

WellPoint Systems Inc.

FORM 51-102F1

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

November 12, 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 nine months ended September 30, 2007. This discussion should be read in conjunction with the accompanying unaudited Consolidated Financial Statements for the nine months ended September 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 which are available at www.sedar.com. 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 November 12, 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 about WellPoint is available on its website at www.wellpointsystems.com.

Non-GAAP Financial Measure

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

The term Adjusted EBITDA is provided as a measure of operating performance without reference to financing decisions, foreign exchange and income tax, which are not controlled at the operating management level. Accordingly, management believes that Adjusted 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.

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 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 a 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: Denver, Colorado; Livingston, NJ; Houston, Texas; 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 oil company in the second quarter of 2007. The addition of a significant South American customer is a significant 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 August 2007 acquisition of substantially all of the assets of Bolo Systems, Inc. ("BOLO") added a leading provider of integrated multi-tiered financial, land and production accounting solutions for the oil and gas industry in the United States to the WellPoint family. The acquisition of Bolo means that WellPoint now has a substantial presence and improved access to the substantial United States energy market. In addition, it enhances WellPoint's professional service capabilities and brings cross-selling opportunities of Bolo and WellPoint solutions to our customers.

The March 2007 acquisition of iSoft Technologies (Pty) Ltd. ("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 the mining industry "maintenance, repairs & operations" (MRO). EAM or MRO is especially relevant to asset intensive industries like mining, energy, aerospace & defense.

The March 2006 acquisition of IDEAS International, Inc. ("IDEAS") 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.

[Leveraging a differentiated relationship with Microsoft](#)

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 Systems Inc. has further extended its partnership with Microsoft, becoming part of Microsoft's elite Microsoft Dynamics Industry Solutions ("MDIS") group. As one of only nine companies involved in MDIS, and the only company focused on energy, WellPoint anticipates revenue generated by the relationship will grow over the next twelve months.

Business Environment

WellPoint focuses on energy. The forecast for 2007 is that mineral prices will remain strong and that oil prices will remain well 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 August 2007 acquisition of Bolo, March 2007 acquisition of iSoft and the March 2006 acquisition of IDEAS. The Company anticipates information technology ("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, Energy Broker and Energy Vault 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.

Overview

With the acquisitions of Bolo, iSoft and IDEAS, 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 strategy and the resulting strong organic sales growth has contributed to the strong financial performance by the Company in both the three and nine month periods ended September 30, 2007.

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. Software is licensed to customers in perpetuity in which the fair value of the license is separately determinable from maintenance and/or professional service fees. 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 for these services. Maintenance fees are initially recorded as deferred revenue and subsequently recognized in income on a monthly basis. Professional service revenue consists of fees charged for product training, consulting and implementation services.

Direct cost consists primarily of the costs directly related to revenues including third party costs. General and administrative expenses include personnel and related costs, including internal costs related to the delivery of professional service and maintenance. Also included in general and administrative costs are costs associated with sales and marketing including advertising, commissions for employees of the Company, trade shows and other promotional materials and expenses such as rental of office space, legal, professional fees and insurance.

The foreign exchange gain consists primarily of the unrealized foreign exchange gain on the notes payable, long-term notes payable and long-term loan payable all of which are denominated in United States dollars.

Results of Operations

(in dollars, except percentages and per share amounts)

Revenue by Type	Three months ended September 30				Nine months ended September 30			
	2007 (\$)	2006	2007 (% of total revenue)	2006	2007 (\$)	2006	2007 (% of total revenue)	2006
License	\$ 1,774,648	\$ 1,680,777	26%	39%	\$ 9,146,122	\$ 3,761,549	43%	35%
Maintenance	1,697,447	1,151,136	25%	27%	4,344,188	2,951,121	21%	28%
Professional Services	3,271,980	1,491,963	49%	35%	7,636,812	3,947,060	36%	37%
	\$ 6,744,075	\$ 4,323,876	100%	100%	\$ 21,127,122	\$ 10,659,730	100%	100%
Direct costs	1,318,082	1,334,476	16,394	1%	5,945,410	2,780,285	(3,165,125)	(114%)
Gross Profit	5,425,993	2,989,400	2,436,593	82%	15,181,712	7,879,445	7,302,267	93%
% of revenue	80%	69%			72%	74%		
Expenses								
General and administrative	4,918,532	2,473,469	(2,445,063)	(99%)	11,914,948	6,382,290	(5,532,658)	(87%)
Adjusted EBITDA	507,461	515,931	(8,470)	-2%	3,266,764	1,497,155	1,769,609	118%
% of revenue	8%	12%			15%	14%		
Foreign exchange gain	(1,121,806)	(802)	1,121,004	139,776%	(1,106,268)	(21,216)	1,085,052	5,114%
Depreciation and amortization	729,944	354,138	(375,806)	(106%)	1,614,965	903,497	(711,468)	(79%)
Interest	607,729	147,333	(460,396)	(312%)	974,200	436,543	(537,657)	(123%)
	215,867	500,669	284,802	57%	1,482,897	1,318,824	(164,073)	(12%)
Net income before income taxes	291,594	15,262	276,332	1,811%	1,783,867	178,331	1,605,536	900%
Income taxes								
Future	93,386	4,456	(88,930)	(1,996%)	758,692	4,456	(754,236)	(16,926%)
Net income	\$ 198,208	\$ 10,806	\$ 187,402	1,734%	\$ 1,025,175	\$ 173,875	\$ 851,300	490%
Weighted average shares outstanding:								
Basic	40,707,581	35,188,915			37,431,606	31,472,077		
Diluted	58,091,256	35,453,232			52,481,210	32,122,474		
Net income per share								
Basic	\$ 0.005	\$ 0.000	\$ 0.005		\$ 0.027	\$ 0.006	\$ 0.021	
Diluted	\$ 0.005	\$ 0.000	\$ 0.005		\$ 0.024	\$ 0.005	\$ 0.019	

Comparison of third quarter and nine months ended September 30, 2007 and 2006

Revenue-

Revenue by Type	Three months ended September 30				Nine months ended September 30			
	2007	2006	2007	2006	2007	2006	2007	2006
	(\$)		(% of total revenue)		(\$)		(% of total revenue)	
License	\$ 1,774,648	\$ 1,680,777	26%	39%	\$ 9,146,122	\$ 3,761,549	43%	35%
Maintenance	1,697,447	1,151,136	25%	27%	4,344,188	2,951,121	21%	28%
Professional Services	3,271,980	1,491,963	49%	35%	7,636,812	3,947,060	36%	37%
	\$ 6,744,075	\$ 4,323,876	100%	100%	\$ 21,127,122	\$ 10,659,730	100%	100%

Revenues grew 56% to \$6.7 million in the third quarter of 2007, as compared with \$4.3 million in the third quarter of 2006. For the nine month period, revenues grew 98% to \$21.1 million, as compared with \$10.7 million in the same period of 2006. The increase for the third quarter was attributable to growth from the 2007 acquisitions of Bolo and iSoft.

The increase for the nine month period was a result of the growth from the 2007 acquisitions and also from the increase in revenue at IDEAS in 2007 compared to the same period in 2006 including software license revenue of \$4.4 million reported in the second quarter of 2007 from a software licensing, professional services and maintenance contract with a South American oil company. This contract represents the largest contract of its kind that the Company has entered into.

Revenue growth from acquired businesses was significant for both the three and nine month periods ended September 30, 2007 as we have completed three acquisitions since the beginning of 2006. These acquisitions contribute to approximately \$4.7 million, or 70% of total Q3 2007 revenue, and \$13.5 million, or 64% of total revenues, for the nine months ended September 30, 2007.

Gross profit-

Gross profit for the quarter ended September 30, 2007 was \$5.4 million, or 80% of total revenue, compared to \$3.0 million, or 69% of total revenue, for the same period in 2006. The increase in gross profit dollars is attributable to the overall increase in revenue while the increase in gross profit percentage can be attributed to the growth in our higher margin maintenance revenue in the quarter and higher professional service revenue, with the majority of internal costs related to this revenue included in general and administrative expenses.

For the nine month period ended September 30, 2007 our gross profit increased to \$15.2 million, or 72% of total revenue, compared to \$7.9 million, or 74% of total revenue, for the same period in 2006. The increase in gross profit dollars is attributable to the overall increase in revenue while the decrease in gross profit percentage and increase in direct costs can be attributed to the increase in agents commissions included in direct costs in connection with the sale of our solutions primarily in international markets.

General and administrative expense-

General and administrative expenses increased to \$4.9 million for the quarter ended September 30, 2007 as compared to \$2.5 million for the comparable period of 2006. These expenses now represent 72% of revenues as compared to 57% in 2006. The increase in expenses during the quarter include additional salaries and benefits for the growth in staff required to support the increase in professional service revenue, the additional general and administrative expenses related to the two acquisitions in 2007 and \$0.2 million of professional fees in connection with merger and acquisition and proposed financing transactions that management decided not to proceed with. Salaries and benefits account for the largest portion of the general and administrative expense.

General and administrative expenses increased to \$11.9 million for the nine month period ended September 30, 2007 as compared to \$6.4 million for the comparable period of 2006. These expenses now represent 57% of revenues as compared to 60% in 2006. The increase in expenses during the period was due to the same factors that increased expenses in the three month period ended September 30, 2007.

Non-operating expenses-

	Three months Ended September 30,		Period-Over-Period Change		Nine months Ended September 30,		Period-Over-Period Change	
	2007	2006	\$	%	2007	2006	\$	%
Foreign exchange gain	(1,121,806)	(802)	1,121,004	139,776%	(1,106,268)	(21,216)	1,085,052	5,114%
Depreciation and amortization	729,944	354,138	(375,806)	(106%)	1,614,965	903,497	(711,468)	(79%)
Interest	607,729	147,333	(460,396)	(312%)	974,200	436,543	(537,657)	(123%)
Income tax expense	93,386	4,456	(88,930)	(1,996%)	758,692	4,456	(754,236)	(16,926%)
	\$ 309,253	\$ 505,125	\$ 195,872	39%	\$ 2,241,589	\$ 1,323,280	\$ (918,309)	(69%)

Foreign exchange gain-

Most of our businesses are organized geographically so that many of our expenses are incurred in the same currency as our revenue, which mitigates some of our exposure to currency fluctuations. Following the acquisition of Bolo in August 2007, we significantly increased our net liabilities denominated in United States dollars in connection with approximately US\$20 million of term notes payable and term loan payable issued in connection with the acquisition. During the third quarter of 2007 following the acquisition of Bolo the Canadian dollar strengthened vs. the United States dollar and accordingly the Company recorded a foreign exchange gain of \$1.1 million in the quarter. The Company has not entered into any financial derivative or instrument to hedge the impact of changes in the value of the Canadian dollar vs. the United States dollar. Accordingly, any change in the exchange rate between the Canadian and United States dollar will impact net income and comprehensive income of the Company.

Depreciation and amortization-

Depreciation and amortization expense increased to \$0.7 million for the quarter ended September 30, 2007 as compared to \$0.3 million for the comparable period of 2006. The increase primarily relates to the acquisitions in 2006 and 2007 and the commencement of amortization of deferred development costs in connection with new products introduced in 2006. Depreciation and amortization expense increased to \$1.6 million for the nine months ended September 30, 2007 as compared to \$0.9 million for the comparable period of 2006 with the increase due to the same factors as for the three month period ended September 30, 2007.

Interest-

Interest expense increased to \$0.6 million for the quarter ended September 30, 2007 as compared to \$0.1 million for the comparable period in 2006. The increase primarily relates to the financing issued in connection with the two acquisitions in 2007. Interest expense increased to \$1.0 million for the nine months ended September 30, 2007 as compared to \$0.4 million for the comparable period of 2006 with the increase due to the same factors as for the three month period ended September 30, 2007.

Income taxes-

We operate globally and we calculate our tax provision in each of the jurisdictions in which we conduct business. Our tax rate is therefore affected by the profitability of our operations in the various jurisdictions as well as the different tax rates that apply and our ability to utilize tax losses. For the quarter ended September 30, 2007 the tax provision was \$0.1 million compared to nil in 2006. For the nine months ended September 30, 2007 the income tax provision was \$0.8 million compared to nil in 2006. The increase in the tax provision in the third quarter and for the nine month period ended September 30, 2007 is mainly attributable to an increase in taxable income.

Net income and net income per share-

Net income increased to \$0.2 million for the quarter ended September 30, 2007 as compared to nil for the comparable period in 2006. Net income increased to \$1.0 million for the nine months ended September 30, 2007 as compared to \$0.2 million for the comparable period of 2006. The increases in 2007 are primarily a result of the significant increase in revenue in 2007 primarily resulting from acquisitions.

Basic and diluted net income per share for the quarter ended September 30, 2007 was \$0.005 and \$0.005, respectively, compared to \$0.000 and \$0.000 for the comparable period in 2006. For the nine months ended September 30, 2007, the basic and diluted net income per common share was \$0.027 and \$0.024, respectively, compared to \$0.006 and \$0.005 for the comparable period in 2006. The increase in basic and diluted net income per share is primarily a result of the significant increase in revenue in the three and nine months period ended September 30, 2007 compared to the same periods in the prior period.

Adjusted EBITDA-

Management uses Adjusted EBITDA (earnings before interest, taxes, foreign exchange, depreciation and amortization) as the best indicator of profitability and in this regard Adjusted EBITDA was \$0.5 million, or 8% of total revenue for the third quarter of 2007 as compared to \$0.5 million, or 12% of total revenue for the third quarter of 2006. The decrease in the Adjusted EBITDA percentage of total revenue is primarily related to the higher proportion of lower margin professional services revenue in the third quarter ended September 30, 2007 and \$0.2 million of professional fees in connection with merger and acquisition and proposed financing transactions that management decided not to proceed with and which were included in general and administrative expenses in the third quarter of 2007.

For the nine months ended September 30, 2007, Adjusted EBITDA was \$3.3 million or 15% of total revenue compared to \$1.5 million, or 14% of total revenue, for the same period of 2006, an increase of \$1.8 million. The increase in the Adjusted EBITDA percentage of total revenue is primarily due to the strong license revenue from sales in international markets, including the software license revenue of \$4.4 million from the signing of a software licensing, professional services and maintenance contract with a South American oil company in second quarter of 2007.

The following table reconciles Adjusted EBITDA to Net income:

	Three months ended September 30		Nine months ended September 30	
	2,007 (\$)	2,006	2,007 (\$)	2,006
Adjusted EBITDA	507,461	515,931	3,266,764	1,497,155
Add(deduct)				
Foreign exchange gain	1,121,806	802	1,106,268	21,216
Depreciation and amortization	(729,944)	(354,138)	(1,614,965)	(903,497)
Interest	(607,729)	(147,333)	(974,200)	(436,543)
Income taxes	(93,386)	(4,456)	(758,692)	(4,456)
Net income-GAAP financial measure	198,208	10,806	1,025,175	173,875

Liquidity and Capital Resources

During the nine months ended September 30, 2007, WellPoint financed the growth of the business through cash provided by operations, the issue of terms loans, notes payable, convertible debentures and bank indebtedness.

	Nine months ended September 30	
	2007 (\$)	2006
Net cash provided from (used in)		
Operating activities	\$ (858,164)	\$ 481,122
Investing activities	(22,863,085)	(4,768,953)
Financing activities	19,524,936	4,436,182
Effect of foreign exchange rate changes on cash and cash equivalents	(67,740)	-
Increase (decrease) in cash and bank indebtedness	(4,264,053)	148,351
Cash and cash equivalents, beginning of period	2,929,267	2,457,067
Cash and (bank indebtedness), end of period	\$ (1,334,786)	\$ 2,605,418

Operating Activities

Cash used in operating activities for the nine months ended September 30, 2007 was \$0.9 million compared to cash provided by operations of \$0.5 million for the comparable period in 2006. Operating activities in the nine-month period were affected by an increase in accounts receivable which is primarily related to the sale of software in the amount of \$4.4 million to a customer in South America in second quarter of 2007. The Company has obtained insurance from the Export Development Corporation ("EDC") which covers 90% of the amount invoiced to the South American customer and in the event of non-payment, the Company is entitled to file a claim with the EDC and recover 90% of the amount invoiced. Subsequent to September 30, 2007, the Company received \$2.0 million from the customer and anticipates the balance will be paid prior to year end.

Investing Activities

The principal use of cash in the first nine months of 2007 relates to the acquisitions of Bolo on August 13, 2007 and 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 \$2.0 million in deferred development during the current period compared to \$1.5 million in the first nine months of 2006 reflecting the investment in the new midstream and upstream applications for the O&G industry. The Company also paid \$799,050 as additional consideration for the purchase of IDEAS. Depending on the performance in the second year following the acquisition of IDEAS, the former shareholders could receive additional consideration of up to US\$0.75 million (CAD\$0.75 million).

Financing Activities

In the third quarter of 2007 WellPoint financed the acquisition of BOLO by borrowing the sum of US\$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 the first quarter of 2007, WellPoint financed the acquisition of iSoft by issuing convertible secured debentures for total proceeds of \$4.5 million. The debentures bear interest at a rate of 7.75% per annum payable quarterly in arrears and mature as follows: \$0.3 million on December 15, 2009 and \$4.2 million on April 12, 2012. The debentures are convertible at any time at the option of the holders into common shares of WellPoint at an initial conversion price of \$0.55 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 was 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 703,172 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 nil at September 30, 2007. At September 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 \$2.5 million. As at September 30, 2007 the Company had drawn \$1.8 million on this facility. 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 and debt 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 IDEAS, ISoft and BOLO acquisitions

Year Quarter	2007			2006				2005
	Third	Second	First	Fourth	Third	Second	First	Fourth
Revenue	\$ 6,744,075	\$ 9,459,955	\$ 4,923,092	\$ 5,346,049	\$ 4,323,876	\$ 3,699,643	\$ 2,636,212	\$ 1,912,474
Adjusted EBITDA	507,461	2,303,284	456,019	1,128,852	516,733	498,197	503,440	144,995
Net income	\$ 198,208	\$ 916,362	\$ (89,395)	\$ 463,213	\$ 10,806	\$ 34,119	\$ 128,950	\$ (493,709)
Weighted average shares outstanding:								
Basic	40,707,581	35,995,128	35,532,409	35,234,224	35,188,915	35,024,717	24,098,035	20,824,149
Diluted	58,091,256	52,084,276	35,743,330	35,663,899	35,453,232	35,791,790	24,870,517	20,890,569
Net income per share								
Basic	\$ 0.005	\$ 0.025	\$ (0.003)	\$ 0.014	\$ -	\$ 0.001	\$ 0.005	\$ (0.024)
Diluted	0.005	0.020	(0.003)	0.014	-	0.001	0.005	(0.024)
Cash flow from operating activities	\$ (1,047,259)	\$ 1,251,489	\$ (1,062,394)	\$ 1,661,163	\$ (330,353)	\$ 833,921	\$ (22,446)	\$ 1,220

Outstanding Share Data

The following outstanding share data is as of November 1, 2007.

The Company is authorized to issue an unlimited number of voting common and preferred shares. There are 44,707,581 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 \$0.55 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 as follows: \$300,000 on December 15, 2009 and \$4,200,000 on April 12, 2012.

WellPoint issued 2.7 million common share purchase warrants to Crown in connection with the US\$15.0 million loan received by the Company, 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 installments on the 6th month and 12th month 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.

The Company has a stock option plan for employees, directors and consultants. At September 30, 2007, a total of 3,700,000 shares (3,700,000 at September 30, 2006) were reserved for issuance under this plan. Options granted vest over two to four years. As at September 30, 2007, 2,927,877 options were outstanding with a weighted average exercise price of \$0.45 per share.

Risks and Uncertainties

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 nine 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. In addition with the acquisition of BOLO in August 2007, we significantly increased our net liabilities denominated in United States dollars in connection with approximately \$20 million US of term notes payable and term loan payable issued in connection with the acquisition. The Company has not entered into any financial derivative or instrument to hedge the impact of changes in the value of the Canadian dollar vs. the United States dollar. Accordingly, any change in the exchange rate between the Canadian and United States dollar and any other foreign currency that the Company transacts business in will impact net income and comprehensive income of the Company and there 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 and beyond. 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 target markets. A key part of the Company's success is attracting and retaining great customers.

Increasing focus on the mining vertical 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.

WellPoint will continue to pursue 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 September 30, 2007. Based on this evaluation the Company has determined these controls to be effective, except in respect of disclosure controls and procedures for the period August 13, 2007 to September 30, 2007 related to the acquisition of BOLO on August 13, 2007. Prior to the BOLO acquisition BOLO was a private entity and therefore not subject to the reporting requirements of a reporting issuer. While BOLO's annual financial statements were audited, BOLO did not have significant disclosure controls and procedures or internal controls over financial reporting in place at the time the business was acquired by the Company that are required for a reporting issuer. Management of the Company is in the process of designing disclosure controls and procedures and internal controls over financial reporting for BOLO however, given the short period between the acquisition date and the quarter end there was not sufficient time to design adequate disclosure controls and procedures and internal controls over financial reporting for BOLO. Management believes that the design of adequate

disclosure controls and procedures and internal controls over financial reporting for BOLO will be completed by December 31, 2007.

In Canadian Securities Administrators (the "CSA") Staff Notice 52-316 the CSA have stated that in their view, certifying officers can certify the design of internal control over financial reporting despite identified weaknesses as long as adequate disclosure is made in management's discussion and analysis about the identified weaknesses. The weaknesses in the disclosure controls and procedures and internal controls over financial reporting are due to the fact that BOLO was a private entity and not subject to the reporting requirements of that of a reporting issuer. Therefore the portion of the Company's financial statements that reflects BOLO will not be subject to the benefit of the same internal controls over financial reporting as the rest of the Company. In addition there is a risk that management of the Company was not made aware of all material information relative to those entities during the period that the interim financial statements and management's discussion and analysis were being prepared. However, prior to the completion of the acquisition, due diligence was undertaken by management which provides the basis for the initial accounting for the transaction. The results for BOLO for the period from the date of acquisition to December 31, 2007 will have a significant impact on the consolidated financial statements. Management believes that once the design of disclosure controls and procedures and internal controls over financial reporting is complete and management has integrated the accounting and reporting systems of BOLO with that of the Company these risks will be remediated. Summary financial information of BOLO for the period from the date of acquisition to September 30, 2007 and which have been included in the unaudited consolidated financial statements include the following:

- revenue \$2.4 million;
- net income before income taxes \$0.7 million;
- net income \$0.4 million;
- current assets \$2.2 million;
- non-current assets \$0.8 million; and
- current liabilities \$0.4 million

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 other than as described above that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.