	2007	2006	2006
	\$	% of Revenue	\$	% of Revenue
General and administrative	3,841,145	41	2,327,260	63
EBITDA (1)	2,,280,646	24	498,197	13
Foreign exchange loss (gain)	22,678	0	(13,792)	0
Interest	222,919	2	143,325	4
Depreciation and amortization	476,061	5	320,753	9
Income taxes	665,304	7	0	0
Net income	916,362	10	34,119	1

(1) See Non-GAAP Financial Measure

General and administrative expenses increased to \$3,841,145 for the quarter ended June 30, 2007 as compared to \$2,327,260 for the comparable period of 2006. These expenses now represent 41% of revenues as compared to 63% in 2006. Salaries and benefits account for the largest portion of the general and administrative expense (71% in 2007 compared to 75% in 2006) with the increase attributable to the growth in staff as a result of increased business in 2007. Other components of general and administrative expense include office expense, professional fees, stock-based compensation and travel, most of which increased proportionately as the Company has grown over the period with the exception of stock-based compensation. Stock-based compensation, which is a non-cash expense, was \$37,072 in the current quarter compared to \$40,032 in the comparable quarter.

The 362% increase in EBITDA in the quarter ended June 30, 2007 to \$2,280,646 from the 2006 EBITDA of \$498,197 was largely due to the increase in revenues as noted above in excess of the related expenses.

Interest expense increased to \$222,919 for the second quarter of 2007 as compared to \$143,325 for 2006. It declined as a percentage of revenue to 2% from 4% in the second quarter of 2006. The increase in interest expense reflected impact of the convertible debenture of \$4.5 million issued in March 2007 to fund, in large part, the acquisition of iSoft noted above.

Depreciation and amortization increased to \$476,061 in the second quarter of 2007 from \$320,753 in the comparable period of 2006 while declining as a percentage of revenues. New products such as Integrated Financial Systems and WellPoint Rig Scheduler, were put into production in 2006 along with new releases of existing products, which resulted in the commencement of amortization of the related deferred development costs. The second quarter of 2007 also included the amortization of the intangible assets acquired in the iSoft acquisition in March of 2007.

Net Income and Income per Share

For the reasons noted above, net income and basic and diluted income per share for quarter ended June 30, 2007 and 2006 were as follows:

Quarter Ended June 30	2007	2006
Net Income	\$916,362	\$34,119
Weighted average number of common shares	35,995,128	35,024,717
Diluted weighted average number of common shares	52,084,276	35,791,790
Basic income per share	\$0.025	\$0.001
Diluted income per share	\$0.020	\$0.001

Non-GAAP Financial Measure

Throughout this MD&A, the term "EBITDA" is used to refer to earnings before interest, taxes, depreciation and amortization. The term EBITDA is not a measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. EBITDA may not be comparable to similar measures presented by other issuers, and investors are cautioned that EBITDA should not be considered as an alternative to net earnings or other measures of financial performance calculated in accordance with GAAP.

EBITDA is provided as a measure of operating performance without reference to financing decisions and income tax impacts, which are not controlled at the operating management level. Accordingly, management believes that EBITDA is a useful measure for prospective investors in evaluating the financial health of the Company, and specifically, the ability of the Company to service the interest on its indebtedness, generate cash and fund deferred development costs.

A reconciliation of EBITDA to a GAAP financial measure is shown below.

Quarter Ended June 30	2007	2006
EBITDA	\$2,280,646	\$498,197
Add (deduct):		
Amortization	(476,061)	(320,753)
Interest	(222,919)	(143,325)
Income taxes	(665,304)	-
Net income—GAAP financial measure	\$916,362	\$34,119

Comparison of Operating Results for the Six Months Ended June 30, 2007 and June 30, 2006

Revenues

Revenues for the six months ended June 30, 2007 totaled \$14,383,046, up 127% from revenues of \$6,335,854 for the six months ended June 30, 2006 reflecting the strong organic growth in WellPoint's products as the Company continues to add to its rapidly growing list of international clientele as described above.

Revenues from U.S. and international customers increased to \$8,847,937 in the first six months, up 266% from \$2,418,190 in the comparable period in 2006 for the reasons noted above. Revenues from Canadian customers increased 41% to \$5,535,109 in the first six months compared to \$3,917,664 for the same period in 2006.

Direct Costs

Direct costs consist of the costs relating to the use of outside contractors, costs arising from Microsoft Business Solutions license and maintenance sales, commissions and agency fees. Direct costs of \$4,627,328 for the first six months of 2007 represented 32% of total revenue as compared to \$1,445,809 or 23% of total revenue for the same period in 2006. The increase in the percentage of direct costs relative to revenues largely reflects the agency fee associated with the contract referred to above. The gross margin increased 100% to \$9,755,718 for the six months ended June 30, 2007 from \$4,890,045 in 2006 although the gross margin percentage decreased to 68% in 2007 compared to 77% in 2006.

G&A Expenses, EBITDA, Net Income

Six Months Ended June 30	2007	2007	2006	2006
	\$	% of Revenue	\$	% of Revenue
General and administrative	6,996,416	49	3,908,821	62
EBITDA (1)	2,743,764	19	1,001,638	16
Foreign exchange loss (gain)	15,538	0	(20,414)	0
Interest	366,471	3	289,210	5
Depreciation and amortization	885,021	6	549,359	9
Income taxes	665,304	5	0	0
Net income	826,967	6	163,069	3

(1) See Non-GAAP Financial Measure

General and administrative expenses increased to \$6,996,416 for the first six months of 2007 as compared to \$3,908,821 for the comparable period of 2006. These expenses now represent 49% of revenues as compared to 62% in 2006. Salaries and benefits account for the largest portion of the general and administrative expense (71 % in 2007 compared to 75% in 2006) with the increase attributable to the growth in staff as a result of increased business in 2007 as well as the full first quarter impact of the IDEAS acquisition in mid-March of 2006. Other components of general and administrative expense include office expense, professional fees, stock-based compensation and travel, most of which increased proportionately as the Company has grown over the period with the exception of stock-based compensation. Stock-based compensation, which is a non-cash expense, was \$73,785 for the first six months of 2007 compared to \$200,088 in the comparable period.

The 174% increase in EBITDA for the first six months to \$2,743,764 from the 2006 EBITDA of \$1,001,638 was largely due to the increase in revenues as noted above in excess of the related expenses.

Interest expense increased to \$366,471 for the first six months of 2007 as compared to \$289,210 2006. It declined as a percentage of revenue to 3% from 5% in the first six months of 2006. The increase in interest expense reflected impact of the convertible debenture of \$4.5 million issued in March 2007 to fund, in large part, the acquisition of iSoft noted above.

Depreciation and amortization increased to \$885,021 in the six months ended June 30, 2007 from \$549,359 in the comparable period of 2006 while declining as a percentage of revenues. New products such as Integrated Financial Systems and WellPoint Rig Scheduler, were put into production in 2006 along with new releases of existing products, which resulted in the commencement of amortization of the related deferred development costs. The current period of 2007 also included the amortization of the intangible assets acquired in the iSoft from the date of acquisition in March of 2007.

Net Income and Income per Share

For the reasons noted above, net income and basic and diluted income per share for six months ended June 30, 2007 and 2006 were as follows:

Six Months Ended June 30	2007	2006
Net Income	\$826,967	\$163,069
Weighted average number of common shares	35,765,047	29,552,927
Diluted weighted average number of common shares	49,277,215	30,265,156
Basic income per share	\$0.023	\$0.006
Diluted income per share	\$0.021	\$0.005

Non-GAAP Financial Measure

Throughout this MD&A, the term "EBITDA" is used to refer to earnings before interest, taxes, depreciation and amortization. The term EBITDA is not a measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. EBITDA may not be comparable to similar measures presented by other issuers, and investors are cautioned that EBITDA should not be considered as an alternative to net earnings or other measures of financial performance calculated in accordance with GAAP.

EBITDA is provided as a measure of operating performance without reference to financing decisions and income tax impacts, which are not controlled at the operating management level. Accordingly, management believes that EBITDA is a useful measure for prospective investors in evaluating the financial health of the Company, and specifically, the ability of the Company to service the interest on its indebtedness, generate cash and fund deferred development costs.

A reconciliation of EBITDA to a GAAP financial measure is shown below.

Six Months Ended June 30	2007	2006
EBITDA	\$2,743,764	\$1,001,638
Add (deduct):		
Amortization	(885,021)	(549,359)
Interest	(366,472)	(289,210)
Income taxes	(665,304)	-
Net income—GAAP financial measure	\$826,967	\$163,069

Liquidity and Capital Resources

During the six months ended June 30, 2007, WellPoint financed the growth of the business through cash provided by operations, the issue of convertible debentures and cash.

Six Months Ended June 30	2007	2006
Net cash provided by (used in):		
Operating activities	\$189,095	\$811,475
Investing activities	(6,262,348)	(4,295,280)
Financing activities	4,528,875	4,406,245
Effect of foreign exchange rate changes on cash and cash equivalents	20,373	-
Net increase (decrease) in cash and cash equivalents	(1,524,005)	922,440
Cash and cash equivalents, beginning of period	2,929,267	2,457,067
Cash and cash equivalents, end of period	\$1,405,262	\$3,379,507

Operating Activities

Cash provided by operating activities for the six months ended June 30, 2007 was \$189,095 compared to \$811,475 for the comparable period in 2006. For the second quarter of 2007, cash provided by operating activities was \$1,251,489 compared to \$833,921 in the comparable period. Operating activities in the both periods were affected by increases in non-cash working capital reflecting the continued growth of the business.

Investing Activities

The principal use of cash in the first six months of 2007 relates to the acquisition of iSoft on March 12, 2007. In the comparable period of 2006, the principal use of cash related to the acquisition of IDEAS. The Company also invested \$1,079,599 in deferred development during the current period compared to \$1,020,604 in the first six months of 2006 reflecting the investment in the new midstream (2007) and upstream (2008) applications for the O&G industry. The Company also accrued \$799,050 as additional consideration for the purchase of IDEAS. Depending on the performance in years one and two following the acquisition, the former shareholders could receive additional consideration of up to US\$1,500,000 (CAD\$1,598,100).

Financing Activities

In the first quarter of 2007, WellPoint financed the acquisition of iSoft by issuing convertible secured debentures for total gross proceeds of \$4.5 million. The debentures bear interest at a rate of 7.75% per annum payable quarterly in arrears. The debentures will mature on April 12, 2012 and are convertible at any time at the option of the holders into common shares of WellPoint at an initial conversion price of \$0.65 per common share. The conversion price is subject to customary adjustments, including an adjustment downwards if WellPoint completes an equity financing at a price less than the then current conversion price, provided that the conversion price will never be lower than \$0.39 per common share. USD\$2.463 million from the issuance of the debentures was used to finance the acquisition of iSoft. The balance of the proceeds will be used for general corporate purposes.

In connection with the iSoft acquisition, the shareholders of iSoft subscribed for US\$537,000 (CAD\$633,197) of common shares of the Company on a private placement basis at a deemed price of CAD\$0.90 per common share resulting in the issuance of 698,220 common shares in the second quarter of 2007.

On March 10, 2006, the Company issued 10,000,000 units for gross proceeds of \$5,000,000, or \$4,406,245 net of transaction costs as part of the financing of the IDEAS acquisition. Each unit consisted of one common share of WellPoint and one half of one Common Share purchase warrant with each full Warrant exercisable into one Common Share at a price of \$0.62 for a period of 24 months.

Working Capital

Working capital totaled approximately \$1.8 million at June 30, 2007.

With its strong working capital position, the Company is confident it will be able to meet ongoing obligations as they become due. At June 30, 2007, the Company had an operating credit facility in place with the Company's banker, The Royal Bank of Canada, in the amount of \$1,500,000. There was no balance owing on this facility at March 31, 2007. Subsequent to June 30, 2007, the Company increased the facility to \$2,500,000.

The Company expects that existing credit facilities and cash flow from operations are sufficient in the short-term and long-term to maintain the Company's current requirements, to meet planned organic growth, to meet debenture repayment obligations and to fund future capital expenditures. Should an acquisition occur, the Company believes the equity and debt markets could be accessed to provide the additional financing.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, long term note payable and convertible debentures. The fair values of these financial instruments approximate their carrying value, except as noted below. It is management's opinion that the company is not exposed to significant interest rate risk. The Company's credit risk lies in its accounts receivable where balances due can reflect a concentration among a relatively small number of accounts. A substantial portion of the Company's revenues is earned in United States dollars and is exposed to currency fluctuations.

The convertible debentures are presented in the financial statements in their component parts, measured at their respective fair values at the time of issue. 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. Interest expense will be determined on the debt component. The difference between the debt component and the face value of the debenture is classified as equity, net of issue costs adjusted for income taxes.

The debentures are accreted to their fair value over their term with a charge to operations included in the interest expense.

The Company does not use financial derivatives or "other financial instruments" nor has it entered into any off balance sheet arrangements.

Quarterly financial data for each of the eight most recently completed quarters is provided below. Variations from quarter to quarter reflect the timing of the revenues and expenses noted above and the acquisition of IDEAS on March 10, 2006.

	2007 Second	2007 First	2006 Fourth	2006 Third	2006 Second	2006 First	2005 Fourth	2005 Third
Revenues	\$9,459,995	\$4,923,051	\$5,346,049	\$4,323,876	\$3,699,643	\$2,636,212	\$1,912,474	\$1,797,571
EBITDA	\$2,280,646	\$463,118	\$1,150,843	\$516,733	\$498,197	\$503,441	\$130,793	\$(110,037)
Net income (loss)	\$916,362	\$(89,395)	\$463,213	\$10,806	\$34,119	\$128,950	\$(493,709)	\$(197,686)
Net income (loss) per common share	\$0.025	\$(0.003)	\$0.014	\$0.000	\$0.001	\$0.005	\$(0.024)	\$(0.009)
Net income (loss) per fully diluted common share	\$0.020	\$(0.003)	\$0.014	\$0.000	\$0.001	\$0.005	\$(0.024)	\$(0.009)
Cash flow from operating activities	\$1,251,489	\$(1,062,395)	\$1,661,163	\$(330,353)	\$833,921	\$(22,446)	\$1,220	\$(207,492)

Outstanding Share Data

The following outstanding share data is as of August 17, 2007.

The Company is authorized to issue an unlimited number of voting common and preferred shares. There are 44,602,629 common shares outstanding.

Common share purchase warrants to purchase 5,000,000 common shares at an exercise price of \$0.62 per share are outstanding. These warrants expire in 2008.

Pursuant to the private placement of 10,000,000 units described earlier, the Company granted Northern Securities Inc. 1,000,000 Compensation Options entitling them to purchase up to 1,000,000 units at a price of \$0.50 per unit. Each unit comprises one fully paid common share of the Company and one-half of one non-transferable common share purchase warrant with each whole warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.62 per share. These options expire in 2008. There are 977,459 options outstanding.

The Company has subordinated convertible debentures outstanding in the amount of \$920,000. These debentures are convertible at the holders' option into common shares of the Company at any time prior to maturity at a conversion price of \$0.40 per common share. The majority of these debentures mature on January 30, 2008.

The Company has secured convertible debentures outstanding in the amount of \$3,000,000. These debentures are convertible at the holders' option into common shares of the Company at any time prior to maturity at a conversion price of \$0.45 per common share. These debentures mature on December 15, 2009.

The Company has secured convertible debentures outstanding in the amount of \$4,500,000. These debentures are convertible at the holders' option into common shares of the Company at any time prior to maturity at a conversion price of \$0.65 per common share. The conversion price is subject to customary adjustments, including an adjustment downwards if the Company completes an equity offering at a price less than the then conversion price, provided that the conversion price will never be lower than \$0.39 per common share. These debentures mature on April 12, 2012.

For security information related to the recent acquisition of Bolo Systems, Inc., see the security details described under "Corporate Acquisition: below. The common shares issued pursuant to the acquisition are included in the outstanding shares described above.

Stock Options Outstanding

Number of Options	Exercise Price(\$)	Expiry Date
100,000	0.33	August 5, 2009
250,000	0.23	November 25, 2009
166,672	0.35	April 11, 2010
30,000	0.30	August 31, 2010
84,000	0.32	January 8, 2008
280,000	0.445	February 2, 2011
391,205	0.61	March 28, 2008
336,000	0.60	March 28, 2011
200,000	0.58	July 3, 2011
300,000	0.36	January 2, 2012
300,000	0.40	April 10, 2012
640,000	0.44	August 12, 2012

Corporate Acquisition

On August 13, 2007, the Company completed its acquisition of substantially all of the assets of Bolo Systems, Inc. ("Bolo"), a privately held company with offices in Denver, Colorado and Houston, Texas, for approximately USD\$23,020,000. Bolo is a leading provider of integrated multi-tiered financial, land and production accounting solutions for the oil and gas industry in the United States.

The consideration paid by WellPoint to complete the acquisition consisted of USD\$14.5 million cash, 8,000,000 common shares of WellPoint issued pro rata to the shareholders of Bolo at a price of USD\$0.44 per share (being the closing price of the common shares on August 9, 2007) and a promissory note in the principal amount of USD\$5 million. The note is due three years from the date of issue, bears interest at a rate of 7% per annum and is secured by all the assets of WellPoint and its material operating subsidiaries. The common shares issued to Bolo and its shareholders are subject to a four-month hold period from the closing date as well as other resale restrictions contained in the acquisition agreement. Additional consideration of up to USD\$4.5 million may be paid to Bolo in either cash or common shares of WellPoint (at the election of Bolo) if the acquired business achieves certain revenue and earnings targets for the 24-month period following closing. If the additional consideration is paid in common shares such shares will be issued at a deemed price at \$0.90 per share for the first year and at \$1.60 per share for the second year and will also be subject to a four-month hold period following the issuance of those shares.

The Company financed the acquisition by borrowing the sum of USD \$15 million from Crown Advisory Services Inc. ("Crown"). The loan must be repaid in one balloon payment on August 10, 2010, or earlier as provided in the credit agreement. The loan bears interest at a rate equal to 15% per annum. Interest must be paid on the last day of each month at a rate equal to 10% per annum. The balance of the interest owing on the loan will continue to accrue and be compounded monthly and payable on maturity of the loan. The obligations under the loan are secured by all of the assets of WellPoint and its material operating subsidiaries.

In connection with the advance of the loan, WellPoint issued 2.7 million common share purchase warrants to Crown, each of which expires three years from the date of issue (or earlier as described below) and entitles Crown to purchase one common share of WellPoint at an exercise price of USD\$0.50 per common share. 900,000 warrants are exercisable immediately with the balance to become exercisable in equal instalments on the sixth month and twelve month and one week anniversary of the closing date. If the loan is repaid prior to the warrants becoming exercisable, then those warrants which are not yet exercisable will automatically terminate. If the loan is reduced or repaid in full prior to August 11, 2008, the warrants will be reduced on a pro rata basis and Crown will then have 30 days to exercise the warrants outstanding. The warrants are non-transferable and the common shares issued on the exercise of the warrants will be subject to a four-month hold period from the closing date. The issuance of the warrants remains subject to the final approval of the TSX Venture Exchange.

In connection with the acquisition and related financing, WellPoint agreed to amend the terms of the convertible secured debentures issued to Quorum Investment Pool Limited Partnership and Quorum Secured Equity Trust in March, 2007 to lower the conversion price by which such debentures will be convertible into common shares of WellPoint from \$0.65 to \$0.55 per common share, and to make certain other amendments as well. WellPoint also agreed to reduce the maturity date of the convertible secured debenture issued to Quorum Secured Equity Trust in the principal amount of \$300,000 from April 12, 2012 to December 15, 2009. These amendments remain subject to final approval of the TSX Venture Exchange.

Risks and Uncertainties

Management is positive about the Company's long-term prospects in the current business environment. However, the following risks and uncertainties should be considered when evaluating WellPoint's potential:

Ability to attract and retain qualified IT professionals – The opportunity to work on development projects focused on the latest development languages should provide WellPoint with a base for attracting and retaining the brightest IT professionals available within the international marketplace.

Competition for projects – The competitive landscape within the energy technology sector remains strong and therefore software development companies must remain at the forefront of technological advance. WellPoint is implementing a development strategy that is based on inherent integration as well as functional superiority and therefore will retain a competitive advantage in a majority of the Company's competitive engagements. This competitive advantage will also help mitigate the cyclical nature of the software industry.

Long sales cycle for larger software sales – The average sales cycle for large software sales contracts can range from six to 12 months, with some extending to 18 months. WellPoint has invested heavily in training for its sales force to ensure that engagements within these sales cycles are as efficient as possible.

Technological change – Software products are always susceptible to competition from the next new programming language. WellPoint's products are no different and the Company has seen the need to change to Microsoft's most contemporary technology and is in the process of making this transition. WellPoint will continue to make changes to existing products as market demands dictate and when it is economically feasible to do so.

Foreign currency risk – As increased international revenues are achieved, exposure to greater foreign currency exchange risk will also increase. It is always a possibility that this risk could adversely impact the Company's operating results.

Credit risk concentration with a small number of customers – The Company works in an industry that has a relatively concentrated number of customers. The vast majority of customers are very established and WellPoint does not believe that the Company is subject to any significant credit risk. With expected growth into new geographic markets, credit risk might increase albeit most international sales are to larger companies.

Outlook

WellPoint is quickly becoming a recognizable name within the North American and international marketplaces for its world-class software targeted specifically at the energy vertical. Through the establishment of deeper partnerships across the globe, this reputation is expected to extend even further in 2007. With its financial management product now available for resale by Microsoft and Microsoft partners, WellPoint will ensure it aligns with the global partners that are best suited to successfully implement this solution within the Company's focus regions. A key part of the Company's success is attracting and retaining great customers.

Increasing focus on the mining vertical in 2006 has provided an opportunity for WellPoint to capitalize on two major areas of growth (O&G and mining) within the energy industry. WellPoint has significant plans to further extend its dominance within this market with the creation of additional functionality that will address the unique requirements of companies within this sector. A critical step in the achievement of these plans was the March 2007 acquisition of iSoft.

In 2007, WellPoint will continue to invest heavily in the creation and rebuild of a technology portfolio that provides critical functionality as well as an appreciation for the importance of a view to application integration. This development will continue to align with best practices and will be based upon the best technology available from the Microsoft Corporation.

With aspirations to grow at an exponential rate, WellPoint will continue to remain aggressive in its pursuit of other acquisition candidates that align with the Company's principles and corporate strategy.

Other MD&A Requirements

WellPoint evaluated the effectiveness and design of its disclosure controls and procedures for the period ended June 30, 2007, and based on this evaluation, have determined these controls to be effective.

WellPoint's financial reporting procedures and practices have enabled the certification of WellPoint Systems Inc.'s annual filings in compliance with Multilateral Instrument 52-109 "Certification of Disclosure in Issuer's Annual and Interim Filings." Management has designed such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and other annual filings in accordance with Canadian Generally Accepted Accounting Principles, except as noted below.

Given the size of Company, the evaluation of the design of internal controls over financial reporting for the Company resulted in the identification of the following weaknesses:

Management is aware that due to its relatively small scale of operations, there is a lack of segregation of duties due to a limited number of employees dealing with accounting and financial matters. However, management has concluded that considering the employees involved and the control procedures in place, including management and Audit Committee oversight, risks associated with such lack of segregation are not significant enough to justify the expense associated with adding employees to clearly segregate duties.

Management is aware that in-house expertise to deal with complex taxation, accounting and reporting issues may not be sufficient. The Company requires outside assistance and advice on new accounting pronouncements and complex accounting and reporting issues, which is common with companies of a similar size.

There have been no significant changes to the Company's internal control over financial reporting that occurred during the most recent period that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.