UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended August 31, 2012

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report ____________________________

For the transition period from_________________to______________

Commission File Number: 0-53646

EAGLEFORD ENERGY INC.
(Exact name of Registrant as specified in its charter)

Ontario, Canada
(Jurisdiction of incorporation or organization)

1 King Street West, Suite 1505
Toronto, Ontario, Canada, M5H 1A1
(Address of principal executive offices)

James Cassina, Telephone (416) 364-4039, Fax (416) 364-8244
1 King Street West, Suite 1505, Toronto, Ontario, Canada, M5H 1A1
(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to section 12(b) of the Act: **None**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **Common Stock, no par value**
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**
(Title of Class)

The number of outstanding shares of the issuer's common stock as of August 31, 2012 was 96,707,667 shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or a transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ‘
Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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GENERAL

In this Annual Report, references to "we", "us", "our", the "Company", and "Eagleford" mean Eagleford Energy Inc., and its subsidiaries, unless the context requires otherwise.

We use the Canadian dollar as our reporting and presentation currency and our consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Note 18 to our consolidated financial statements provides a reconciliation of our August 31, 2011 consolidated financial statements to IFRS from the previous Canadian generally accepted accounting principles. All monetary references in this document are to Canadian dollars, unless otherwise indicated. All references in this document to "dollars" or "$" or "CDN$" mean Canadian dollars, unless otherwise indicated, and references to "US$" mean United States dollars.

Except as noted, the information set forth in this Annual Report is as of November 30, 2012 and all information included in this document should only be considered accurate as of such date. Our business, financial condition or results of operations may have changed since that date.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Much of the information included in this Annual Report is based upon estimates, projections or other "forward-looking statements". Such forward-looking statements include any projections or estimates made by us and our management in connection with our business operations. These statements relate to future events or our future financial performance. In some cases you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of those terms or other comparable terminology. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Such estimates, projections or other forward-looking statements involve various risks and uncertainties and other factors, including the risks in the section titled "Risk Factors" below, which may cause our actual results, levels of activities, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. We caution the reader that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform those statements to actual results.

The statements contained in Item 4 – "Information on the Company", Item 5 – "Operating and Financial Review and Prospects" and Item 11 – "Quantitative and Qualitative Disclosures About Market Risk" are inherently subject to a variety of risks and uncertainties that could cause actual results, performance or achievements to differ significantly.

PART I

ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

A. DIRECTORS AND SENIOR MANAGEMENT

Not applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

B. ADVISERS

Not applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

C. AUDITORS

Not applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE

A. OFFER STATISTICS

Not applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

B. METHOD AND EXPECTED TIMETABLE

Not applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

ITEM 3 KEY INFORMATION

A. SELECTED FINANCIAL DATA

The following table presents selected financial data derived from our Audited Consolidated Financial Statements for the fiscal years ended August 31, 2012 and 2011. You should read this information in conjunction with our Audited Consolidated Financial Statements and related notes (Item 18), as well as Item 4: “Information on the Company” and Item 5: “Operating and Financial Review and Prospects” of this Annual Report.

Our consolidated financial statements have been prepared in accordance International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). Note 18 to our consolidated financial statements provides a reconciliation of our August 31, 2011 consolidated financial statements to IFRS from the previous Canadian generally accepted accounting principles. The selected consolidated statement of operations data set forth below for the years ended August 31, 2012 and 2011 and the selected consolidated statement of financial position information set forth below as of August 31, 2012 and 2011 is derived from our consolidated financial statements, which have been audited by Schwartz Levitsky Feldman LLP, Chartered Accountants, Toronto, Canada all of which are attached to and forming part of this Annual Report under Item 18 – Financial Statements.

EAGLEFORD ENERGY INC.
Prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB")
(STATED IN CANADIAN DOLLARS)
Except share and per share data

CONSOLIDATED STATEMENT OF FINANCIAL POSITION INFORMATION	YEARS ENDED AUGUST 31, 2012	2011
Cash and cash equivalents	$ 330,003	$ 165,266
Total assets	$ 8,998,016	$ 9,575,976
Total liabilities	$ 6,047,663	$ 6,848,676
Total shareholders' equity	$ 2,950,353	$ 2,727,300

CONSOLIDATED STATEMENT OF OPERATIONS INFORMATION	YEARS ENDED AUGUST 31, 2012	2011
Revenue		
Natural gas sales, net of royalties	$ 39,218	$ 56,916
Expenses		
Operating costs	28,471	52,190
Depletion and accretion	20,509	23,912
General and administrative	705,591	502,474
Marketing and public relations	46,272	88,569
Impairment loss on property and equipment	50,774	48,249
Interest expense	88,789	68,199
Loss (gain) loss on derivative warrant liabilities	46,655	(126,410)
Loss on settlement of debt	1,465,465	-
Stock based compensation	95,910	-
Stock based compensation-non employees	75,062	-
Compensation expense on re-pricing of units	188,625	-
Loss (gain) on foreign exchange	36,283	(161,340)
Gain on disposal of marketable securities	-	(8,000)
	2,848,406	487,843
Net loss	$ (2,809,188)	$ (430,927)
Foreign currency translation	(160)	(109,303)
Comprehensive loss	$ (2, 809,348)	$ (540,230)
Loss per share, basic and diluted	$ (0.034)	$ (0.007)
Weighted average shares outstanding, basic and diluted *	81,769,733	63,854,456

*Reflects March 16, 2012 two-for-one stock split

Exchange Rate Information

The exchange rate between the Canadian dollar and the U.S. dollar was CDN$1.00 per US$0.9931 (or US$1.00 per CDN$1.0069) as of November 30, 2012.

The average exchange rates for the periods indicated below (based on the daily noon buying rate for cable transfers in New York City certified for customs purposes by the Federal Reserve Bank of New York) are as follows:

	YEARS ENDED AUGUST 31,				
	2012	**2011**	**2010**	**2009**	**2008**
Average exchange rate CDN$ per US$1.00	0.9925	0.9783	1.0640	1.0967	1.0631
Average exchange rate US$ per CDN$1.00	1.0075	1.0217	0.9360	0.9033	0.9369

The high and low exchange rates between the Canadian dollar and the U.S. dollar for each of the six months ended November 30, 2012 are as follows:

	Exchange rate CDN$ per US$1.00	
Month	**Low**	**High**
November 2012	0.9927	1.0029
October 2012	0.9763	1.0003
September 2012	0.9723	0.9901
August 2012	0.9862	1.0061
July 2012	1.0014	1.0207
June 2012	1.0190	1.0417

B. CAPITALIZATION AND INDEBTEDNESS

Not Applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not Applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

D. RISK FACTORS

Our securities are highly speculative and subject to a number of risks. You should not consider an investment in our securities unless you are capable of sustaining an economic loss of the entire investment. In addition to the other information presented in this Annual Report, the following risk factors should be given special consideration when evaluating an investment in our securities.

General Risk Factors

We require additional capital which may not be available to us on acceptable terms, or at all. Both the exploration and development of oil and gas reserves can be capital-intensive businesses. We have accumulated significant losses and negative cash flows from operations in recent years which raises doubt as to the validity of the going concern assumption. As at August 31, 2012, we had a working capital deficiency of $3,819,056 and an accumulated deficit of $4,946,515. We do not have sufficient funds to meet our liabilities for the ensuing twelve months as they become due. In assessing whether the going concern assumption is appropriate, we take into account all available information about the future, which is at least, but not limited to, twelve months from August 31, 2012. Our ability to continue operations and fund our liabilities is dependent on our ability to secure additional financing and cash flow. We are pursuing such additional sources of financing and cash flow to fund our operations and obligations and while we have been successful in doing so in the past, there can be no assurance we will be able to do so in the future. We intend to satisfy any additional working capital requirements from cash flow and by raising capital through public or private sales of debt or equity securities, debt financing or short-term loans, or a combination of the foregoing. We have no current arrangements for obtaining additional capital, and may not be able to secure additional capital, or on terms which will not be objectionable to us or our shareholders. Under such circumstances, our failure or inability to obtain additional capital on acceptable terms or at all could have a material adverse effect on us.

We have a history of losses and a limited operating history as an oil and gas exploration and development company which makes it more difficult to evaluate our future prospects. To date, we have incurred significant losses. We have a limited operating history upon which any evaluation of us and our long-term prospects might be based. We are subject to the risks inherent in the oil and gas industry, as well as the more general risks inherent to the operation of an established business. We and our prospects must be considered in light of the risks, expenses and difficulties encountered by all companies engaged in the extremely volatile and competitive oil and gas markets. Any future success we might achieve will depend upon many factors, including factors, which may be beyond our control. These factors may include changes in technologies, price and product competition, developments and changes in the international oil and gas market, changes in our strategy, changes in expenses, fluctuations in foreign currency exchange rates, general economic conditions, and economic and regulatory conditions specific to the areas in which we compete. To address these risks, we must, among other things, comply with environmental regulations; expand our portfolio of proven oil and gas properties and negotiate additional working interests and prospect participations; and expand and replace depleting oil and gas reserves.

We have a pending litigation which could have a material effect on our financial condition or profitability. The lessors of the Matthews lease expressed their belief that the lease had terminated and filed a petition in the District Court, Zavala County, Texas, seeking a declaration that the lease has terminated. We disagree and believe that we are in compliance with the terms of the lease. We are defending the allegation and countersuing the lessors for repudiation of the lease and seeking damages. At August 31, 2012, we carry our investment in the Matthews lease at approximately $4,645,534 and the outcome of litigation is uncertain at this time. If the final outcome of such claim differs adversely from that expected, it would result in an impairment loss on the consolidated statement of operations and a reduction in exploration and evaluation assets, when determined (See Item 8.A Consolidated Financial Statements and Other Financial Information – Litigation).

We have significant debt which may make it more difficult for us to obtain future financing or engage in business combination transactions. We have significant debt obligations. The degree to which this indebtedness could have consequences on our future prospects includes the effect of such debts on our ability to obtain financing for working capital, capital expenditures or acquisitions. The portion of available cash flow that will need to be dedicated to repayment of indebtedness will reduce funds available for expansion. If we are unable to meet our debt obligations through cash flow from operations, we may be required to refinance or adopt alternative strategies to reduce or delay capital expenditures, or seek additional equity capital.

Our future operating results are subject to fluctuation based upon factors outside of our control. Our operating results may in the future fluctuate significantly depending upon a number of factors including industry conditions, oil and gas prices, rate of drilling success, rates of production from completed wells and the timing of capital expenditures. Such variability could have a material adverse effect on our business, financial condition and results of operations. In addition, any failure or delay in the realization of expected cash flows from operating activities could limit our future ability to participate in exploration or to participate in economically attractive oil and gas projects.

Our operating results will be affected by foreign exchange rates. Since energy commodity prices are primarily priced in US dollars, a portion of our revenue stream and a portion of our expenses are incurred in US dollars and they are affected by U.S./Canadian dollar exchange rates. We do not hedge this exposure. While to date this exposure has not been material, it may become so in the future.

Our inability to manage our expected growth could have a material adverse effect on our business operations and prospects. We may be subject to growth-related risks including capacity constraints and pressure on our internal systems and controls. The ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expend, train and manage our employee base. The inability to deal with this growth could have a material adverse impact on our business, operations and prospects.

To compete in our industry, we must attract and retain qualified personnel. Our ability to continue our business and to develop a competitive edge in the marketplace depends, in large part, on our ability to attract and retain qualified management and personnel. Competition for such personnel is intense, and we may not be able to attract and retain such personnel which may negatively impact our share price. We do not have key-man insurance on any of our employees, directors or senior officers and we do not have written employment agreements with any of our employees, directors or senior officers.

We must continue to institute procedures designed to avoid potential conflicts involving our officers and directors. Some of our directors and officers are or may serve on the board of directors of other companies from time to time. Pursuant to the provisions of the Business Corporations Act (*Ontario*), our directors and senior officers must disclose material interests in any contract or transaction (or proposed contract or transaction) material to us. To avoid the possibility of conflicts of interest which may arise out of their fiduciary responsibilities to each of the boards, all such directors have agreed to abstain from voting with respect to a conflict of interest between the applicable companies. In appropriate cases, we will establish a special committee of independent directors to review a matter in which several directors, or members of management, may have a conflict.

We rely on the expertise of certain persons and must insure that these relationships are developed and maintained. We are dependent on the advice and project management skills of various consultants and joint venture partners contracted by us from time to time. Our failure to develop and maintain relationships with qualified consultants and joint venture partners will have a material adverse effect on our business and operating results.

We must indemnify our officers and directors against certain actions. Our articles contain provisions that state, subject to applicable law, we must indemnify every director or officer, subject to the limitations of the Business Corporations Act (*Ontario*), against all losses or liabilities that our directors or officers may sustain or incur in the execution of their duties. Our articles further state that no director or officer will be liable for any loss, damage or misfortune that may happen to, or be incurred by us in the execution of his duties if he acted honestly and in good faith with a view to our best interests. Such limitations on liability may reduce the likelihood of litigation against our officers and directors and may discourage or deter our shareholders from suing our officers and directors based upon breaches of their duties to us, though such an action, if successful, might otherwise benefit us and our shareholders.

We do not currently maintain a permanent place of business within the United States. A majority of our directors and officers are nationals or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to enforce within the United States any judgments obtained against our company or our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof.

The global financial crisis is expected to cause petroleum and natural gas prices to remain volatile for the near future. Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have caused significant volatility to commodity prices. These conditions are continuing, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors have negatively impacted company valuations and will impact the performance of the global economy going forward. Petroleum and natural gas prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing global credit and liquidity concerns.

Since our sole executive officer does not devote his full time to the performance of his Company duties, he may engage in other work activities to our detriment. James Cassina, our sole executive officer, devotes approximately 75% of his work time to the performance of his Company duties. Although he has an obligation to perform his duties in a manner consistent with our best interests and through his stock ownership in the Company, is incentivized to do so, may encounter conflicts regarding the availability and use of his work time. Although there are no such present conflicts, the development thereof could have a material adverse effect on us.

Risks Factors Relating to Our Common Stock

Our stockholders may have difficulty selling shares of our common stock as there is a limited public trading market for such stock. There is only a limited public market for our common stock, and no assurance can be given that a broad or active public trading market will develop in the future or, if developed, that it will be sustained. Our common stock trades on the Over-the-Counter Bulletin Board. In addition, our common stock has not been qualified under any applicable state blue-sky laws, and we are under no obligation to so qualify or register our common stock, or otherwise take action to improve the public market for such securities. Our common stock could have limited marketability due to the following factors, each of which could impair the timing, value and market for such securities: (i) lack of profits, (ii) need for additional capital, (ii) limited public market for such securities; (iii) the applicability of certain resale requirements under the Securities Act; and (iv) applicable blue sky laws and the other factors discussed in this Risk Factors section.

Possible volatility of stock price. The market price for our common stock may be volatile and is subject to significant fluctuations in response to a variety of factors, including the liquidity of the market for the common stock, variations in our quarterly operating results, regulatory or other changes in the oil and gas industry generally, announcements of business developments by us or our competitors, litigation, changes in operating costs and variations in general market conditions. Because we have a limited operating history, the market price for our common stock may be more volatile than that of a seasoned issuer. Changes in the market price of our securities may have no connection with our operating results. No predictions or projections can be made as to what the prevailing market price for our common stock will be at any time.

We do not anticipate paying dividends on our common stock. We presently plan to retain all available funds for use in our business, and therefore do not plan to pay any cash dividends with respect to our securities in the foreseeable future. Hence, investors in our common stock should not expect to receive any distribution of cash dividends with respect to such securities for the foreseeable future.

Our shareholders may experience dilution of their ownership interests because of our future issuance of additional shares of common stock. Our constating documents authorize the issuance of an unlimited number of shares of common stock, without par value. In the event that we are required to issue additional shares of common stock or securities exercisable for or convertible into additional shares of common stock, enter into private placements to raise financing through the sale of equity securities or acquire additional oil and gas property interests in the future from the issuance of shares of our common stock to acquire such interests, the interests of our existing shareholders will be diluted and existing shareholders may suffer dilution in their net book value per share depending on the price at which such securities are sold. If we do issue additional shares, it will cause a reduction in the proportionate ownership and voting power of all existing shareholders. As of the date of this Annual report we have 1,050,000 common share purchase options outstanding to purchase 1,050,000 common shares and 48,043,680 warrants outstanding to purchase 48,043,680 common shares (see Item 5 Operating and Financial Review and Prospects – Share Capital and Reserves and Derivative Warrant Liabilities).

Prospective investors in our Company are urged to seek independent investment advice. Independent legal, accounting or business advisors (i) have not been appointed by, and have not represented or held themselves out as representing the interests of prospective investors in connection with this Annual Report, and (ii) have not "expertized" or held themselves out as "expertizing" any portion of this Annual Report, nor is our legal counsel providing any opinion in connection with us, our business or the completeness or accuracy of this Annual Report. Neither we nor any of our respective officers, directors, employees or agents, including legal counsel, make any representation or expresses any opinion (i) with respect to the merits of an investment in our common stock, including without limitation the proposed value of our common stock; or (ii) that this Annual Report provides a complete or exhaustive description of us, our business or relevant risk factors which an investor may now or in the future deem pertinent in making his, her or its investment decision. Any prospective investor in our common stock is therefore urged to engage independent accountants, appraisers, attorneys and other advisors to (a) conduct such due diligence review as such investor may deem necessary and advisable, and (b) to provide such opinions with respect to the merits of an investment in our Company and applicable risk factors upon which such investor may deem necessary and advisable to rely. We will fully cooperate with any investor who desires to conduct such an independent analysis so long as we determine, in our sole discretion, that such cooperation is not unduly burdensome.

Applicable SEC rules governing the trading of "penny stocks" will limit the trading and liquidity of our common stock and may affect the trade price for our common stock. The Securities and Exchange Commission ("SEC") has adopted rules which generally define "penny stock" to be any equity security that has a market price (as defined) of less than US$5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities will be covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of US$5,000,000 or individuals with a net worth in excess of US$1,000,000 or annual income exceeding US$200,000 or US$300,000 jointly with their spouse.

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the shares that are subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We expect that the penny stock rules will discourage investor interest in and limit the marketability of our common shares.

In addition to the "penny stock" rules described above, The Financial Industry Regulatory Authority (“FINRA”) has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements will make it more difficult for broker-dealers to recommend that their customers buy our common shares, which may limit your ability to buy and sell our shares and have an adverse effect on the market for our shares.

Risks Factors Relating to Our Business

Our future success is dependent upon our ability to locate, obtain and develop commercially viable oil and gas deposits. Our future success is dependent upon our ability to economically locate commercially viable oil and gas deposits. We may not be able to consistently identify viable prospects, and such prospects, if identified, may not be commercially exploitable. Our inability to consistently identify and exploit commercially viable hydrocarbon deposits would have a material and adverse effect on our business and financial position.

Exploratory drilling activities are subject to substantial risks. Our expected revenues and cash flows will be principally dependent upon the success of any drilling and production from prospects in which we participate. The success of such prospects will be determined by the economical location, development and production of commercial quantities of hydrocarbons. Exploratory drilling is subject to numerous risks, including the risk that no commercially productive oil and gas reservoirs will be encountered. The cost of drilling, completing and operating wells is often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including unexpected formation and drilling conditions, pressure or other irregularities in formations, blowouts, equipment failures or accidents, as well as weather conditions, compliance with governmental requirements or shortages or delays in the delivery of equipment. Our inability to successfully locate and drill wells that will economically produce commercial quantities of oil and gas could have a material adverse effect on our business and, financial position.

Our drilling and exploration plans will be subject to factors beyond our control. A prospect is a property that has been identified based on available geological and geophysical information that indicates the potential for hydrocarbons. Whether we ultimately drill a property may depend on a number of factors including funding; the receipt of additional seismic data or reprocessing of existing data; material changes in oil or gas prices; the costs and availability of drilling equipment; the success or failure of wells drilled in similar formations or which would use the same production facilities; changes in estimates of costs to drill or complete wells; our ability to attract industry partners to acquire a portion of our working interest to reduce exposure to drilling and completion costs; decisions of our joint working interest owners; and restrictions under provincial regulators.

Our operating results are subject to oil and natural gas price volatility. Our profitability, cash flow and future growth will be affected by changes in prevailing oil and gas prices. Oil and gas prices have been subject to wide fluctuations in recent years in response to changes in the supply and demand for oil and natural gas, market uncertainty, competition, regulatory developments and other factors which are beyond our control. It is impossible to predict future oil and natural gas price movements with any certainty. We do not engage in hedging activities. As a result, we may be more adversely affected by fluctuations in oil and gas prices than other industry participants that do engage in such activities. An extended or substantial decline in oil and gas prices would have a material adverse effect on our access to capital, and our financial position and results of operations.

Unforeseen title defects may result in a loss of entitlement to production and reserves. Although we conduct title reviews in accordance with industry practice prior to any purchase of resource assets, such reviews do not guarantee that an unforeseen defect in the chain on title will not arise and defeat our title to the purchased assets. If such a defect were to occur, our entitlement to the production from such purchased assets could be jeopardized.

Estimates of reserves and predictions of future events are subject to uncertainties. Certain statements included in this Annual Report contain estimates of our oil and gas reserves and the discounted future net revenues from those reserves, as prepared by independent petroleum engineers or us. There are numerous uncertainties inherent in such estimates including many factors beyond our control. The estimates are based on a number of assumptions including constant oil and gas prices, and assumptions regarding future production, revenues, taxes, operating expenses, development expenditures and quantities of recoverable oil and gas reserves. Such estimates are inherently imprecise indications of future net revenues, and actual results might vary substantially from the estimates based on these assumptions. Any significant variance in these assumptions could materially affect the estimated quantity and value of reserves. In addition, our reserves might be subject to revisions based upon future production, results of future exploration and development, prevailing oil and gas prices and other factors. Moreover, estimates of the economically recoverable oil and gas reserves, classifications of such reserves and estimates of future net cash flows prepared by independent engineers at different times may vary substantially. Information about reserves constitutes forward-looking statements.

The success of our business is dependent upon our ability to replace reserves. Our future success depends upon our ability to find, develop and acquire oil and gas reserves that are economically recoverable. As a result we must locate, acquire and develop new oil and gas reserves to replace those being depleted by production. Without successful funding for acquisitions and exploration and development activities, our reserves will decline. We may not be able to find and develop or acquire additional reserves at an acceptable cost.

Most of our competitors have substantially greater financial, technical, sales, marketing and other resources than we do. We engage in the exploration for and production of oil and gas, industries which are highly competitive. We compete directly and indirectly with oil and gas companies in our exploration for and development of desirable oil and gas properties. Many companies and individuals are engaged in the business of acquiring interests in and developing oil and gas properties in the United States and Canada, and the industry is not dominated by any single competitor or a small number of competitors. Many of such competitors have substantially greater financial, technical, sales, marketing and other resources, as well as greater historical market acceptance than we do. We will compete with numerous industry participants for the acquisition of land and rights to prospects, and for the equipment and labor required to operate and develop such prospects. Competition could materially and adversely affect our business, operating results and financial condition. Such competitive disadvantages could adversely affect our ability to participate in projects with favorable rates of return.

Shortages of supplies and equipment could delay our operations and result in higher operating and capital costs. Our ability to conduct operations in a timely and cost effective manner is subject to the availability of natural gas and crude oil field supplies, rigs, equipment and service crews. Although none are expected currently, any shortage of certain types of supplies and equipment could result in delays in our operations as well as in higher operating and capital costs.

Our business is subject to interruption from severe weather. Presently, our operations are conducted principally in the central region of Alberta, Canada and in Southwest Texas. The weather in these areas and other areas in which we may operate in the future can be extreme and can cause interruption or delays in our drilling and construction operations.

We are dependent on third-party pipelines and would experience a material adverse effect on our operations were our access to such pipelines be curtailed or the rates charged for use thereof materially increased. Substantially all our sales of natural gas production are effected through deliveries to local third-party gathering systems to processing plants. In addition, we rely on access to inter-provincial pipelines for the sale and distribution of substantially all of our gas. As a result, a curtailment of our sale of natural gas by pipelines or by third-party gathering systems, an impairment of our ability to transport natural gas on inter-provincial pipelines or a material increase in the rates charged to us for the transportation of natural gas by reason of a change in federal or provincial regulations or for any other reason, could have a material adverse effect upon us. In such event, we would have to obtain other transportation arrangements. We may not have economical transportation alternatives and it may not be feasible for us to construct pipelines. In the event such circumstances were to occur, our operating netbacks from the affected wells would be suspended until, and if, such circumstances could be resolved.

Our business is subject to operating hazards and uninsured risks. The oil and gas business involves a variety of operating risks, including fire, explosion, pipe failure, casing collapse, abnormally pressured formations, adverse weather conditions, governmental and political actions, premature reservoir declines, and environmental hazards such as oil spills, gas leaks and discharges of toxic gases. The occurrence of any of these events with respect to any property operated or owned (in whole or in part) by us could have a material adverse impact on us. Insurance coverage is not always economically feasible and is not obtained to cover all types of operational risks. The occurrence of a significant event that is not insured or insured fully could have a material adverse effect on our financial condition.

Our business is subject to restoration, safety and environmental risk. Our present operations are primarily in western Canada and southwest Texas and certain laws and regulations exist that require companies engaged in petroleum activities to obtain necessary safety and environmental permits to operate. Such legislation may restrict or delay us from conducting operations in certain geographical areas. Further, such laws and regulations may impose liabilities on us for remedial and clean-up costs, or for personal injuries related to safety and environmental damages, such liabilities collectively referred to as “asset retirement obligations”. While our safety and environmental activities have been prudent in managing such risks, we may not always be successful in protecting us from the impact of all such risks.

The termination or expiration of any of our licenses and leases may have a material adverse effect on our results of operations. Our properties are held in the form of licenses and leases and working interests in licenses and leases. If we, or the holder of the license or lease, fail to meet the specific requirement of a license or lease, the license or lease may terminate or expire. We may not meet the obligations required to maintain each license or lease. The termination or expiration of our licenses or leases or the working interests relating to a license or lease may have a material adverse effect on our results of operations and business (See Item 8.A Consolidated Financial Statements and Other Financial Information – Litigation for a discussion of our pending litigation matter involving our Matthews lease).

Compliance with new or modified environmental laws or regulations could have a materially adverse impact on us. We are subject to various Canadian and US laws and regulations relating to the environment. We believe that we are currently in compliance with such laws and regulations. However, such laws and regulations may change in the future in a manner which will increase the burden and cost of compliance. In addition, we could incur significant liability under such laws for damages, clean-up costs and penalties in the event of certain discharges into the environment. In addition, environmental laws and regulations may impose liability on us for personal injuries, clean-up costs, environmental damage and property damage as well as administrative, civil and criminal penalties. We maintain limited insurance coverage for accidental environmental damages, but do not maintain insurance for the full potential liability that could be caused by such environmental damage. Accordingly, we may be subject to significant liability, or may be required to cease production in the event of the noted liabilities.

ITEM 4 INFORMATION ON THE COMPANY

We are amalgamated under the laws of the Province of Ontario. Our primary activities are investment in, exploration and development and production of oil and gas.

We hold a 0.5% non-convertible gross overriding royalty in a natural gas well located in the Haynes area in the Province of Alberta, Canada.

We hold a 5.1975% working interest held in trust through a joint venture partner in a natural gas unit located in the Botha area in the Province of Alberta, Canada.

Through Dyami Energy LLC we hold a 75% working interest before payout which reduces to a 61.50% working interest after payout of $12,500,000 of production revenue in the Matthews lease. Directly, we hold a 10% working interest before payout which reduces to a 7.50% working interest after payout of $15,000,000 of production revenue in the Matthews lease. We have entered into a farm out agreement for a portion of our working interests from the surface to the base of the San Miguel formation in the Matthews Lease. The Matthews lease comprises approximately 2,629 gross acres of land in Zavala County, Texas (See Item 8.A Consolidated Financial Statements and Other Financial Information – Litigation).

Through Dyami Energy LLC we hold a 100% working interest in the Murphy Lease comprising approximately 2,637 acres of land in Zavala County, Texas subject to a 10% carried interest on the drilling costs from surface to base of the Austin Chalk formation, and a 3% carried interest on the drilling costs from the top of the Eagle Ford shale formation to basement on the first well drilled into a serpentine plug and for the first well drilled into a second serpentine plug, if discovered.

Our registered office and management office is located at 1 King Street West, Suite 1505, Toronto, Ontario, M5H 1A1, Telephone (416) 364-4039, Facsimile (416) 364-8244. Our books and financial records are located in the registered office and management office. Our Canadian public filings can be accessed and viewed via the System for Electronic Data Analysis and Retrieval ("SEDAR") at www.sedar.com. Readers can also access and view our Canadian public insider trading reports via the System for Electronic Disclosure by Insiders at www.sedi.ca. Our Registrar and Transfer Agent is Equity Financial Trust Company located at Suite 400, 200 University Avenue, Toronto, Ontario, M5H 4H1. Our U.S. public filings are available at the public reference room of the U.S. Securities and Exchange Commission ("SEC") located at 100 F Street, N.E., Room 1580, Washington, DC 20549 and at the website maintained by the SEC at www.sec.gov.

A. HISTORY AND DEVELOPMENT OF THE COMPANY

We were incorporated in Ontario, Canada on September 22, 1978, under the Business Corporations Act (*Ontario*), under the name Bonanza Red Lake Explorations Inc. ("Bonanza Red Lake"). By prospectus dated November 20, 1978 and a further amendment to the Prospectus dated January 10, 1979 we became a reporting issuer in the Province of Ontario and raised $250,000 to acquire interests in and to explore and develop certain mineral lands located near the Town of Red Lake, Ontario, Canada. In 1987, we optioned our mineral lands in Red Lake, Ontario to Pure Gold Resources Inc., who expended sufficient funds during 1988 and 1989 to earn an 85% interest in our eight patented mineral claims, and then discontinued its exploration program on the property. Bonanza Red Lake had subsequently written the carrying amount of these mineral claims down to $1.

On March 29, 2000, Bonanza Red Lake entered into a Share Exchange Agreement with 1406768 Ontario Inc. ("1406768 Ontario"). 1406768 Ontario is a company incorporated under the laws of the Province of Ontario by articles of incorporation dated effective March 13, 2000. The purpose of the transaction was to allow Bonanza Red Lake to acquire a company, 1406768 Ontario, which resulted in our owning part of an operating business. At an Annual and Special Meeting of shareholders held on May 10, 2000 we received shareholder approval for the acquisition of 1406768 Ontario; the consolidation of Bonanza Red Lake's issued and outstanding common shares on a one new common share for every three old common shares basis; a name change from Bonanza Red Lake to Eugenic Corp; a new stock option plan (the "Plan") authorizing 1,275,000 common shares to be set aside for issuance under the Plan; and authorizing the directors to determine or vary the number of directors of the Company from time to time which pursuant to our Articles provide for a minimum of three and a maximum of ten.

By Articles of Amendment dated August 15, 2000, Bonanza Red Lake consolidated its issued and outstanding common shares on a one new common share for every three old common shares basis and changed the name of the company to Eugenic Corp.

We completed the acquisition of 1406768 Ontario on October 12, 2000 and acquired all of the issued and outstanding shares of 1406768 Ontario for $290,000. The purchase price was satisfied by our issuance of 5,800,000 company units at $0.05 per unit. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share of ours at an exercise price of $0.25 per common share until October 12, 2003. As a result of this transaction, the original shareholders of 1406768 Ontario owned 90.7% of our issued shares. The acquisition resulted in a change in business and an introduction of new management for us. The acquisition was accounted for as a reverse take-over of us by 1406768 Ontario. Our net assets acquired at fair value as at October 12, 2000 resulted in a deficiency of assets over liabilities in the amount of $123,170 which was charged to share capital. All of the 5,800,000 outstanding warrants expired on October 12, 2003.

On February 5, 2009, we completed a non-brokered private placement of 2,600,000 units (each a “Unit”) at a purchase price of $0.05 per Unit for gross proceeds of $130,000. Each Unit was comprised of one common share (each a “Unit Share”) and one purchase warrant (each a “Warrant”). Each Warrant is exercisable until February 5, 2014 to purchase one additional share of our common stock (each a “Warrant Share”) at a purchase price of $0.07 per share. 1407271 Ontario Inc. purchased 1,600,000 units. 1407271 Ontario Inc. is owned 100% by our former President, Ms. Sandra Hall. Ms. Hall is also the sole director and officer of 1407271.

On February 25, 2009, we completed a non-brokered private placement of 1,000,256 units (each a “Unit”) at a purchase price of $0.05 per Unit for gross proceeds of approximately $50,013. Each Unit was comprised of one common share (each a “Unit Share”) and one purchase warrant (each a “Warrant”). Each Warrant is exercisable until February 25, 2014 to purchase one additional share of our common stock (each a “Warrant Share”) at a purchase price of $0.07 per share. Sandra Hall, our former president and former director, and Milton Klyman, a director, purchased 600,000 Units and 50,000 Units, respectively.

On February 27, 2009, we purchased all of the issued and outstanding shares issued in the capital stock of 1354166 Alberta Ltd. (“1354166 Alberta”), a company incorporated on October 3, 2007 in the Province of Alberta Canada (the "Transaction") under the Business Corporations Act (Alberta). In connection therewith, we issued to the shareholders of 1354166 an aggregate of 8,910,564 units (each a "Unit") at $0.05 per unit or an aggregate of $445,528 and following the closing repaid $118,000 of shareholders’ loans in 1354166 by cash payment. . Each unit is comprised of one share of our common stock (each a "Share") and one purchase warrant (each a "Warrant"). Each Warrant is exercisable until February 27, 2014 to purchase one additional share of our common stock at a purchase price of $0.07 per share. 1354166 is a private company that has a 5.1975% working interest held in trust through a joint venture partner in a natural gas unit located in the Botha area of Alberta, Canada.

On February 27, 2009, we entered into an agreement with a non-related party, to convert debt in the amount of $62,500 through the issuance of a total of 1,250,000 units at an attributed value of $0.05 per unit (the "Debt Settlement"). Each Unit was comprised of one common share (each a “Unit Share”) and one purchase warrant (each a “Warrant”). Each Warrant is exercisable until February 27, 2014 to purchase one additional share of our common stock (each a “Warrant Share”) at a purchase price of $0.07 per share.

By Articles of Amendment dated November 12, 2009, 1406768 Ontario changed its name to Eagleford Energy Inc. By Articles of Amalgamation dated November 30, 2009 we amalgamated with Eagleford Energy Inc. and upon the amalgamation the amalgamated entity's name became Eagleford Energy Inc.

Effective June 10, 2010, we retained Gar Wood Securities, LLC (“Gar Wood”) to act as Investment Banker/Financial Advisor to the Company for a period of two years. Under the terms of the Gar Wood engagement, we agreed to pay a fee of 6% of the gross proceeds raised and issue 1,500,000 common share purchase warrants. (

On November 5, 2010 we terminated the agreement with Gar Wood dated June 10, 2010. As a result 36,430 warrants were cancelled out of the 333,333 warrants issued exercisable at $1.00 expiring December 10, 2011 and 18,215 warrants were cancelled out of the 166,667 warrants issued exercisable at $1.50 expiring June 10, 2012. On December 10, 2011 296,903 warrants exercisable at US $1.00 expired. During the year ended August 31, 2012 all of the remaining warrants expired unexercised.

During the fiscal year ended August 31, 2010, 1,100,000 of our common share purchase warrants were exercised at $0.07 expiring February 5, 2014 for proceeds of $77,000 and 1,000,000 of our common share purchase warrants were exercised at $0.07 expiring February 27, 2014 for proceeds of $70,000.

On August 31, 2010 we acquired a 10% working interest before payout and a 7.5% working interest after payout of production revenue of $15 million in the Matthews lease comprising approximately 2,629 gross acres of land in Zavala County, Texas (the “Lease Interest”). As consideration for the Lease Interest we paid on closing $212,780 (US$200,000), satisfied by US$25,000 in cash and $186,183 (US$175,000) satisfied by the issuance of a 5% secured promissory note.US$100,000 of principal together with accrued interest is due and payable on February 28, 2011 and US$75,000 of principal together with accrued interest is due and payable on August 31, 2011. The note was secured by the Lease Interest.

On August 31, 2010, we acquired 100% of the issued and outstanding membership interests of Dyami Energy LLC, a Texas limited liability corporation for consideration of $4,218,812. (US$3,965,422) satisfied by (i) the issuance of 3,418,467 units of the Company. Each unit is comprised of one common share and one-half a purchase warrant. Each full warrant is exercisable into one additional common share at US$1.00 per share on or before August 31, 2014 (the "Units') and (ii) the assumption of $1,021,344 (US$960,000) of Dyami Energy debt by way of a secured promissory note payable to Benchmark Enterprises LLC ("Benchmark"). The note bears interest at 6% per annum, is secured by Dyami's interest in the Matthews and Murphy leases and was payable on December 31, 2011 or upon the Company closing a financing or series of financings in excess of US$4,500,000. The due date of the note has been extended until November 30, 2012 with an interest rate of 10% per annum. On January 3, 2012 we issued 515,406 pre forward split common shares to shares Benchmark as full settlement of interest due at December 31, 2011 in the amount of $103,028.

Dyami Energy holds a 75% working interest before payout and a 61.50% working interest after payout of production revenue of $12.5 million in the Matthews Lease comprising approximately 2,629 gross acres of land in Zavala County, Texas and a 100% working interest in a mineral lease comprising approximately 2,637 acres of land in Zavala County, Texas (the "Murphy Lease") subject to a 10% carried interest on the drilling costs from surface to base of the Austin Chalk formation, and a 3% carried interest on the drilling costs from the top of the Eagle Ford shale formation to basement on the first well drilled into a serpentine plug and for the first well drilled into a second serpentine plug, if discovered (collectively the "Leases").

The Members of Dyami entered into lock up agreements on closing and placed 50% of the Units in escrow (1,709,234 common shares and 854,617 purchase warrants) until such time that we receive a National Instrument 51-101 compliant report from an independent engineering firm indicating at least 100,000 boe of proven reserves on either the Murphy Lease or any formation below the San Miguel on the Matthews Lease (the "Report"). In the event the Report is not received by Dyami Energy within two years of the closing date of the acquisition, the escrow units are to be returned to us for cancellation. On August 31, 2012 we cancelled the 50% of Units held in escrow as the conditions precedent had not been satisfied and the time allowed for performance expired.

In connection with the Dyami Energy acquisition, we entered into a one year employment agreement with Eric Johnson and reserved 850,000 common share purchase warrants, exercisable on an earn-out basis, for the purchase of 850,000 common shares of our stock at a price of US$1.00 per share during a period of five years from the date of issuance. On April 13, 2011 the employment agreement was terminated.

During the fiscal year ended August 31, 2010 we spent $10,046 on exploration expenditures related to the Matthews Lease.

On March 31, 2011 we entered into a Farmout Agreement (the "Farmout") from surface to the base of the San Miguel formation (the "San Miguel") on the Matthews Lease located in Zavala County, Texas. Under the Farmout, the farmee may spend up to US$1,050,000 on exploration and development of the San Miguel to earn a maximum of 42.50% working interest (31.875% net revenue interest). Under the terms of the Farmout, the farmee may earn an initial 25% of the Company's working interest in the San Miguel by paying 100% of the costs to drill, complete, equip and perform an injection operation on a test well to a depth of approximately 3,500 feet (the "Initial Test Well"). After the performance of the Initial Test Well, the farmee may increase its working interest to 50% of the Company's working interest by spending the entire $1,050,000 on additional operations on the San Miguel in a good faith effort to produce hydrocarbons. We received US$647,536 from the farmee against costs of $711,395 related to the drilling, completion and injection operation of the Matthews/Dyami #3 well. As of the date of this Annual Report we have not assigned any interest to the farmee in the San Miguel formation.

During the fiscal year ended August 31, 2011 we drilled four wells we spent $3,262,782 on exploration expenditures related to the Matthews and Murphy Leases.

During the year ended August 31, 2011, 500,000 of our common share purchase warrants were exercised at $0.07 expiring February 5, 2014 for proceeds of $35,000; 625,247 of our common share purchase warrants were exercised at $0.07 expiring February 27, 2014 for proceeds of $44,475; and 2,575,000 of our common share purchase warrants were exercised at $0.20 expiring April 14, 2011 for proceeds of $515,000.

During the year ended August 31, 2011 we received $2,878,736 and issued demand promissory notes bearing interest at 10% per annum. Interest is payable annually on the anniversary date of the notes.

During the year ended August 31, 2011 we paid $98,440 of secured notes and a $110,000 loan payable.

As of the close of business on March 16, 2012, we completed a two-for-one forward stock split, pursuant to which one (1) newly-issued share of the Company's common stock was issued to each holder of a share of common stock.

During the year ended August 31, 2012 we completed a financing of 12,575,000 units in the capital of the Company for net proceeds of $2,086,718.

During the year ended August 31, 2012, we issued 17,150,000 units as full settlement of debt and shareholders' loans in the amount of $857,500 and issued 3,278,392 common shares as full settlement of interest due on a secured note and shareholders' loans in the amount of $369,885.

During the year ended August 31, 2012, we received cash of $321,845 and US$175,000 and issued demand promissory notes bearing interest at 10% per annum.

During the twelve months ended August 31, 2012, we paid $73,380 of secured notes and US$480,000 of shareholders' loans.

For the twelve months ended August 31, 2012, we incurred $1,559,763 in exploration expenditures related to the leases in Zavala County, Texas.

During the year ended August 31, 2012, the lessors of the Matthews Lease expressed their belief that the lease had terminated and filed a petition in the District Court, Zavala County, Texas, seeking a declaration that the lease has terminated. We disagree and believe that we are in compliance with the terms of the lease. We are defending the allegation and countersuing the lessors for repudiation of the lease and seeking damages (See Item 8.A Consolidated Financial Statements and Other Financial Information – Litigation).

Subsequent to our year ended August 31, 2012, we completed a financing of 2,249,790 units in the capital of the Company for US$0.20 per unit for net proceeds of $405,650. Each unit is comprised on one common share and one-half a common share purchase warrant with each full warrant entitling the holder to acquire one common share of the Company at US$0.50 or a period of three years from the date of issue.

We intend to apply additional capital to further enhance our property interests. As part of our oil and gas development program, management of the Company anticipates further expenditures to expand its existing portfolio of proved reserves. Amounts expended on future exploration and development is dependent on the nature of future opportunities evaluated by us. These expenditures could be funded through cash held by the Company or through cash flow from operations. Any expenditure which exceeds available cash will be required to be funded by additional share capital or debt issued by us, or by other means. Our long-term profitability will depend upon our ability to successfully implement our business plan.

Our past primary source of liquidity and capital resources has been proceeds from the issuance of share capital, loans and advances and cash flow from our oil and gas operations.

Our registered office and principal place of business in Ontario is located at 1 King Street West, Suite 1505, Toronto, Ontario M5H 1A1. Our telephone number at that address is (416) 364-4039.

B. BUSINESS OVERVIEW

Directly and through our wholly owned subsidiaries 1354166 Alberta and Dyami Energy we are primarily engaged in the development, acquisition and production of oil and gas interests located in Alberta, Canada and Texas, USA.

We have a 0.5% Non Convertible Overriding Royalty ("NCOR") in a natural gas well located in Haynes, Alberta, Canada a 5.1975% working interest in a natural gas unit located in Alberta, Canada.

We also have an 85% working interest before payout (69% working interest after payout) in Matthews lease comprising 2,629 gross acres of land in Zavala County, Texas. We have entered into a farm out agreement for a portion of our working interests from the surface to the base of the San Miguel formation in the Matthews Lease. As of the date of this Annual Report, we have not assigned any working interest in the San Miguel formation (See, Item 8.A Consolidated Financial Statements and Other Financial Information - Litigation).

In addition, we hold a 100% working interest in the Murphy lease comprising approximately 2,637 acres of land in Zavala County, Texas subject to a 10% carried interest on the drilling costs from surface to base of the Austin Chalk formation, and a 3% carried interest on the drilling costs from the top of the Eagle Ford shale formation to basement on the first well drilled into a serpentine plug and for the first well drilled into a second serpentine plug, if discovered.

We have a 0.3% Net Smelter Return Royalty on 8 patented mining claims located in Red Lake, Ontario, Canada.

For the three fiscal years ending August 31, 2012, 2011 and 2010 the total revenue, net of royalties derived from the sale of our natural gas interests in Canada was as follows:

	Total
August 31, 2012	$ 39,218
August 31, 2011	$ 56,916
August 31, 2010	$ 80,864

We sell our natural gas production to integrated oil and gas companies and marketing agencies. Sales prices are generally set at market prices available in Canada or the United States.

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw make the ground unstable and municipalities and provincial transportation departments enforce road bans that may restrict the level of activity. Seasonal factors and unexpected weather patterns may lead to declines in production activity and increased consumer demand or changes in supply during certain months of the year may influence the commodity prices.

There is an existing and available market for the oil and gas produced from the properties. However, the prices obtained for production are subject to market fluctuations, which are affected by many factors, including supply and demand. Numerous factors beyond our control, which could affect pricing include:

- the level of consumer product demand;
- weather conditions;
- the foreign supply of oil and gas;
- the price of foreign imports;
- volatility in market prices for oil and natural gas;
- ability to raise financing;
- reliance on third party operators;
- ability to find or produce commercial quantities of oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- dilution of interests in oil and natural gas properties;
- general business and economic conditions;
- the ability to attract and retain skilled staff;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, among other things, financings, acquisitions of reserves, undeveloped lands and skilled personnel; and
- governmental regulation and environmental legislation (See, Item 3.D Risk Factors Relating to our Business).

We caution that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on our forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. We also caution readers not to place undue reliance on these forward-looking statements. Moreover, the forward-looking statements may not be suitable for establishing strategic priorities and objectives, future strategies or actions, financial objectives and projections other than those mentioned above.

We do not have a reliance on raw materials, as we operate in an extractive industry.

We do not have a reliance on any significant patents.

The oil and gas business is highly competitive in every phase. Many of our competitors have greater financial and technical resources, and have established multi-national operations, secured land rights and licenses, which we may not have. As a result, we may be prevented from participating in drilling and acquisition programs (See, Item 3.D Key Information - Risk Factors).

Governmental Regulation/Environmental Issues
Our oil and gas operations are subject to various United States and Canadian governmental regulations including those imposed by the Texas Railroad Commission and Alberta Energy Resources Conversation Board and Alberta Utilities Commission. Matters subject to regulation include discharge permits for drilling operations, drilling and abandonment bonds, reports concerning operations, the spacing of wells, and pooling of properties and taxation. From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of oil and gas wells below actual production capacity in order to conserve supplies of oil and gas. The production, handling, storage, transportation and disposal of oil and gas, by-products thereof, and other substances and materials produced or used in connection with oil and gas operations are also subject to regulation under federal, state, provincial and local laws and regulations relating primarily to the protection of human health and the environment. To date, expenditures related to complying with these laws, and for remediation of existing environmental contamination, have not been significant in relation to the results of operations of our company. The requirements imposed by such laws and regulations are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. These regulations may adversely affect our operations and cost of doing business. It is likely that these laws and regulations will become more stringent in the future (See, Item 3.D Key Information - Risk Factors).

C. ORGANIZATIONAL STRUCTURE

We have two wholly owned subsidiaries. 1354166 Alberta Ltd. is a company incorporated under the Business Corporations Act (*Alberta*) and Dyami Energy LLC is a Texas Limited Liability company.

D. PROPERTY, PLANTS AND EQUIPMENT

Our executive offices consist of approximately 140 square feet of office space and are rented at $1,500 per month on a month to month basis. The address of our executive offices is 1 King Street West, Suite 1505, Toronto, Ontario Canada.

Canada
We hold directly a 0.5% NCOR in a natural gas well located in Haynes, Alberta, Canada.

We hold through our wholly owned subsidiary 1354166 Alberta a 5.1975% working interest in a natural gas unit located in Botha, Alberta, Canada.

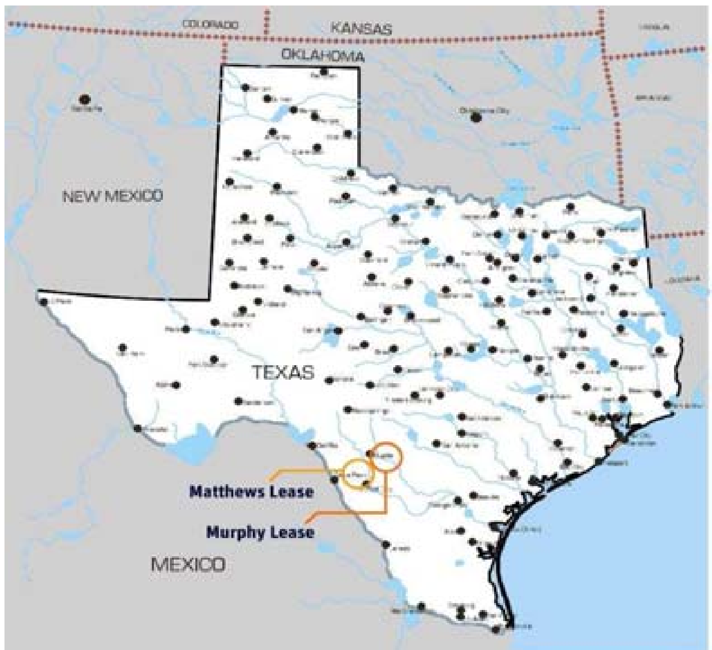
We have a 0.3% Net Smelter Return Royalty on eight patented mining claims located in Red Lake, Ontario, Canada.

United States
We hold through our wholly owned subsidiary Dyami Energy a 75% working interest before payout and a 61.5% working interest after payout of $12,500,000 of production in Matthews lease comprising approximately 2,629 gross acres of land in Zavala County, Texas. In addition, we hold directly a 10% working interest before payout and a 7.5% working interest after payout of $15,000,000 of production in Matthews lease. We entered into a farm out agreement for a portion of our working interests from the surface to the base of the San Miguel formation in the Matthews Lease. To date we have not assigned any interest in the San Miguel formation (See, Item 8.A Consolidated Financial Statements and Other Financial Information - Litigation).

We hold through our wholly owned subsidiary Dyami Energy, a 100% working interest in the Murphy lease comprising approximately 2,637 acres of land in Zavala County, Texas subject to a 10% carried interest on the drilling costs from surface to base of the Austin Chalk formation, and a 3% carried interest on the drilling costs from the top of the Eagle Ford shale formation to basement on the first well drilled into a serpentine plug and for the first well drilled into a second serpentine plug, if discovered. The Matthews and Murphy Leases are subject to royalties payable of 25%.

Our Matthews Lease is situated in Zavala County, Texas and is part of the Maverick Basin of Southwest Texas and downdip from the United States Geological Studies north boundary of the Smackover-Austin-Eagle Ford total petroleum system.

The map below indicates the location of our Matthews Lease and Murphy Lease located in Zavala County, Texas.



The table below is a glossary of terms and abbreviations that may be used in this Item.

GLOSSARY OF TERMS

Natural Gas	Mcf	1,000 cubic feet
	MMcf	1,000,000 cubic feet
	Mcf/d	1,000 cubic feet per day
Oil and Natural Gas Liquids	Bbl	Barrel
	Mbbls	1,000 barrels
	Blpd	Barrels of liquid per day
	Boe	Barrel of oil equivalent (1)
	Bpd	Barrels per day
	Boepd	Barrels of oil equivalent per day
	Bopd	Barrels of oil per day
	NGLs	Natural gas liquids

(1) Disclosure provided herein in respect of BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls	6.289
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometers	1.609
Kilometers	Miles	0.621
Acres (Alberta)	Hectares	0.405
Hectares (Alberta)	Acres	2.471

Reserve Information: The process of evaluating reserves is inherently complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economics data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs changes. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions. These factors and assumptions include among others (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates, (iii) production decline rates, (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability of production, (vii) effects of government regulation; and (viii) other government levies imposed over the life of the reserves.

As circumstances change and additional data becomes available, reserves estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required for changes in well performance, prices, economic conditions and governmental restrictions. Revisions to reserve estimates can arise from changes in year–end prices, reservoir performance and geological conditions or production. These revisions can be either positive or negative (See Item 3.D. Key Information – Risk Factors).

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

The qualitative certainty levels contained in the definitions in proved, probable and possible reserves are applicable to individual reserves entities, which refers to the lowest level at which reserves estimates are made, and to reported reserves, which refers to the highest level sum of individual entity estimates for which reserve estimates are made.

Reported total reserves estimated by deterministic or probabilistic methods, whether comprised of a single reserves entity or an aggregate estimate for multiple entities, should target the following levels of certainty under a specific set of economic conditions:

a. There is a 90% probability that at least the estimated proved reserves will be recovered.
b. There is a 50% probability that at least the sum of the estimated proved reserves plus probable reserves will be recovered.
c. There is a 10% probability that at least the sum of the estimated proved reserves plus probable reserves plus possible reserves will be recovered.

A quantitative measure of the probability associated with a reserves estimate is generated only when a probabilistic estimate is conducted. The majority of reserves estimates will be performed using deterministic methods that do not provide a quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in Section 5.5.3 of the COGE Handbook. Whether deterministic or probabilistic methods are used, evaluators are expressing their professional judgement as to what are reasonable estimates.

The crude oil and natural gas industry commonly applies a conversion factor to production and estimated proved reserve volumes of natural gas in order to determine an “all commodity equivalency” referred to as barrels of oil equivalent (“boe”). The conversion factor we have applied in this Report is the current convention used by many oil and gas companies, where six thousand cubic feet (“mcf”) is equal to one barrel (“bbl”). A boe is based on an energy equivalency conversion method primarily applicable at the burner tip. It may not represent equivalency at the wellhead and may be misleading if used in isolation.

Internal Controls for Reserves Reporting: A significant component of our internal controls in our reserve estimation effort is our practice of using an independent third-party reserve engineering firm to prepare 100% of our year-end proved and probable reserves. The qualifications of this firm are discussed below under “Independence and Qualifications of Reserve Preparer.” The Board of Directors of the Company has reviewed the reserves estimates and procedures prior to acceptance of the report. The Board of Directors has sufficient technical training and experience to review and approve the report.

Our director Mr. McNeil, chair of our petroleum and natural gas committee maintains oversight and compliance responsibility for the internal reserve estimate process and provides appropriate data to our independent third party reserve engineers to estimate our year-end reserves. Mr. McNeil is a self-employed oil and gas consultant and has been a geophysicist since 1972. Mr. McNeil is a member of the Association of Professional, Engineers, Geologists and Geophysicists of Alberta, Society of Exploration Geophysicists, Canadian Society of Exploration Geophysicists, American Association of Petroleum Geologists and the Canadian Society of Petroleum Geologists.

Independence and Qualifications of Reserve Preparer: We engaged Sproule Associates Limited ("Sproule"), third-party reserve engineers, to prepare our reserves as of the effective date August 31, 2012, 2011 and 2010 completed on October 11, 2012, October 7, 2011 and November 30, 2010 respectively, in accordance with reserves definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook (COGE), the Canadian Securities Administrators National Instrument 51-101 (NI 51-101) using Forecast Pricing Assumptions and, for the Securities and Exchange Commission, using Constant Pricing Assumptions. The technical person responsible for our reserve estimates at Sproule meets the requirements regarding qualifications, independence, objectivity and confidentiality set forth by The Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA). Sproule is an independent firm of petroleum engineers, geologists, geophysicists and petrophysicists; they do not own any interest in our properties and are not employed on a contingent fee basis.

Year-end reserves quantities for the years ended August 31, 2012, 2011 and 2010 shown in the following Constant Prices and Cost tables were calculated using the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12 month period prior to the end of the reporting period.

Appropriate adjustments have been made to account for quality and transportation, to the constant natural gas prices, and to the constant natural gas by-products prices to reflect historical prices received for each area. It should not be assumed that the discounted net present value estimated by Sproule represents the fair market value of the reserves. Where the present value is based on constant price and cost assumptions, there is no assurance that such price and cost assumptions will be attained and variances could be material.

At August 31, 2012, our developed properties include a 5.1975% working interest in a natural gas unit located in the Botha area Northwest, Alberta near the town of Manning, Canada held through our wholly owned subsidiary 1354166 Alberta. The unit is governed by a Pooling Agreement dated December 1, 1991 (covering Natural Gas in the Debolt formation) which contains a Right of First Refusal provision. Under a participation agreement dated October 15, 2003, 1354166 Alberta's working interest is held in trust by a joint interest partner.

The table below sets out in CDN dollars the constant prices and the exchange rate used at August 31, 2012, 2011 and 2010. As of August 31, 2012 all of our reserves were located in Alberta, Canada.

August 31, 2012	Natural Gas Alberta AECO-C	$2.57/MMbtu
	Exchange Rate:	0.99 $US/$ CDN
August 31, 2011	Natural Gas Alberta AECO-C	$3.77/MMbtu
	Exchange Rate:	1.01$ US/$ CDN
August 31, 2010	Natural Gas Alberta AECO-C	4.07 $/MMbtu
	Exchange Rate:	0.956 $ US/$ CDN

Proved and Probable Reserve Quantity Estimates: The following table reflects estimates of our proved and probable developed reserves as at August 31, 2012, 2011, and 2010 as reported by Sproule stated in CDN dollars. All of our gas reserves are located in Canada. The following table represents our gross and net interest in reserves (after crown royalties, freehold royalties and overriding royalties and interests owned by others). Numbers may not add due to rounding.

Summary of Oil and Gas Reserves
Constant Prices and Costs
Remaining Reserves

Reserves Category	Natural Gas (non-associated & associated) Gross (MMcf)	Net (MMcf)
August 31, 2012		
Proved Developed Producing	116	100
Probable Developed Producing	41	35
Total Proved Plus Probable	**157**	**135**
August 31, 2011		
Proved Developed Producing	153	128
Probable Developed Producing	42	34
Total Proved Plus Probable	**195**	**161**
August 31, 2010		
Proved Developed Producing	183	152
Probable Developed Producing	58	49
Total Proved Plus Probable	**241**	**200**

The following table represents the summary of our Net Revenue based on Constant Prices and costs before income taxes. Numbers may not add due to rounding.

Summary of Net Revenue
Constant Prices and Costs
(Undiscounted)

Reserves Category	Revenue (M$)	Royalties (M$)	Operating Costs (M$)	Well Abandonment and Reclamation Costs (M$)	Net Revenue (M$)
August 31, 2012					
Proved Developed Producing	263	33	224	3	3
Probable Developed Producing	92	12	79	-	2
Total Proved Plus Probable	**356**	**43**	**303**	**3**	**6**
August 31, 2011					
Proved Developed Producing	599	77	414	4	103
Probable Developed Producing	165	27	116	-	23
Total Proved Plus Probable	**764**	**104**	**530**	**4**	**126**
August 31, 2010					
Proved Developed Producing	698	102	418	5	173
Probable Developed Producing	223	32	135	-	56
Total Proved Plus Probable	**921**	**134**	**554**	**5**	**229**

The following table represents the summary of our net present value of Future Net Revenue based on Constant Prices and costs before income taxes and discounted as follows. Numbers may not add due to rounding.

Summary of Net Present Values of
Future Net Revenue
Constant Prices and Costs

	Net Present Values of Future Net Revenue Before Income Taxes Discounted at (%/Year)				
Reserves Category	0 (M$)	5 (M$)	10 (M$)	15 (M$)	20 (M$)
August 31, 2012					
Proved Developed Producing	3	4	4	3	3
Probable Developed Producing	2	2	2	1	1
Total Proved Plus Probable	**6**	**6**	**5**	**5**	**4**
August 31, 2011					
Proved Developed Producing	103	86	73	63	56
Probable Developed Producing	23	15	11	8	7
Total Proved Plus Probable	**126**	**101**	**84**	**72**	**63**
August 31, 2010					
Proved Developed Producing	173	135	110	93	81
Probable Developed Producing	56	32	20	13	9
Total Proved Plus Probable	**229**	**167**	**130**	**106**	**90**

Production Volume: The following table sets forth the net quantities of natural gas produced during the fiscal years ended August 31, 2012, 2011 and 2010.

August 31,	2012	2011	2010
Natural Gas (Mcf)	19,593	19,500	24,950

Historical Production: The following table sets out our net share of production, average sales prices, average royalties, production costs and average net back per unit of production for the fiscal years ended August 31, 2012, 2011 and 2010.

	For the Years Ended		
Historical Production	**August 31, 2012**	**August 31, 2011**	**August 31, 2010**
Natural Gas – Mcf/d	54	53	68
Natural Gas Prices- $/Mcf	$ 2.24	$ 3.68	$ 4.42
Royalty Costs - $/Mcf	0.57	0.76	0.98
Production Costs - $/Mcf	0.55	2.68	2.62
Net Back - $/Mcf	$ 1.16	$ 0.24	$ 0.62

Producing and Non Producing Wells: The following table sets out the number of gross and net producing oil and natural gas wells and the number of gross and net non-producing oil and natural gas wells that we have an interest in by location at August 31, 2012, 2011 and 2010. A gross well is a well in which we own an interest. A net well represents the fractional interest we own in gross wells.

August 31	2012		2011		2010	
	Gross	**Net**	**Gross**	**Net**	**Gross**	**Net**
Alberta, Canada						
Natural Gas Wells-Producing	3.0	.15525	3.0	.15525	3.0	.15525
Natural Gas Wells-Non Producing	6.0	.3105	6.0	.3105	6.0	.3105
Texas, USA						
Oil Wells – Non Producing	7	6.6	4.0	3.80	Nil	Nil

Acreage: The following table sets forth the developed and undeveloped acreage of the projects in which the Company holds an interest, on a gross and a net basis as of August 31, 2012, 2011 and 2010. The developed acreage is stated on the basis of spacing units designated by provincial authorities and typically on the basis of 160 acre spacing unit for oil production and 640 acre spacing unit for gas production in Alberta. Our developed acreage is located in Alberta, Canada. Our undeveloped acreage is located in Zavala County, Texas.

August 31,	2012		2011		2010	
	Gross	**Net**	**Gross**	**Net**	**Gross**	**Net**
Developed Acreage, Canada	8,320	432	8,320	432	8,320	432
Undeveloped Acreage, USA	5,266	4,793	5,266	4,793	5,266	4,872

Additional Information Concerning Abandonment and Reclamation Costs: We base our estimates for costs of abandonment and reclamation of surface leases and wells on previous experience with similar well site locations and terrain, estimates obtained from area operators and various regulatory abandonment guidelines and requirements.

We believe that our range of estimates for abandonment and reclamation costs are reasonable and applicable to our wells. Our independent qualified reserves evaluator has also estimated similar costs in deriving our estimate of future net revenue.

The following table accounts for costs for only the wells which were evaluated by Sproule and have not included other shut-in, suspended or uncompleted wells in which the Company has an interest.

Year	Proved		Proved plus Probable	
	Undiscounted	Discounted at 10%	Undiscounted	Discounted at 10%
	$M	$M	$M	$M
2031	2	1	3	1

Ultimately all wells in which the Company has an interest will require abandonment and reclamation.

The Company's abandonment and reclamation obligations result from its ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The total obligation is estimated based on the Company's net ownership interest in 7.07 net wells. The Company has estimated the net present value of these obligations to be $114,755 at August 31, 2012 based on an undiscounted total future liability of $158,974. These payments are expected to be incurred between fiscal 2022 and 2031.

Capitalized Costs related to oil and gas activities: The following table summarizes the costs incurred in our oil and gas interests for acquisition, exploration, and development activities for the three years ended August 31, 2012, 2011 and 2010.

Property, Plant and Equipment	**2012**	**2011**	**2010**
Net book value at September 1	$ 243,000	$ 314,000	$ 407,000
Depletion	(18,045)	(23,136)	(38,370)
Change in decommissioning obligation estimates	819	1,600	-
Write down of oil and gas interests	(50,774)	(49,464)	(54,630)
Total Property, Plant and Equipment	**175,000**	**243,000**	**314,000**
Exploration and Evaluation Assets			
Net book value at September 1	8,995,878	5,695,290	-
Exploration expenditures	1,559,763	3,262,782	10,046
Change in decommissioning obligation estimates	6,546	4,332	-
Foreign Exchange	(36,327)	(19,167)	-
Decommissioning obligations	41,243	52,641	-
Units cancelled	(2,091,616)	-	-
Acquisition of Dyami Energy	-	-	5,472,464
Acquisition of oil and gas interests	-	-	212,780
Total Exploration and Evaluation Assets	**8,475,487**	**8,995,878**	**5,695,290**
Total Capitalized	**$ 8,650,487**	**$ 9,238,878**	**$ 6,009,290**

For the year ended August 31, 2012 the Company capitalized interest of $289,650 to exploration and evaluation assets (August 31, 2011: $197,690, August 31, 2010: Nil).

Present Activities, Results of Exploration and Drilling: During the fiscal year ended August 31, 2012, the Company drilled three exploratory wells on its leases located in Zavala County, Texas USA. To date the Company has not completed these wells.

The following table sets forth the number of Eagleford's gross and net exploratory wells drilled in Texas, USA during the year ended August 31, 2012. A gross well is a well in which the Company owns an interest. A net well represents the fractional interest the Company owns in gross wells

August 31	**2012**		**2011**		**2010**	
Texas, USA	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Oil Wells – Non Producing	3.0	2.7	4.0	3.80	Nil	Nil

During fiscal 2012, the Company drilled the Dyami/Murphy #4 well, the Dyami/Murphy #3 and the Dyami/Matthews #2 well. The Company is reviewing frac design and completions programs from industry specialists (See Item 8.A Consolidated Financial Statements and Other Financial Information – Litigation).

Governmental Regulation/Environmental Issues: Our oil and gas operations are subject to various Canadian and US governmental regulations. Matters subject to regulation include discharge permits for drilling operations, drilling and abandonment bonds, reports concerning operations, the spacing of wells, and pooling of properties and taxation. From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of oil and gas wells below actual production capacity in order to conserve supplies of oil and gas. The production, handling, storage, transportation and disposal of oil and gas, by-products thereof, and other substances and materials produced or used in connection with oil and gas operations are also subject to regulation under federal, state, provincial and local laws and regulations relating primarily to the protection of human health and the environment. To date, expenditures related to complying with these laws, and for remediation of existing environmental contamination, have not been significant in relation to the results of operations of our company. The requirements imposed by such laws and regulations are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations (See, Item 3.D Key Information - Risk Factors).

ITEM 4A UNRESOLVED STAFF COMMENTS

Not Applicable

ITEM 5 OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with our "Selected Financial Data" under Item 3 above, our Audited Consolidated Financial Statements for the fiscal years ended August 31, 2012 and 2011 and notes thereto included under "Item 18". We adopted IFRS in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1") with a transition date of September 1, 2010. Consequently, the comparative figures for 2011 and the Company's consolidated statement of financial position as at September 1, 2010 have been restated from accounting principles generally accepted in Canada ("Canadian GAAP") to comply with IFRS. The reconciliations to IFRS from the previous Canadian GAAP consolidated financial statements are summarized in Note 18 to our Consolidated Financial Statements. Unless otherwise indicated, discussion under this Item has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and all amounts herein are presented in Canadian dollars, unless otherwise noted.

Non-IFRS Measurements – *Certain measures in this Discussion and Analysis do not have any standardized meaning as prescribed by IFRS including "Operating net back" are considered Non-IFRS measures. Therefore, these measures may not be comparable to similar measures presented by other issuers. These measures are common with the oil and gas industry and have been described and presented in this Management's Discussion and Analysis in order to provide shareholders and potential investors with additional information regarding the company's liquidity and its ability to generate funds to finance its operations. These terms are commonly used in the oil and gas industry and are therefore presented here to provide balances comparable to other oil and gas production companies.*

Certain statements made in this Item are forward-looking statements under the Reform Act. Forward- looking statements are based on current expectations that involve a numbers of risks and uncertainties, which could cause actual events or results to differ materially from those reflected herein. See, Item 3.D Key Information - Risk Factors for discussion of important factors, which could cause results to differ materially from the forward-looking statements below.

Overview
Eagleford Energy Inc. is amalgamated under the laws of the Province of Ontario. We are a reporting issuer with the United States Securities and Exchange Commission and our common shares trade on the Over-the-Counter Bulletin Board (OTCBB) under the symbol EFRDF.

Our business focus consists of acquiring, exploring and developing oil and gas interests. The recoverability of the amount shown for these properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and future profitable production or proceeds from disposition of such property. Our oil and gas interests are located in Alberta, Canada and Zavala County, Texas. We also holds a 0.3% net smelter return royalty on eight mining claims located in Red Lake Ontario which is carried on the Consolidated Statements of Financial Position at $Nil. We completed a 2-for-1 forward stock split, pursuant to which one (1) newly-issued share of the Company's common stock was issued to each holder of a share of common stock as of the close of business on March 16, 2012.

Our Audited Consolidated Financial Statements for the year ended August 31, 2012 and 2011 include the accounts of the Company, and our wholly owned subsidiaries 1354166 Alberta Ltd. and Dyami Energy LLC.

Capital Management

Our objectives when managing capital are to ensure we will have sufficient financial capacity, liquidity and flexibility to funds our operations, growth and ongoing exploration and development commitments on our oil and gas interests. We are dependent on funding these activities through debt and equity financings. Due to long lead cycles of our exploration activities, our capital requirements currently exceed our operational cash flow generated. As such we are dependent upon future financings in order to maintain its flexibility and liquidity and may from time to time be required to issue equity, issue debt, adjust capital spending or seek joint venture partners.

We manage the capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of any underlying assets in order to meet current and upcoming obligations. Current plans for the development commitments of our Texas leases include debt or equity financing or seeking and obtaining a joint venture partner.

The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of our management and favourable market conditions to sustain future development of the business.

As at August 31, 2012, August 31, 2011 and September 1, 2010 we considered its capital structure to comprise of shareholders equity and long-term debt.

Management reviews our capital management approach on an ongoing basis and believes that this approach, given the relative size of us, is reasonable.

There were no changes in our capital management during the period ended August 31, 2012.

We are not subject to any externally imposed restrictions on its capital requirements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FUTURE ACCOUNTING PRONOUNCEMENTS AND SIGNIFICANT ACCOUNTING POLICY DIFFERENCES

Our consolidated financial statements for the years ended August 31, 2012 and 2011 have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

We adopted IFRS in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards (“IFRS 1”) with a transition date of September 1, 2010. Consequently, the comparative figures for 2011 and our consolidated statement of financial position as at September 1, 2010 have been restated from accounting principles generally accepted in Canada (“Canadian GAAP”) to comply with IFRS. The reconciliations to IFRS from the previous Canadian GAAP consolidated financial statements are summarized in Note 18 to our Audited Consolidated Financial Statements (See Item 18– Financial Statements).

Going Concern

These consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. The Company plans to obtain additional financing by way of debt or the issuance of common shares or some other means to service its current working capital requirements, any additional or unforeseen obligations or to implement any future opportunities. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. These consolidated financial statements do not include any adjustments for this uncertainty.

The Company has accumulated significant losses and negative cash flows from operations in recent years which raise doubt as to the validity of the going concern assumption. At August 31, 2012, the Company had a working capital deficiency of $3,819,056 (August 31, 2011 $5,108,526 and September 1, 2010 $677,449) and an accumulated deficit of $4,946,515 (August 31, 2011 $2,137,327 and September 1, 2010 $1,706,400). The Company does not have sufficient funds to meet its liabilities for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its liabilities is dependent on its ability to secure additional financing and cash flow. During the year ended August 31, 2012 the Company extinguished $1,227,386 of debt through the issuance of share capital in the Company. In addition, the Company raised net proceeds of $2,086,718 through the issuance of share capital. Management is pursuing such additional sources of financing and cash flow to fund its operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.

BASIS OF PREPARATION

Statement of Compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Company's first annual consolidated financial statements prepared in accordance with IFRS, and the Company has elected September 1, 2010 as the date of transition to IFRS (the "Transition Date"). IFRS 1, First Time Adoption of IFRS has effected the consolidated financial statements of the Company and the changes are included in Note 18 to the consolidated financial statements.

Basis of Preparation and First-time Adoption of IFRS
The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, these are the Company's first annual consolidated financial statements prepared in accordance with IFRS, and IFRS 1 First-time adoption of International Financial Reporting Standards ("IFRS 1"). In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (the "IASB"). The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 18 discloses the impact of the transition to IFRS on the Company's reported consolidated statement of financial position, financial performance and cash flows including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended August 31, 2011 prepared under Canadian GAAP.

Principles of Consolidation
Subsidiaries are all entities (including special purpose entities) controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements include the accounts of Eagleford, the legal parent, together with its wholly-owned subsidiaries, 1354166 Alberta Ltd. an Alberta operating company ("1354166 Alberta") and Dyami Energy LLC a Texas limited liability company ("Dyami Energy"). All Intercompany balances and transactions have been eliminated on consolidation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subject to certain IFRS 1 transition elections (refer to Note 18), the accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Company and its subsidiaries.

Cash and Cash Equivalents
Cash and cash equivalents include banks balances and highly liquid temporary money market instruments with original maturities of three months or less.

Revenue Recognition
Revenues from the production of oil and gas properties in which the Company has an interest are recognized, on the basis of the Company's working interest in those properties, when the significant risks and rewards of ownership of the product is transferred to the buyer, which is usually when legal title passes to an external party.

Foreign Currencies
The functional and presentation currency of the Company is the Canadian dollar. The functional currency of the Company's wholly-owned Alberta subsidiary, 1354166 Alberta is Canadian dollars and the functional currency of the Company's wholly-owned Texas subsidiary, Dyami Energy is United States dollars.

Items included in the consolidated financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the consolidated statements of operations.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in the foreign currency translation reserve under the equity section of the consolidated statement of financial position. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are also included in the foreign currency translation reserve.

Loss per Share
The basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the dilution that would occur if outstanding stock options and share purchase warrants were exercised or converted into common shares using the treasury stock method and are calculated by dividing net loss applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued.

The inclusion of the Company's stock options and share purchase warrants in the computation of diluted loss per share would have an anti-dilutive effect on loss per share and are therefore excluded from the computation.

Marketable Securities
At each financial reporting period, the Company estimates the fair value of investments which are held-for-trading, based on quoted closing bid prices at the consolidated statements of financial position date or the closing bid price on the last day the security traded if there were no trades at the consolidated statements of financial position date and such valuations are reflected in the consolidated financial statements. The resulting values for unlisted securities whether of public or private issuers, may not be reflective of the proceeds that could be realized by the Company upon their disposition. The fair value of the securities at August 31, 2012 was $1 (August 31, 2011 and September 1, 2010 - $1).

Financial Instruments
Classification and Measurement
Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit and loss", "loans and receivables", "available-for-sale", "held-to-maturity", or "other financial liability" as defined by IAS 39, "Financial Instruments: Recognition and Measurement".

Financial assets and financial liabilities at "fair value through profit or loss" are either classified as "held for trading" or "designated at fair value through profit or loss" and are measured at fair value with changes in fair value recognized in the statement of comprehensive income. Transaction costs are expensed when incurred. The Company has classified cash and cash equivalents, marketable securities and derivative warrant liabilities as "fair value through profit and loss".

Financial instruments classified as “loans and receivables”, “held-to-maturity”, or “financial liabilities” are measured at amortized cost using the effective interest method of amortization. “Loans and receivables” are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. “Held-to-maturity” financial assets are non-derivative investments that an entity has the positive intention and ability to hold to maturity.

“Other financial liabilities measured at amortized cost” are those financial liabilities that are not designated as “fair value through profit or loss” and that are not derivatives. The Company has classified trade and other receivables as “loans and receivables” and trade and other payables, secured notes payable, loans payable, provisions and shareholders’ loans as “other financial liabilities”.

Financial assets classified as “available-for-sale” are measured at fair value, with changes in fair value recognized in other comprehensive income. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company currently has no assets classified as “available for sale”.

Derivative Financial Instruments
The Company’s derivative instruments consist of derivative liabilities in relation to its share purchase warrants. In prior years the Company had issued share purchase warrants in conjunction with offerings for the purchase of common shares of the Company. These share purchase warrants were issued with an exercise price in US dollars, rather than Canadian dollars (the presentation and functional currency of the Company). Such share purchase warrants are considered to be derivative instruments and the Company is required to re-measure the fair value of these at each reporting date. The fair value of these share purchase warrants are re-measured at each statement of financial position date using the Black Scholes model. Adjustments to the fair value of the share purchase warrants at the statement of financial position date are recorded to the statement of operations.

Property and Equipment and Exploration and Evaluation Assets

Exploration and Evaluation Assets (“E&E”)
Pre-acquisition expenditures on oil and gas assets are recognized as an expense in the consolidated statements of operations when incurred. In accordance with IFRS 6, exploration and evaluation costs are capitalized within intangible assets until the success or otherwise of the well or project has been established and subject to an impairment review. The costs of unsuccessful wells in an area are written off to statement of operations

Exploration and evaluation costs, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized either as tangible or intangible E&E assets according to the nature of the assets acquired. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

When E&E assets are determined to be technically feasible and commercially viable, the accumulated costs are transferred to property and equipment. When E&E assets are determined not to be technically feasible and commercially viable or the Company decides not to continue with its activity, the unrecoverable costs are charged to statement of operations as exploration and evaluation expense.

E&E assets are assessed for impairment in any circumstances where sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, E&E assets are allocated to cash-generating units (“CGUs”).

Development and Production Costs
Items of property and equipment, which include petroleum and natural gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into CGUs for impairment testing.

When significant parts of an item of property and equipment, including petroleum and natural gas interests, have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of property and equipment, including petroleum and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net in profit or loss.

Subsequent Costs
Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are recognized as exploration and evaluation assets only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized exploration and evaluation assets generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depletion and Depreciation
The net carrying value of development or production assets is depleted using the units-of-production method by reference to the ratio of production in the period to the related proved plus probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually for developed properties.

Proved and probable reserves are estimated using independent reserve engineer reports for developed properties only and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon:

- a reasonable assessment of the future economic benefit of such production;
- a reasonable expectation that there is a market for all or substantially all the expected oil and natural gas production; and
- evidence that the necessary production, transmission and transportation facilities are available or can be made available.

Reserves may only be considered proved and probable if they are supported by either actual production or conclusive formation tests. The area of reservoir considered proved includes: (a) that portion delineated by drilling and defined by gas-oil and/or oil-water contacts, if any, or both; and (b) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geophysical, geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of oil and natural gas controls the lower proved limit of the reservoir.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Impairment

Financial Assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. Remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

Non-financial Assets
The carrying amounts of the Company's non-financial assets, other than E&E assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. E&E assets are assessed for impairment when they are reclassified to property and equipment as petroleum and natural gas interests, and also if facts and circumstances suggest that their carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

E&E assets are allocated to related CGUs when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to producing assets (petroleum and natural gas interests in property and equipment).

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than goodwill, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

Provisions
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

Decommissioning Obligations
The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the period-end date. Subsequent to initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows and changes to discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

Borrowing Costs
Borrowing costs incurred for the construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the assets for their intended use or sale. All other borrowing costs are recognized in profit or loss using the effective interest method. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Taxes
Tax expense comprises current and deferred tax. Tax is recognized in the consolidated statements of operations except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current Income tax
Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and asset and they relate to the income taxes levied by the same authority on the same taxable entity, or on different tax entities where these entities intend to settle current tax liabilities and asset on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

Share-Based Compensation
The Company has a share-based compensation plan that grants stock options to employees and non-employees. This plan is an equity settled plan. The company uses the fair value method for accounting for stock-based awards to employees and non-employees.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

Warrants
When the Company issues units comprising common shares and warrants, the Company follows the relative fair value method of accounting for warrants attached to and issued with common shares of the Company. Under this method, the fair value of warrants issued is estimated using a Black-Scholes option price model. The fair value is then related to the total of the net proceeds received on issuance of the common shares and the fair value of the warrants issued therewith. The resultant relative fair value is allocated to warrants from the net proceeds and the balance of the net proceeds is allocated to the common shares issued.

Critical Accounting Estimates and Judgments
The timely preparation of the consolidated financial statements in accordance with IFRS requires that management make estimates and assumptions and use judgment regarding the measured amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Such estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Valuation and classification of exploration and evaluation assets
The value of exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves which in turn is dependent on future oil and natural gas prices, future capital expenditures and environmental and regulatory restrictions. The decision to transfer exploration and evaluation assets to property and equipment is based upon management's determination of an area's technical feasibility and commercial viability based on proved and/or probable reserve estimates.

Matthews Lease Litigation
The lessors of the Matthews lease expressed their belief that the lease has terminated and filed a petition in the District Court, Zavala County, Texas, seeking a declaration that the lease has terminated. The Company disagrees and believes that it is in full compliance with the terms of the lease. The Company is defending the allegation and countersuing the lessor for repudiation of the lease and seeking damages (See Item 8.A Consolidated Financial Statements and Other Financial Information – Litigation).

Stock Based Compensation
The Company measures the cost of equity-settled transactions to the relative fair value of the equity instruments at the date at which they are issued. Estimating relative fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the instrument. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, discount rates and dividend yield.

Decommissioning Liabilities
Decommissioning liabilities consist of asset retirement obligations that are based, in part, on estimates of future costs to settle the obligation, in addition to estimates of the useful life of the underlying assets, the rate of inflation and the risk-free discount rate.

Fair Value of Financial Instruments
The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Assessment of Commercial Reserves
Management is required to assess the level of the Company's commercial reserves together with the future expenditures to access those reserves, which are utilized in determining the depletion charge for the period, assessing whether any impairment charge is required against producing and developed, and the determination of the deferred tax liability. By their nature, these estimates of discovered proved and probable crude oil and natural gas reserves, including the estimates of future prices, costs, related future cash flows and the selection of a pre-tax risked discount rate relevant to the asset in question are subject to measurement uncertainty. The Company employs an independent reserves evaluator who periodically assesses the Company's level of commercial reserves by reference to data sets including geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Company's assets. Significant judgment is involved when determining whether there have been any significant changes in the Company's reserves.

Income taxes
Income taxes liability is estimated for the Company, including an assessment of temporary differences. Any temporary differences will generally result in the recognition of deferred tax assets and liabilities in the financial statements. Management`s judgment is required in the calculation of current and deferred taxes.

Provisions
Considerable judgment is used in measuring and recognizing provisions and the exposure to contingent liabilities. Judgment is necessary to determine the likelihood that a pending litigation or other claim will succeed, or a liability will arise and to quantify the possible range of the final settlement.

Significant changes in the assumptions, including those with respect to future business plan and cash flows, could materially change the recorded carrying amounts.

RECENT ACCOUNTING PRONOUNCEMENTS

All accounting standards effective for periods on or after January 1, 2011 have been adopted as part of the transition to IFRS. The following are new IFRS pronouncements that have been issued, although not yet effective and have not been early adopted, and may have an impact on the Company in the future as discussed below.

IFRS 7, "Financial Instruments": Disclosures", which requires disclosure of both gross and net information about financial instruments eligible for offset in the statement of financial position and financial instruments subject to master netting agreements. Concurrent with the amendments to IFRS 7, the IASB also amended IAS 32, "Financial Instruments: Presentation" to clarify the exiting requirements for offsetting financial instruments in the statement of financial position. The amendments to IAS 32 are effective as of January 1, 2014. The Company does not expect to have a significant impact on its consolidated financial statements.

IFRS 10, "Consolidated Financial Statements" replaces the consolidation requirements of SIC-12 Consolidation Special Purpose Entities and IAS 27 "Consolidated Separate Financial Statements". It introduces a new principle-based definition of control, applicable to all investees to determine the scope of consolidation. The standard provides the framework for consolidated financial statements and their preparation based on the principle of control. This new standard is effective for the Company's Interim and Consolidated financial statements commencing September 1, 2013. The Company does not expect to have a significant impact on its consolidated financial statements.

IFRS 11 "Joint Arrangements" which replaces IAS 31, "Interests in Joint Ventures". IFRS 11 divides joint arrangements into two types, each having its own accounting model. A "joint operation" continues to be accounted for using proportionate consolidation, whereas a "joint venture" must be accounted for using equity accounting. This differs from IAS 31, where there was the choice to use proportionate consolidation or equity accounting for joint ventures. A "joint operation" is defined as the joint operators having rights to the assets, and obligations for the liabilities, relating to the arrangement. In a "joint venture", the joint ventures partners have rights to the net assets of the arrangement, typically through their investment in a separate joint venture entity. This new standard is effective for the Company's Interim and Consolidated financial statements commencing September 1, 2013. The Company does not expect to have a significant impact on its consolidated financial statements.

IFRS 12 "Disclosure of Interests in Other Entities" is a new standard, which combines all of the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. This new standard is effective for the Company's Interim and Consolidated financial statements commencing September 1, 2013. The Company does not expect to have a significant impact on its consolidated financial statements.

IFRS 13 "Fair Value Measurement" replaces the fair value guidance contained in individual IFRS with a single source of fair value measurement guidance. The standard also requires disclosures which enable users to assess the methods and inputs used to develop fair value measurements. This new standard is effective for the Company's Interim and Consolidated financial statements commencing September 1, 2013. The Company does not expect to have a significant impact on its consolidated financial statements.

IAS 1 "Presentation of Financial Statements" was amended by the IASB in September 2011 in order to align the presentation of items in comprehensive income with US GAAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. This new standard is effective for the Company's Interim and Consolidated financial statements commencing September 1, 2013. The Company does not expect to have a significant impact on its consolidated financial statements.

IAS 27, "Separate Financial Statements". In May 2011, the IASB amended IAS 27, Separate Financial Statements ("IAS 27"). This amendment removes the requirements for consolidated statements from IAS 27, and moves it over to IFRS 10 "Consolidated Financial Statements". The amendment mandates that when a company prepares separate financial statements, investment in subsidiaries, associates, and jointly controlled entities are to be accounted for using either the cost method or in accordance with IFRS 9 "Financial Instruments". In addition, this amendment determines the treatment for recognizing dividends, the treatment of certain group reorganizations, and some disclosure requirements. This amendment is effective for the Company's interim and annual consolidated financial statements commencing September 1, 2013. The Company is assessing the impact of this amended standard on its consolidated financial statements.

IAS 28, "Investments in Associates and Joint Ventures". In May 2011, the IASB amended IAS 28, investments in Associates and Joint Ventures ("IAS 28"). This amendment requires any retained portion of an investment in an associate or joint venture that has not been classified as held for sale to be measured using the equity method until disposal. After disposal, if the retained interest continues to be an associate or joint venture, the amendment requires for it to be continued to be accounted for under the equity method. The amendment also disallows the re measurement of any retained interest in an investment upon the cessation of significant influence or joint control. This amended standard is effective for the Company's interim and annual consolidated financial statements commencing September 1, 2013. The Company is assessing the impact of this amended standard on its consolidated financial statements.

IFRS 9, "Financial Instruments". In October 2010, the IASB issued IFRS 9, Financial Instruments ("IFRS 9"). IFRS 9, which replaces IAS 39, Financial Instruments: Recognition and Measurement, establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company's interim and annual consolidated financial statements commencing September 1, 2015. The Company is assessing the impact of this new standard on its consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICY DIFFERENCES

Transition to IFRS

The Company completed its changeover to IFRS, with a transition date of September 1, 2010. On the transition date, we adjusted our account balances to IFRS and our financial reporting was changed to be in accordance with IFRS thereafter. A full description of our new accounting policies is outlined in Note 3 to our audited consolidated financial statements for the year ended August 31, 2012. Additionally, transition date information and reconciliations between IFRS and previous Canadian GAAP for comparative periods in 2011 are described in Note 18 to our audited consolidated financial statements for the year ended August 31, 2012.

The following outlines significant accounting policy differences between IFRS and previous Canadian GAAP applicable from the date of transition to IFRS on September 1, 2010.

(i) Share Purchase Warrants
Under Canadian GAAP the share purchase warrants issued with an exercise price in US dollars, rather than Canadian dollars were classified as a component of equity. Under IFRS, because the specified exercise price is denominated in United States dollars (a currency other than the functional currency of the Company), the warrants are considered derivative liabilities. The warrants are required to be fair valued at each reporting period, with changes in that fair value being recorded in profit or loss.

(ii) Borrowing Costs
Under Canadian GAAP the Company expensed all of its borrowing costs attributed to acquisitions, construction or production of assets. Under IFRS the Company is required to capitalize borrowing costs directly attributed to acquisitions, construction or production of qualifying assets as part of the cost of the asset.

(iii) Decommissioning Obligations
Under Canadian GAAP, future cash flows relating to the funding of asset retirement obligations were discounted at a credit adjusted risk free rate. Under IFRS the future cash flows are discounted using a pre-tax risk free rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Segmented Information
The Company's reportable and geographical segments are Canada and the United States. The accounting policies used for the reportable segments are the same as the Company's accounting policies.

For the purposes of monitoring segment performance and allocating resources between segments, the Company's executive officer monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments. The following tables show information regarding the Company's reportable segments.

For the year ended August 31, 2012		Canada		United States		Total
Net revenue	$	39,218		-	$	39,218
Net loss	$	(2,588,298)		(220,890)	$	(2,809,188)
For the year ended August 31, 2011		**Canada**		**United States**		**Total**
Net revenue	$	56,916		-	$	56,916
Net loss	$	(371,361)		(59,566)	$	(430,927)
As at August 31, 2012		**Canada**		**United States**		**Total**
Total Assets	$	3,983,791	$	5,014,225	$	8,998,016
Total Liabilities	$	5,478,773	$	568,890	$	6,047,663
As at August 31, 2011						
Total assets	$	5,745,321	$	3,830,655	$	9,575,976
Total liabilities	$	6,241,697	$	606,979	$	6,848,676
As at September 1, 2010						
Total assets	$	5,213,827	$	893,625	$	6,107,452
Total liabilities	$	3,361,515	$	210,669	$	3,572,184

Other Information

Additional information relating to us may be obtained or viewed from the System for Electronic Data Analysis and Retrieval at www.sedar.com and our future United States Securities and Exchange Commission filings can be viewed through the Electronic Data Gathering Analysis and Retrieval System (EDGAR) at www.sec.gov.

SHARE CAPITAL AND RESERVES

On March 16, 2012, the Company completed a 2-for-1 stock split, pursuant to which one (1) newly-issued share of the Company's common stock was issued to each holder of a share of common stock as of the close of business. The forward stock split has been applied retrospectively for all periods presented.

Authorized:

Unlimited number of common shares
Unlimited non-participating, non-dividend paying, voting redeemable preference shares

Issued:

The following table sets out the changes in common shares during the respective periods:

Common Shares	Number*		Amount
Balance September 1, 2010	59,502,051	$	3,817,184
Exercise of warrants (note a)	7,420,692		722,572
Issued as compensation (note b)	200,000		95,800
Balance August 31, 2011	67,122,743		4,635,556
Debt settlement (note c)	3,107,006		395,589
Debt settlement (note d)	6,000,000		522,856
Debt settlement (note e)	11,150,000		627,511
Private placement (note f)	2,000,000		32,459
Private placement (note g)	3,750,000		342,786
Private placement (note h)	6,825,000		702,528
Debt settlement (note i)	171,386		44,547
Cancelled (note j)	(3,418,468)		(1,397,199)
Balance August 31, 2012	**96,707,667**	**$**	**5,906,633**

* Reflects the March 16, 2012 two-for-one stock split

The following table sets out the changes in warrants during the respective periods:

Warrants	August 31, 2012 Number of Warrants*		August 31, 2012 Weighted Average Price*	August 31, 2011 Number of Warrants*		August 31, 2011 Weighted Average Price*
Outstanding, beginning of year	21,050,948	$	0.04	28,471,640	$	0.04
Warrants exercised (note a)	-		-	(7,420,692)	$	0.04
Debt settlement (note d)	6,000,000	$	0.05			
Debt settlement (note e)	11,150,000	$	0.05			
Private placement (note f)	2,000,000	$	0.05			
Balance, end of year	**40,200,948**	**$**	**0.04**	**21,050,948**	**$**	**0.04**

* Reflects the March 16, 2012 two-for-one stock split

(a) During the year ended August 31, 2011, 1,000,000 common share purchase warrants were exercised at $0.04 expiring February 5, 2014 for proceeds of $35,000. The amount allocated to warrants based on relative fair value using the Black Scholes model was $12,000; 1,200,000 common share purchase warrants were exercised at $0.04 expiring February 25, 2014 for proceeds of $42,000. The amount allocated to warrants based on relative fair value using the Black Scholes model was $14,400; 70,692 common share purchase warrants were exercised at $0.04 expiring February 27, 2014 for proceeds of $2,475. The amount allocated to warrants based on relative fair value using the Black Scholes model was $822; and 5,150,000 common share purchase warrants were exercised at $0.10 expiring April 14, 2011 for proceeds of $515,000. The amount allocated to warrants based on relative fair value using the Black Scholes model was $100,875.

(b) In April 29, 2011, the Company entered into a consulting agreement with a service provider to provide corporate marketing and public relations to the Company for a period of six months. As compensation, the Company agreed to issue 200,000 common shares and 100,000 common share purchase warrants exercisable at US $0.63 per common share expiring May 4, 2012. The amount allocated to common shares was based on the share price at the time of issuance was $95,800 and the amount allocated to derivative warrant liabilities based on fair value using the Black Scholes model was $37,054. For the year ended August 31, 2011 $88,569 was recorded as marketing and public relations expense and $44,285 was recorded as prepaid expenses. On May 4, 2012 100,000 warrants expired. The amount allocated to derivative financial instruments based on fair value using the Black Scholes model was $39,440 with a corresponding increase to contributed surplus.

(c) During the year ended August 31, 2012, the Company issued 3,107,006 common shares as full settlement of interest due on shareholders' loans in the amount of $325,903. The amount allocated to common shares based on fair value was $395,589 and $69,686 was recorded as a loss on settlement of debt in the statement of operations and comprehensive loss.

(d) On January 24, 2012, the Company converted shareholders' loans in the aggregate amount of $300,000 through the issuance of a total of 6,000,000 units in the capital of the Company at $0.05 per unit. Each unit is comprised of one (1) common share and one (1) purchase warrant exercisable until January 24, 2015 to purchase one (1) additional common share of the Company at a purchase price of $0.05 per share. The fair value of the common shares issued on the settlement date was $522,856 and the amount allocated to warrants based on relative fair value using the Black Scholes model was $507,038 and $729,894 was recorded as a loss on settlement of debt.

(e) On February 17, 2012, the Company converted debt and shareholders' loans in the aggregate amount of $557,500 through the issuance of a total of 11,150,000 units in the capital of the Company at of $0.05 per unit. Each unit is comprised of one (1) common share and one (1) purchase warrant exercisable until February 17, 2015 to purchase one (1) additional common share of the Company at a purchase price of $0.05 per share. The fair value of the common shares issued on the settlement date was $627,511 and the amount allocated to warrants based on relative fair value using the Black Scholes model was $595,310 and $665,321 was recorded as a loss on settlement of debt.

(f) On February 17, 2012, the Company completed a non-brokered private placement of a total of 2,000,000 units in the capital of the Company at a purchase price of $0.05 per unit for net proceeds of $100,000. Each unit is comprised of one (1) common share and one (1) purchase warrant exercisable until February 17, 2015 to purchase one (1) additional common share of the Company at a purchase price of $0.05 per share. The amount allocated to warrants based on relative fair value using the Black Scholes model was $67,541.

(g) On April 13, 2012, the Company completed private placements for gross proceeds of $748,425 of equity capital from arm's length private placement funding through the issuance of 3,000,000 units at a price of US$0.25 per unit. Each unit is comprised of one common share and one-half a common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Company at US$0.50 for a period of three years from the date of issuance. The amount allocated to derivative warrant liabilities for warrants based on fair value using the Black Scholes model was $282,604. In connection with the private placement, the Company paid cash commissions and other expenses of $45,030 and issued an aggregate of 240,000 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at an exercise price of US$0.25 for a period of three years from the date of issuance. The amount allocated to derivative warrant liabilities based on fair value using the Black Scholes model was $78,005 with a corresponding decrease in common shares. The Company subsequently re-priced the offering at US$0.20 and issued an additional 750,000 units on July 27, 2012. The fair value of the units based on the new offering price was determined to be $188,625. The amount allocated to contributed surplus was $132,616 and the amount allocated to derivative warrant liabilities based on fair value using the Black Scholes model was $56,009. In addition, the Company issued an additional 60,000 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at an exercise price of US$0.25 for a period of three years from the date of issuance. The amount allocated to derivative warrant liabilities based on fair value using the Black Scholes model for broker warrants was $14,109 with a corresponding decrease in contributed surplus.

(h) On July 20, 2012 and August 7, 2012 the Company completed private placements for gross proceeds of $1,365,561 of equity capital from arm's length private placement funding through the issuance of 6,825,000 units at a price of US$0.20 per unit. Each unit is comprised of one common share and one-half a common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Company at US$0.50 for a period of three years from the date of issuance. The amount allocated to derivative warrant liabilities for warrants based on fair value using the Black Scholes model was $460,907. In connection with the private placement, the Company paid cash commissions and other expenses of $82,239 and issued an aggregate of 546,000 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at an exercise price of US$0.25 for a period of three years from the date of issuance. The amount allocated to derivative warrant liabilities based on fair value using the Black Scholes model was $119,887 with a corresponding decrease in common shares.

(i) On May 8, 2012, the Company issued 171,385 common shares as full settlement of interest due on shareholders' loans in the amount of $43,983. The amount allocated to common shares based on fair value was $44,547 and $564 was recorded as a loss on settlement of debt in the statement of operations and comprehensive loss.

(j) On August 31, 2012 the Company cancelled 3,418,468 common shares and 1,709,234 common shares purchase warrants exercisable at US$0.50 until August 31, 2014. The common shares and warrants had been issued August 31, 2010 as partial consideration of the purchase price for Dyami Energy and held in escrow pending the satisfaction of certain conditions precedent to their release on August 31, 2012. The conditions precedent had not been satisfied and the time allowed for performance expired. The Company recorded a reduction in exploration and evaluation assets of $2,091,616, a reduction in common shares of $1,397,199, a reduction of derivative warrant liabilities of $675,487 and a reduction in contributed surplus of $18,930.

The following table summarizes the outstanding warrants as at August 31, 2012:

Number of Warrants*		Exercise Price*	Expiry Date	Weighted Average Remaining Life (Years)		Warrant Value ($)
2,000,000	$	0.04	February 5, 2014	1.43	$	24,000
800,512	$	0.04	February 25, 2014	1.49		9,606
18,250,436	$	0.04	February 27, 2014	1.49		219,031
6,000,000	$	0.05	January 24, 2015	2.40		507,038
11,150,000	$	0.05	February 17, 2015	2.47		595,310
2,000,000	$	0.05	February 17, 2015	2.47		67,541
40,200,948	**$**	**0.04**		**1.94**	**$**	**1,422,526**

* Reflects the March 16, 2012 two-for-one stock split

The fair value of the warrants issued during the year ended August 31, 2012, were estimated using the Black-Scholes pricing model with the following assumptions:

Black-Scholes Assumptions used	
Risk-free interest rate	1%
Expected volatility	218%
Expected life (years)	3
Dividend yield	-

The following table summarizes the outstanding warrants as at August 31, 2011:

Number of Warrants*	**Exercise Price***	**Expiry Date**	**Weighted Average Remaining Life (Years)**	**Warrant Value ($)**
2,000,000	$ 0.04	February 5, 2014	2.44	$ 24,000
800,512	$ 0.04	February 25, 2014	2.49	9,606
18,250,436	$ 0.04	February 27, 2014	2.50	219,031
21,050,948	**$ 0.04**		**2.49**	**$ 252,637**

* Reflects the March 16, 2012 two-for-one stock split

The following table summarizes the outstanding warrants as at September 1, 2010:

Number of Warrants*	**Exercise Price***	**Expiry Date**	**Weighted Average Remaining Life (Years)**	**Warrant Value ($)**
5,150,000	$ 0.10	April 14, 2011	0.62	$ 100,875
1,000,000	$ 0.04	February 5, 2014	3.43	12,000
2,000,512	$ 0.04	February 25, 2014	3.49	24,006
20,321,128	$ 0.04	February 27, 2014	3.49	243,853
28,471,640	**$ 0.04**		**2.97**	**$ 380,734**

* Reflects the March 16, 2012 two-for-one stock split

The following table summarizes the weighted average shares outstanding:

Weighted Average Shares Outstanding*	**2012**	**2011**
Weighted average shares outstanding, basic and diluted	81,769,733	63,854,456

* Reflects the March 16, 2012 two-for-one stock split

The effects of any potential dilutive instruments on loss per share are anti-dilutive and therefore have been excluded from the calculation of diluted loss per share.

Share Purchase Options
The Company has a stock option plan to provide incentives for directors, officers, employees and consultants of the Company. The maximum number of shares, which may be set aside for issuance under the stock option plan, is 20% of the issued and outstanding common shares of the Company on a rolling basis.

The following table is a summary of the status of the Company's stock options and changes during the period:

	Number of Options*	**Weighted Average Exercise Price**
Balance, September 1, 2010 and August 31, 2011	-	$ -
Granted	1,050,000	0.16
Balance, August 31, 2012	**1,050,000**	**$ 0.16**

* Reflects the March 16, 2012 two-for-one stock split

The following table is a summary of the Company's stock options outstanding and exercisable at August 31, 2012:

	Options Outstanding			Options Exercisable	
Exercise Price	**Number of Options***	**Weighted Average Exercise Price**	**Weighted Average Remaining Life (Years)**	**Number of Options**	**Weighted Average Exercise Price**
$ 0.16	1,000,000	$ 0.16	4.50	1,000,000	$ 0.16
$ 0.25	50,000	$ 0.25	4.90	50,000	$ 0.25
	1,050,000	**$ 0.16**	**4.52**	**1,050,000**	**$ 0.16**

* Reflects the March 16, 2012 two-for-one stock split

Stock Based Compensation
On March 1, 2012, the Company granted options to purchase 600,000 common shares to directors. These options are exercisable at $0.16 per share, vesting immediately and expire on February 28, 2017. The Company recorded non-cash stock based compensation expense of $95,910.

Stock Based Compensation – Non Employees
On March 1, 2012, the Company granted options to purchase 400,000 common shares to a consultant. These options are exercisable at $0.16 per share, vesting immediately and expire on February 28, 2017. The Company recorded non-cash stock based compensation expense of $63,940.

On July 24, 2012, the Company granted options to purchase 50,000 stock options to a consultant of the Company. These options are exercisable at $0.25 per share, vest immediately and expire on July 23, 2017. The Company recorded non-cash share based compensation expense of $11,122.

The fair value of the stock options granted were estimated on the date of the grant using the Black Scholes option pricing model with the following weighted average assumptions used.

	March 1, 2012	**July 24, 2012**
Weighted average fair value per option	$ 0.16	$ 0.22
Weighted average risk free interest rate	1.44%	1.12%
Forfeiture rate	0%	0%
Weighted average expected volatility	213%	233%
Expected life (years)	5	5
Dividend yield	Nil	Nil

Transactions for the respective periods are as follows:

	Amount
Balance, August 31, 2011 and September 1, 2010	$ -
Stock based compensation	170,972
Balance August 31, 2012	**$ 170,972**

Compensation Expense on Re-pricing Units
On April 13, 2012, the Company completed private placements of equity capital for gross proceeds of $748,425 from arm's length private placement funding through the issuance of 3,000,000 units at a price of US$0.25 per unit. The Company subsequently re-priced the offering at US$0.20 and issued an additional 750,000 units on July 27, 2012. The fair value of the additional units issued based on the new offering price was determined to be $188,625 and was expensed to the statement of operations.

Black-Scholes Assumptions used	
Risk-free interest rate	1.16%
Expected volatility	192%
Expected life (years)	2.9
Dividend yield	-

Contributed Surplus
Contributed surplus transactions for the respective periods are as follows:

		Amount
Balance, September 1, 2010	$	43,750
Imputed interest (see Item 7 Major Shareholders and Related Party Transactions)		5,750
Warrants cancelled (note c)		36,237
Balance, August 31, 2011		85,737
Imputed interest (see Item 7 Major Shareholders and Related Party Transactions)		2,334
Warrants expired (note b, c)		318,552
Warrants cancelled (note j)		(18,930)
Compensation expense on re-pricing of units		118,507
Balance, August 31, 2012	**$**	**506,200**

Overall Performance
Revenue, net of royalties for the year ended August 31, 2012 was down $17,698 to $39,218 compared to $56,916 for the year ended August 31, 2011. The decrease in net revenue during 2012 is primarily attributed to declines in natural gas prices received from the Company's Botha, Alberta property. Net loss for the year ended August 31, 2012 was $2,809,188 compared to a net loss of $430,927 for the year ended August 31, 2011. The increase in net loss during 2012 was primarily related to a loss on settlement of debt in the amount of $1,465,465 compared to Nil in 2011, stock based compensation expense of $170,972 compared to Nil in 2011, an unrealized loss on derivative warrant liabilities of $46,655 versus a gain of $126,410 for the year ended August 31, 2011, higher administrative costs of $705,591 compared to $502,474 in the prior period in 2011 and compensation expense on re-pricing units of $188,625 compared to Nil in 2011.

During the year ended August 31, 2012 the Company completed financings through the issuance of 12,575,000 units in the capital of the Company for net proceeds of $2,086,718.

During the year ended August 31, 2012, the Company issued 17,150,000 units as full settlement of debt and shareholders' loans in the amount of $857,500 and issued 3,278,392 common shares as full settlement of interest due on a secured note and shareholders' loans in the amount of $369,886.

During the year ended August 31, 2012, the Company received cash of $321,845 and US$175,000 and issued demand promissory notes bearing interest at 10% per annum.

For the twelve months ended August 31, 2012, the Company paid $73,380 of secured notes and re-paid US$480,000 of shareholders' loans.

For the twelve months ended August 31, 2012, the Company incurred $1,559,763 in exploration expenditures related to the leases in Zavala County, Texas.

As part of the Company's oil and gas development program, management of the Company anticipates further expenditures to expand its existing portfolio of proved reserves. Amounts expended on future exploration and development is dependent on the nature of future opportunities evaluated by the Company. Any expenditure which exceeds available cash will be required to be funded by additional share capital or debt issued by the Company, or by other means. The Company's long-term profitability will depend upon its ability to successfully implement its business plan.

The Company's past primary source of liquidity and capital resources has been proceeds from the issuance of share capital, shareholders' loans and cash flow from oil and gas operations.

Selected Financial Information

The following table reflects the summary of results for the years set out.

	For the Years Ended August 31,	
	2012	2011
Revenue, net of royalties	$ 39,218	$ 56,916
Net loss	$ (2,809,188)	$ (430,927)
Loss per share, basic and diluted	$ (0.034)	$ (0.007)
Assets	$ 8,998,016	$ 9,575,976
Long term liabilities	$ 1,881,078	$ 1,403,052

August 31, 2012 – 2011

For the year ended August 31, 2012 revenue decreased compared to revenue in the prior period as a result of lower natural gas prices received from the Company's Botha, Alberta property. Net loss for the year ended August 31, 2012 was $2,809,188 compared to a net loss of $430,927 for the year ended August 31, 2011. The increase in net loss during 2012 was primarily related to a loss on settlement of debt in the amount of $1,465,465 compared to Nil in 2011, stock based compensation expenses of $170,972 compared to Nil in 2011, an unrealized loss on derivative warrant liabilities of $46,655 versus a gain of $126,410 for the year ended August 31, 2011 and higher administrative costs of $705,591 compared to 502,474 in the prior period in 2011. For the year ended August 31, 2012 assets decreased by $577,960 to $8,998,016 compared to $9,575,976 for the same period in 2011. The decrease in assets is primarily a result of a decrease in exploration and evaluation assets of $520,391 and a decrease of $68,000 in property and equipment. The decreases in exploration and evaluation assets are attributed to the cancellation of 3,418,468 common shares and 1,709,234 common shares purchase warrants that had been issued August 31, 2010 as partial consideration of the purchase price for Dyami Energy and held in escrow pending the satisfaction of certain conditions precedent to their release on August 31, 2012. The conditions precedent had not been satisfied and the time allowed for performance expired and the Company recorded a reduction of $2,091,616 in exploration and evaluation assets. In addition, the company incurred expenditures of $1,559,763 versus $3,262,782 in 2011 on the leases in Zavala County, Texas. Long term liabilities increased in fiscal 2012 by $478,026 to $1,881,078 compared to $1,403,052 in 2011 as a result of increases in provisions and derivative warrant liabilities.

RESULTS OF OPERATIONS

Historical Production	For the Years Ended August 31		For the Three Months Ended August 31	
	2012	2011	2012	2011
Natural gas – mcf/d	54	53	54	53
Historical Prices				
Natural Gas - $/mcf	$ 2.24	$ 3.68	$ 1.92	$ 3.62
Royalties costs - $/mcf	$ 0.57	$ 0.76	$ 0.38	$ 0.41
Production costs - $/mcf	$ 0.55	$ 2.68	$ 0.54	$ 2.12
Net back - $/mcf	$ 1.16	$ 0.24	$ 1.00	$ 1.09
Operations				
Revenue, net of royalties	$ 39,218	$ 56,916	$ 5,764	$ 15,558
Net loss	$ (2,809,188)	$ (430,927)	$ (354,808)	$ (302,961)
Loss per share, basic and diluted	$ (0.034)	$ (0.007)	$ (0.005)	$ (0.005)

Production Volume

For the year ended August 31, 2012 average natural gas sales volumes remained relatively consistent at 54 mcf/d compared to 53 mcf/d for the same period in 2011. Total production volume for the year ended August31, 2012 was 19,593 mcf compared to 19,500 mcf for the same twelve month period in 2011.

For the three months ended August 31, 2012 average natural gas sales volumes remained relatively consistent at 54 mcf/d compared to 53 mcf/d for the same period in 2011. Total production volume for the three months ended August 31, 2012 was 5,008 mcf compared to 4,957 mcf for the same twelve month period in 2011.

Commodity Prices

For the year ended August 31, 2012 average natural gas prices received per mcf decreased by 39% to $2.24 compared to $3.68 for the year ended August 31, 2011.

For the three months ended August 31, 2012 average natural gas prices received per mcf decreased by 47% to $1.92 compared to $3.62 for the three months ended August 31, 2011.

The decrease in average natural gas prices received was attributed to lower commodity prices for natural gas for the three and twelve months ended August 31, 2012.

Revenue, Net of Royalties

	Year Ended August 31,		Three Months Ended August 31,	
	2012	2011	2012	2011
Natural gas sales	$ 44,408	$ 71,786	$ 9,670	$ 17,925
Royalties	(5,190)	(14,870)	(3,906)	(2,367)
Revenue, net of royalties	$ 39,218	$ 56,916	$ 5,764	$ 15,558

Natural gas sales for the year ended August 31, 2012 was down $27,298 to $44,408 compared to $71,786 for the year ended August 31, 2011.

Natural gas sales for the three months ended August 31, 2012 was down $8,255 to $9,670 compared to $17,925 for the three months ended August 31, 2011.

The decrease in sales for the twelve month and three month periods ended August 31, 2012 was attributed to lower commodity prices received for natural gas.

Royalties for the year ended August 31, 2012 were $5,190 versus $14,870 for the comparable twelve month period in 2011. The decrease in royalties for the year ended August 31, 2012 was primarily attributed to receipt of royalty credits in the current year.

Royalties for the three months ended August 31, 2012 were $3,906 versus $2,367 for the comparable three month period in 2011. The increase in royalties for the three months ended August 31, 2012 was primarily attributed to receipt of royalty credits in the prior three month period in 2011.

As a result of the above, revenue, net of royalties for the year ended August 31, 2012 decreased by 31% to $39,218 compared to $56,916 for the same twelve month period in 2011.

As a result of the above, revenue, net of royalties for the three months ended August 31, 2012 decreased by 63% to $5,764 compared to $15,558 for the same three month period in 2011.

Operating Costs
For year ended August 31, 2012 operating costs were $28,471 down $23,719 compared to operating costs of $52,190 for the year ended August 31, 2011.

For three months ended August 31, 2012 the Company recovered operating costs of $31,277 compared to operating costs of $2,524 for the three months ended August 31, 2011.

The decrease in operating costs for three months and twelve months ended August 31, 2012 was attributed to credits for gas processing charges.

Depletion and Accretion
Depletion and accretion for the year ended August 31, 2012 decreased by $3,403 to $20,509 compared to $23,912 for the year ended August 31, 2011.

Depletion and accretion for the three months ended August 31, 2012 decreased by $616 to $5,386 compared to $6,002 for the three months ended August 31, 2011

The decrease in depletion and accretion for the three months and twelve months ended August 31, 2012 was primarily attributed to lower carrying costs for the Company’s Botha, Alberta property.

General and Administrative Expenses

	For the Year August 31,		For the Three Months August 31,	
	2012	2011	2012	2011
Professional fees	$ 352,315	$ 210,633	$ 190,656	$ 55,957
Head office costs	55,500	46,499	19,500	13,499
Management fees	75,000	56,250	18,750	18,750
Transfer and registrar costs	29,172	15,380	2,116	1,626
Shareholders information	39,708	46,181	3,063	1,963
Office and general costs	16,385	16,141	2,092	4,001
Advisory fees	46,192	-	46,192	-
Directors fees	4,100	2,100	700	600
Salaries and wages	-	44,061	-	-
Reserve report fees	5,655	7,011	4,000	3,500
Consulting fees and expenses	81,564	58,218	28,733	13,373
Total	$ 705,591	$ 502,474	$ 315,802	$ 113,269

General and administrative expenses for the year ended August 31, 2012 were $203,117 higher to $705,591 compared to $502,474 for the year ended August 31, 2011. The increase in expenses during 2012 was primarily attributed to an increase in professional fees of $141,682 to $352,315 compared to $210,633 in 2011. These professional fee increases are primarily related to litigation costs incurred related to the Matthews Lease, Texas. In addition, the Company recorded an increase of $23,346 in consulting fees compared to Nil in the prior period, an increase in advisory fees of $46,192 compared to Nil in 2011, Also, during fiscal 2012 management fees increased by $18,750 transfer and registrar costs increased by $13,792. For the year ended August 31, 2011 salaries and wages were $44,061 compared to Nil in the current year.

General and administrative expenses for the three months ended August 31, 2012 were $202,533 higher to $315,802 compared to $113,269 for the year ended August 31, 2011. The increase in expenses during 2012 was primarily attributed to an increase in professional fees of $134,699 to $190,656 compared to $55,957 in 2011. These professional fee increases are primarily attributed to litigation costs incurred related to the Matthews Lease, Texas. In addition, the Company incurred an increase in advisory fees of $46,192 compared to Nil in 2011 and an increase in consulting fees of $15,360 to $28,733 compared to $13,373 in the prior three month period. During fiscal 2012, head office costs increased by $6,001 to $19,500 compared to $13,499 for the three months ended in fiscal 2011.

Marketing and Public Relations
For the year ended August 31, 2012, the Company incurred marketing and public relations costs of $46,272 compared to $88,569 in the comparable twelve month period ended August 31, 2011.

For the three months ended August 31, 2012, the Company incurred marketing and public relations costs of Nil compared to $66,428 in the comparable three month period in 2011.

Impairment Loss on Property and Equipment
For the three and twelve months ended August 31, 2012 the Company recorded an impairment loss of $50,774 on its Alberta, Canada property as a result of an evaluation prepared by an independent reserves evaluator versus an impairment loss of $48,249 for the three and twelve months ended August 31, 2011. The evaluations were based on future pre-tax cash flows of the proved and probable reserves using forecast prices and discounted by 10%.

Interest Expense
For the year ended August 31, 2012 the Company incurred interest of $88,789 versus interest costs of $68,199 for the year ended August 31, 2011.

For the three months ended August 31, 2012 the Company incurred interest of $22,931 versus interest costs of $19,605 for the three months ended August 31, 2011.

The overall increase in interest for the periods in 2012 was attributed to increases in shareholders' loans during the respective periods.

Loss (gain) on Derivative Warrant Liabilities
For the year ended August 31, 2012, the Company recorded an unrealized loss on derivative warrant liabilities of $46,655 compared to an unrealized gain of $126,410 for the year ended August 31, 2011.

For the three months ended August 31, 2012, the Company recorded an unrealized loss on derivative warrant liabilities of $46,604 compared to an unrealized loss of $13,030 for the three months ended August 31, 2011.

The Company has warrants issued with an exercise price in US dollars which is different to the functional currency of the Company (Canadian Dollars) and accordingly the warrants are treated as a derivative financial liability and the fair value movement during the period is recognized in the statement of operations.

Loss on Settlement of Debt
For the year ended August 31, 2012 the Company recorded a loss on settlement of debt in the amount of $1,465,465 compared to Nil for the same twelve month period in 2011.

For the three months ended August 31, 2012 the Company recorded a loss on settlement of debt in the amount of Nil compared to Nil for the same twelve month period in 2011.

During the year ended August 31, 2012, the Company issued 3,278,392 common shares as full settlement of interest due on a secured note and shareholders' loans in the amount of $369,886. The amount allocated to common shares based on fair value was $440,136 and $70,250 was recorded as a loss on settlement of debt. In addition, the Company converted debt and shareholders' loans of $857,500 through the issuance of 17,150,000 units in the capital of the Company. The fair value of the units issued on the settlement date was $2,252,715 and $1,395,215 was recorded as a loss on settlement of debt.

Stock Based Compensation Expense
For the year ended August 31, 2012 the Company recorded stock based compensation of $95,910 compared to Nil for the same period in 2011.

For the three months ended August 31, 2012 the Company recorded stock based compensation of Nil compared to Nil for the same period in 2011.

On March 1, 2012, the Company granted options to purchase 600,000 common shares to directors and recorded non-cash stock based compensation costs of $95,910.

Stock Based Compensation-Non Employees
For the year ended August 31, 2012 the Company recorded stock based compensation to non-employees of $75,062 compared to Nil for the same period in 2011

For the three months ended August 31, 2012 the Company recorded stock based compensation of $11,122 compared to Nil for the same period in 2011.

On March 1, 2012, the Company granted options to purchase 400,000 common shares to a consultant and recorded non-cash stock based compensation expense of $63,940 and on July 24, 2012, the Company granted options to purchase 50,000 stock options to a consultant of the Company and recorded non-cash share based compensation expense of $11,122.

Compensation Expense on Re-pricing Units
For the year ended August 31, 2012 the Company recorded compensation expense on re-pricing units of $188,625 compared to Nil in the prior year 2011.

For the three months ended August 31, 2012 the Company recorded compensation expense on re-pricing units of $188,625 compared to Nil in the same three month period in 2011.

On April 13, 2012, the Company completed private placements for gross proceeds of $748,425 through the issuance of 3,000,000 units at a price of US$0.25 per unit. The Company re-priced the offering at US$0.20 and issued an additional 750,000 units on July 27, 2012. The fair value of the 750,000 units based on the new offering price was determined to be $188,625 and was recorded on the statement of operations.

Loss (Gain) on Foreign Exchange
For the year ended August 31, 2012 the Company recorded a loss on foreign exchange of $36,283 versus a gain on foreign exchange of $161,340 for the same three month period in 2011.

For the three months ended August 31, 2012 the Company recorded a gain on foreign exchange of $156,186 compared to a loss of $35,271 for the same three month period in 2011.

These foreign exchange gains and losses are attributed to the translation of monetary assets and liabilities not denominated in the functional currency of the Company.

Gain on Disposal of Marketable Securities
For the year ended August 31, 2012 the Company recorded a gain on disposal of marketable securities of Nil compared to $8,000 for the same twelve month period in 2011.

For the three months ended August 31, 2012 the Company recorded a gain on disposal of marketable securities of Nil compared to $8,000 for the same three month period in 2011.

Net Loss
Net loss for the year ended August 31, 2012 was $2,809,188 compared to a net loss of $430,927 for the year ended August 31, 2011. The increase in net loss during 2012 was primarily related to a loss on settlement of debt in the amount of $1,465,465 compared to Nil in 2011, stock based compensation expenses of $170,972 compared to Nil in 2011 an unrealized loss on derivative warrant liabilities of $46,655 versus a gain of $126,410 for the year ended August 31, 2011 and compensation expense on re-pricing units of $188,625 compared to Nil in 2011. During fiscal 2012, general and administrative costs increased by $203,117 to $705,591 compared to $502,474 for the same period in 2011.

Net loss for the three months ended August 31, 2012 was $354,808 compared to a net loss of $280,820for the three ended August 31, 2011. The increase in net loss during 2012 was primarily related to an increase in compensation expense on re-pricing units of $188,625 compared to Nil in 2011 partially offset by unrealized gain on foreign exchange of $156,186 in 2012 versus an unrealized loss on foreign exchange of $35,271 for the year ended August 31, 2011. In addition during 2012 the Company recorded an unrealized gain on derivative warrant liabilities of $46,605 versus a loss of $13,030 during 2011. During the three month period in 2012, general and administrative costs were $202,533 higher to $315,802 compared to $113,269 for the same three month period in 2011.

Loss on Translation of Foreign Subsidiary
For the year ended August 31, 2012 the Company incurred a loss on translation of foreign subsidiary of $160 versus a loss of $109,303 for the year ended August 31, 2011.

For the three months ended August 31, 2012 the Company incurred a loss on translation of foreign subsidiary of $96,043 versus a loss of $114,091 for the same period in 2011.

These losses are related to translation differences between Dyami Energy's US dollar functional currency converted into Canadian dollars at the period end exchange rates, and the results operations converted at average rates of exchange for the period.

Comprehensive Loss
Comprehensive loss for the year ended August 31, 2012 was $2,809,348 compared to a comprehensive loss of $540,230 for the year ended August 31, 2011.

Comprehensive loss for the three months ended August 31, 2012 was $450,851 compared to a comprehensive loss of $394,911 for the three months August 31, 2011.

Loss per Share, Basic and Diluted
Basic and diluted net loss per share for the year ended August 31, 2012 was $0.034 compared to a basic and diluted net loss per share of $0.007 for the same period in 2011.

Basic and diluted net loss per share for the three months ended August 31, 2012 was $0.005 compared to basic and diluted net loss per share of $0.004 for the same period in 2011.

CAPITAL EXPENDITURES

For the year ended August 31, 2012, the Company incurred exploration expenditures of $1,559,763 on its Leases located in Zavala County, Texas ($3,262,782 August 31, 2011).

The Company expects that its capital expenditures will increase in future reporting periods as the Company incurs costs to explore and develop its oil and gas properties.

FINANCING ACTIVITIES

During the year ended August 31, 2012 the Company completed financings through the issuance of 12,575,000 units in the capital of the Company for net proceeds of $2,086,718.

During the year ended August 31, 2012, the Company issued 17,150,000 units as full settlement of debt and shareholders' loans in the amount of $857,500 and issued 3,278,392 common shares as full settlement of interest due on a secured note and shareholders' loans in the amount of $369,886.

During the year ended August 31, 2012, the Company received cash of $321,845 and US$175,000 and issued demand promissory notes bearing interest at 10% per annum.

For the twelve months ended August 31, 2012, the Company paid $73,380 of secured notes and paid US$480,000 of shareholders' loans.

SUMMARY OF QUARTERLY RESULTS

The following tables reflect the summary of quarterly results for the periods set out.

For the quarter ending		2012 August 31		2012 May 31		2012 February 29		2011 November 30
Revenue, net of royalties	$	5,764	$	13,275	$	8,377	$	11,802
Net loss for the period	$	(354,808)	$	(646,429)	$	(1,466,298)	$	(341,653)
Loss per share, basic and diluted	$	(0.005)	$	(0.008)	$	(0.040)	$	(0.010)

Fiscal 2012
Revenue, net of royalties for the four quarters fluctuated as a result of changes in production volume and commodity prices. The material changes in net income or loss during the quarters is primarily related to increases in general and administrative costs, gain or loss on foreign exchange and the fair value movement of derivative warrant liabilities during the respective periods. During the quarter ended February, 2012 the Company recorded a loss on settlement of debt of $1,448,361. During the quarter ended May 31, 2012 the Company recorded $159,850 in stock based compensation expenses. During the year ended August 31, 2012, the Company recorded compensation expense on re-pricing units of $188,625 and an impairment of property and equipment in the amount of $50,744.

For the quarter ending		2011 August		2011 May 31		2011 February 28		2010 November 30
Revenue, net of royalties	$	15,558	$	12,474	$	14,903	$	13,981
Net income (loss) for the period	$	(280,820)	$	(101,243)	$	19,146	$	(68,010)
Income (loss) per share, basic	$	(0.004)	$	(0.004)	$	0.001	$	(0.002)
Income (loss) per share, diluted	$	0.004)	$	(0.004)	$	0.000	$	(0.002)

Fiscal 2011
Revenue, net of royalties for the four quarters fluctuated as a result of changes in production volume and commodity prices. The material changes in net income or loss during fiscal 2011 quarters is primarily related to increases in general and administrative costs, marketing and public relations and the fair value movement of derivative warrant liabilities during the respective period. During the quarter ended February 28, 2011 the Company recorded a gain on foreign exchange of $150,532. For the quarter ended August 31, 2011 the Company recorded marketing and public relations costs of $88,569 and an impairment of property and equipment in the amount of $48,249.

B. LIQUIDITY AND CAPITAL RESOURCES

Cash as of August 31, 2012 was $330,003 compared to cash of $165,266 at August 31, 2011. During the year ended August 31, 2012 we raised net proceeds of $2,086,718 through the issuance of share capital and received cash of $321,845 and US$175,000 and issued demand loans bearing interest at 10% per annum.

For the year ended August 31, 2012 the primary use of funds was related to exploration expenditures incurred in the amount of $1,559,763 for the Company's leases located in Zavala County, Texas and administrative expenses. In addition, we paid $73,380 in secured notes and US$480,000 of shareholders' loans. Our working capital deficiency at August 31, 2012 is $3,819,056 compared to a working capital deficiency of $5,108,526 at August 31, 2011.

Our current assets of $347,529 as at August 31, 2012, ($337,098 as of August 31, 2011) include the following items: cash $330,003 ($165,266 as of August 31, 2011); marketable securities $1 ($1 as of August 31, 2011); trade and other receivables $17,525 ($127,546 as of August 31, 20011); and prepaid expenses and deposits of Nil ($44,285 as of August 31, 2011).

Our current liabilities of $4,166,585 as of August 31, 2012 ($5,445,624 as of August 31, 2011) include the following items: trade and other payables $1,039,959 ($1,197,695 as of August 31, 2011); shareholders' loans $2,179,778 ($2,936,236 as of August 31, 2011); secured note payable of $946,848 ($1,012,644 as of August 31, 2011); and derivative warrant liabilities of Nil ($299,049 as of August 31, 2011).

At August 31, 2012 we had outstanding the following common share purchase warrants: 21,050,948 warrants exercisable at $0.04 per share; 19,150,000 warrants exercisable at $0.05 per share; 6,996,732 warrants exercisable at US$0.50 per share; and 846,000 warrants exercisable at US$0.25. If any of these common share purchase warrants are exercised it would generate additional capital for us.

Management of ours recognizes that cash flow from operations is not sufficient to expand its oil and gas operations and reserves or meet its working capital requirements. We have liquidity risk which necessitates us to obtain debt financing, enter into joint venture arrangements, or raise equity. There is no assurance we will be able to obtain the necessary financing in a timely manner.

Our past primary source of liquidity and capital resources has been proceeds from the issuance of share capital, shareholders' loans and cash flow from oil and gas operations.

If we issued additional common shares from treasury it would cause our current shareholders dilution.

Outlook and Capital Requirements
A part of our oil and gas development program, we anticipate further expenditures to expand our existing portfolio of proved reserves. Amounts expended on future exploration and development is dependent on the nature of future opportunities evaluated by us. Any expenditure which exceeds available cash will be required to be funded by additional share capital or debt issued by us, or by other means. Our long-term profitability will depend upon our ability to successfully implement our business plan.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

We do not engage in research and development activities.

D. TREND INFORMATION

Seasonality
Our oil and gas operations is not a seasonal business, but increased consumer demand or changes in supply in certain months of the year can influence the price of produced hydrocarbons, depending on the circumstances. Production from our oil and gas properties is the primary determinant for the volume of sales during the year.

There are a number of trends that have been developing in the oil and gas industry during the past several years that appear to be shaping the near future of the business.

The first trend is the volatility of commodity prices. Natural gas is a commodity influenced by factors within North America. A tight supply demand balance for natural gas causes significant elasticity in pricing, whereas higher than average storage levels tend to depress natural gas pricing. Drilling activity, weather, fuel switching and demand for electrical generation are all factors that affect the supply-demand balance. Recently, liquefied natural gas shipments to North America have also resulted in natural gas supply and natural gas pricing being based more on factors other than supply and demand in North America. Changes to any of these or other factors create price volatility.

Crude oil is influenced by the world economy, Organization of the Petroleum Exporting Countries' ("OPEC") ability to adjust supply to world demand and weather. Political events also trigger large fluctuations in price levels. The current global financial crisis has reduced liquidity in financial markets thereby restricting access to financing and has caused significant volatility to commodity prices. Petroleum prices are expected to remain volatile for at least the near term as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing global credit and liquidity concerns.

The impact on the oil and gas industry from commodity price volatility is significant. During periods of high prices, producers generate sufficient cash flows to conduct active exploration programs without external capital. Increased commodity prices frequently translate into very busy periods for service suppliers triggering premium costs for their services. Purchasing land and properties similarly increase in price during these periods. During low commodity price periods, acquisition costs drop, as do internally generated funds to spend on exploration and development activities. With decreased demand, the prices charged by the various service suppliers also decline.

World oil and gas prices are quoted in United States dollars and the price received by Canadian producers is therefore effected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. Material increases in the value of the Canadian dollar may negatively impact production revenues from Canadian producers. Such increases may also negatively impact the future value of such entities' reserves as determined by independent evaluators. In recent years, the Canadian dollar has increased materially in value against the United States dollar although the Canadian dollar has recently decreased from such levels.

A second trend within the Canadian oil and gas industry is the "renewal" of private and small junior oil and gas companies starting up business. These companies often have experienced management teams from previous industry organizations that have disappeared as a part of the ongoing industry consolidation. Many are able to raise capital and recruit well qualified personnel. To the extent that this trend continues, we will have to compete with these companies and others to attract qualified personnel.

A third trend currently affecting the oil and gas industry is the impact on capital markets caused by investor uncertainty in the global economy. Market events and conditions in recent years including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions have caused significant volatility to commodity prices. These conditions caused a loss of confidence in the global credit and financial markets. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors have negatively impacted company valuations and may impact the performance of the global economy going forward. The recovery from the recession has been slow in various jurisdictions including in Europe and the United States and has been impacted by various ongoing factors including sovereign debt levels and high levels of unemployment which continue to impact commodity prices and result in high volatility in the stock market.

E. OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes of financial condition, revenues, or expenses, results of operations, liquidity, capital expenditures or capital resources, which individually or in the aggregate are material to our investors.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table illustrates our contractual obligations as at August 31, 2012.

August 31, 2012	**Payments Due by Period**				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	$ 1,039,959	$ 1,039,959	-	-	-
Secured note payable (1)	946,848	946,848	-	-	-
Shareholders loans (1)	2,179,778	2,179,778	-	-	-
Total	$ 4,166,585	$ 4,166,585	-	-	-

(1) Translated at current exchange rate.

Secured Notes Payable

At August 31, 2011 the Company had a secured promissory note payable to Source Re Work Program, Inc. ("Source") in the amount of US$75,000 (September 1, 2010 US$175,000). On September 1, 2011 the Company paid the balance due on the secured promissory note of US$75,000 together with accrued interest to August 31, 2011 of US$6,250 (September 1, 2010 Nil).

At August 31, 2012, the Company had a US$960,000, 6% per annum secured promissory note payable to Benchmark Enterprises LLC (August 31, 2011 and September 1, 2010 US$960,000). The note was payable on December 31, 2011 or upon the Company closing a financing or series of financings in excess of US$4,500,000. The due date of the note was extended until February 28, 2013 with an interest rate of 10% per annum. For the year ended August 31, 2012 the Company recorded interest of $83,947. At August 31, 2012 included in trade and other payables is interest of $63,296 (August 31, 2011 $92,219 and September 1, 2010 $26,862). During the year ended August 31, 2012 the Company issued 1,030,812 common shares as full settlement of interest due in the amount of $103,021. The note is secured by Dyami Energy's interest in the Matthews and Murphy Leases, Zavala County, Texas (the "Leases"). The carrying value of Dyami Energy's interest in the Leases at August 31, 2012 was $4,645,534. The Company may, in its sole discretion, prepay any portion of the principal amount.

Provisions

	Decommissioning Provisions (Note a)	Other Provisions (Note b)	Total Provisions
Balance, September 1, 2010	$ 6,555	$ 66,813	$ 73,368
Accretion expense	859		859
Additions	52,641		52,641
Change in estimate	4,633		4,633
Foreign exchange		(5,669)	(5,669)
Balance, August 31, 2011	64,688	61,144	125,832
Accretion expense	2,464		2,464
Additions	41,243	64,866	106,109
Change in estimate	7,365		7,365
Foreign exchange	(1,005)	(93)	(1,098)
Balance, August 31, 2012	**$ 114,755**	**$ 125,917**	**$ 240,672**

a) Decommissioning Obligations

The Company's decommissioning obligations result from its ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities, and the estimated timing of the costs to be incurred in future years. The Company has estimated the net present value of decommissioning obligations to be $114,755 at August 31, 2012 (August 31, 2011 $64,688 and September 1, 2010 $6,555) based on an undiscounted total future liability of $158,974 (August 31, 2011 $102,974 and September 1, 2010 $12,474). These payments are expected to be incurred between fiscal 2022 and 2031. The discount factor, being the risk free rate related to the liability is 2.37% (August 31, 2011 3.10% and September 1, 2010 3.33%).

b) Other Provisions

During the year ended August 31, 2010 a vendor of Dyami Energy filed a claim in the District Court of Harris County, Texas seeking payment of US$62,800. Dyami Energy is disputing the claim on the basis of excessive charges. The full amount of the provision has been recorded and any legal costs will be expensed as incurred. The outcome of this claim is uncertain at this time.

During the year ended August 31, 2012 a vendor of Dyami Energy filed a claim in the District Court of Harris County, Texas seeking payment of US$64,866. Dyami Energy is disputing the amount charged due to faulty equipment. The full amount of the provision has been recorded and any legal costs will be expensed as incurred. The outcome of this claim is uncertain at this time.

The above amounts have been classified as long term, however not discounted as the impact to the consolidated financial statement is immaterial.

Derivative Warrant Liabilities
The Company has warrants issued with an exercise price in US dollars which are different from the functional currency of the Company (Canadian Dollars) and accordingly the warrants are treated as a financial liability and the fair value movement during the period is recognized in the profit or loss.

The following tables sets out the changes in derivative warrant liabilities during the respective periods.

	Number of Warrants*		Fair Value Assigned		Average Exercise Price US $
September 1, 2010	4,418,468	$	1,701,861	$	0.56
Warrants cancelled	(109,290)		(37,024)		0.57
Warrants issued	100,000		37,842		0.63
Change in fair value estimates	-		(126,410)		-
As at August 31, 2011	4,409,178		1,576,269	$	0.52
Warrants expired	(990,712)		(318,552)		0.58
Warrants issued	5,287,500		799,520		0.50
Broker warrants issued	846,000		212,001		0.25
Warrants cancelled	(1,709,234)		(675,487)		0.50
Change in fair value estimates	-		46,655		-
As at August 31, 2012	**7,842,732**	**$**	**1,640,406**	**$**	**0.47**

* Reflects the March 16, 2012 two-for-one stock split

On August 31, 2010, the Company issued 3,418,468 common share purchase warrants exercisable at US$0.50 per common share until August 31, 2014. On August 31, 2012 1,709,234 common share purchase warrants were cancelled and the fair value measured using the Black Scholes valuation model was $675,487.

On June 10, 2010, the Company issued 666,666 common share purchase warrants exercisable at US$0.50 per common share until December 10, 2011. On November 20, 2010 the Company cancelled 72,860 warrants and fair value measured using the Black Scholes valuation model of $23,791 was recorded as an increase to contributed surplus. On December 10, 2011 the remaining 593,808 warrants expired and the fair value measured using the Black Scholes valuation model of $179,113 was recorded as an increase to contributed surplus.

On June 10, 2010, the Company issued 333,334 common share purchase warrants exercisable at US$0.75 per common share until June 10, 2012. On November 20, 2010 the Company cancelled 36,430 warrants and the fair value measured using the Black Scholes valuation model of $12,446 was recorded as an increase to contributed surplus. On June 10, 2012 the remaining 296,904 warrants expired and the fair value measured using the Black Scholes valuation model of $99,999 was recorded as an increase to contributed surplus.

On April 29, 2011, the Company issued 100,000 common share purchase warrants exercisable at US $0.75 per common share expiring May 4, 2012 and fair value measured using black scholes valuation model at $37,055. On May 4, 2012, 100,000 expired and the fair value measured using the Black Scholes valuation model of $39,440 was recorded as an increase to contributed surplus.

On April 13, 2012 and July 27, 2012 the Company issued 1,875,000 common share purchase warrants exercisable at US$0.50 and 300,000 common share purchase broker warrants exercisable at US$0.25 expiring April 13, 2015. The fair value measured using the Black Scholes valuation model was $338,813 and $92,114, respectively.

On July 20, 2012 the Company issued 912,500 common share purchase warrants exercisable at US$0.50 and 146,000 common share purchase broker warrants exercisable at US$0.25 expiring July 20, 2015. The fair value measured using the Black Scholes valuation model was $124,288 and $33,454, respectively.

On August 7, 2012 the Company issued 2,500,000 common share purchase warrants exercisable at US$0.50 and 400,000 common share purchase broker warrants exercisable at US$0.25 expiring August 7, 2015. The fair value measured using the Black Scholes valuation model was $336,419 and $86,433, respectively (August 31, 2012 $332,429 and $85,557).

The following tables sets out the number of derivative warrant liabilities outstanding at August 31, 2012:

Number of Warrants*	Exercise Price US ($)		Expiry Date	Weighted Average Life Remaining (Years)	Fair Value CDN ($)	
1,709,232	$	0.50	August 31, 2014	2.00		643,766
1,875,000	$	0.50	April 13, 2015	2.62		333,975
300,000	$	0.25	April 13, 2015	2.62		90,852
912,500	$	0.50	July 20, 2015	2.88		121,203
146,000	$	0.25	July 20, 2015	2.88		32,624
2,500,000	$	0.50	August 7, 2015	2.93		332,428
400,000	$	0.25	August 7, 2015	2.93		85,558
7,842,732				**2.20**	**$**	**1,640,406**

* Reflects the March 16, 2012 two-for-one stock split

The fair value of the warrants issued during the year ended August 31, 2012, were estimated using the Black-Scholes pricing model with the following assumptions:

Black-Scholes Assumptions used	
Risk-free interest rate	1%-1.3%
Expected volatility	192%-199%
Expected life (years)	3
Dividend yield	-

The following tables sets out the number of derivative warrant liabilities outstanding at August 31, 2011:

Number of Warrants*	Exercise Price US ($)		Expiry Date	Weighted Average Life Remaining (Years)	Fair Value CDN ($)	
593,806	$	0.50	December 10, 2011	0.28	$	179,113
296,906	$	0.75	June 10, 2012	0.78		82,094
3,418,466	$	0.50	August 31, 2014	3.00		1,277,220
100,000	$	0.75	April 29, 2012	0.66		37,842
4,409,178				**2.43**	**$**	**1,576,269**

* Reflects the March 16, 2012 two-for-one stock split

The fair value of the warrants issued during the year ended August 31, 2011, were estimated using the Black-Scholes pricing model with the following assumptions:

Black-Scholes Assumptions used	
Risk-free interest rate	1.7%
Expected volatility	254%
Expected life (years)	1
Dividend yield	-

The following tables sets out the number of derivative warrant liabilities outstanding at September 1, 2010:

Number of Warrants*	Exercise Price US ($)		Expiry Date	Weighted Average Life Remaining (Years)	Fair Value CDN ($)	
666,668	$	0.50	December 10, 2011	1.28	$	217,690
333,334	$	0.75	June 10, 2012	1.78		113,875
3,418,466	$	0.50	August 31, 2014	4.00		1,370,296
4,418,468				**3.42**	**$**	**1,701,861**

* Reflects the March 16, 2012 two-for-one stock split

The fair value of the warrants issued during the year ended September 1, 2010, were estimated using the Black-Scholes pricing model with the following assumptions:

Black-Scholes Assumptions used	
Risk-free interest rate	3%
Expected volatility	234%
Expected life (years)	4
Dividend yield	-

G. SAFE HARBOR

Certain statements in Sections 5.E and 5.F of this Annual Report may constitute "forward looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plans", "expects", "estimates", "budgets", "intends", "anticipates", "believes", "projects", "indicates", "targets", "objective", "could", "may", or other similar words. The forward-looking statements are subject to known and unknown risks and uncertainties and other factors that may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Readers should not place undue reliance on any forward-looking statement and should recognize that the statements are predictions of future results, which may not occur as anticipated.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth the names of all of our directors and executive officers as of the date of the filing of this Annual Report, with each position and office held by them in our Company, and the period of their service as a director or as an officer.

Name	Age	Position with the Company	Date First Elected as Director
James Cassina	56	President, Chief Executive Officer, Chief Financial Officer and Director	February 9, 2010
Milton Klyman	87	Director	November 15, 1996
Colin McNeil	66	Director	June 18, 2010
Alan D. Gaines	57	Director	January 25, 2012

All of our directors serve until our next Annual General Meeting or until a successor is duly elected, unless the office is vacated in accordance with our Articles or Bylaws. Subject to the terms of their employment agreements, if any, executive officers are appointed by the Board of Directors to serve until the earlier of their resignation or removal, with or without cause by the directors. James Cassina, our sole executive officer, devotes approximately 40% of his work time to his duties as an officer and director.

There are no family relationships between any of our directors or executive officers. There are no arrangements or understandings between any two or more directors or executive officers.

Mr. Cassina has been an officer since June 18, 2010 a director of ours since February 9, 2010. Mr. Cassina is an officer of Dyami Energy LLC our Texas subsidiary. As Chairman of Assure Energy, Inc. (“Assure”) (OTCBB: ASUR), an oil and gas exploration and production company, Mr. Cassina led Assure’s merger in September 2005 with Geocan Energy Inc. (TSX: GCA) (“Geocan”), an oil and gas company which then grew to daily production of over 3,700 barrels of oil or gas equivalents. Mr. Cassina thereafter served as a Director of Geocan and later Chairperson of its Board appointed Special Advisory Committee formed to seek strategic alternatives to enhance shareholder value. Subsequently Geocan merged with Arsenal Energy Inc. in October 2008. Mr. Cassina served in various senior capacities, including President, and Director from 1999 to 2002 and then Chairman until March 2007 of EnerNorth Industries Inc. (AMEX: ENY), an international enterprise engaged in engineering and offshore fabrication, oil and gas exploration and production, and in India, independent power project development.

Mr. Milton Klyman has been a director of ours since November 15, 1996. Mr. Klyman was also our Treasurer from December 31, 2003 to December 28, 2007. From February 27, 2009 to present, Mr. Klyman has been a director of 1354166 Alberta Ltd., our Alberta subsidiary. Mr. Klyman is a self-employed financial consultant and has been a Chartered Accountant since 1952. Mr. Klyman is a Life Member of the Canadian Institute of Chartered Accountants. Mr. Klyman serves as a director on the board of Western Troy Capital Resources Inc Mr. Klyman served as a director of the EnerNorth from April 2001 until March 21, 2007.

On March 20, 2007 EnerNorth filed an Assignment in Bankruptcy under the Bankruptcy and Insolvency Act (Canada).

Mr. Colin McNeil, has been a director of ours since June 18, 2010. Mr. McNeil is a self-employed oil and gas consultant and has been a geophysicist since 1972. Mr. McNeil has managed exploration programs and structured technical assessments for companies in the Middle East, Africa, Asia, Central and South America, the Arctic, and Canada.Mr. McNeil is a member of the Association of Professional, Engineers, Geologists and Geophysicists of Alberta, Society of Exploration Geophysicists, Canadian Society of Exploration Geophysicists, American Association of Petroleum Geologists and the Canadian Society of Petroleum Geologists.

Mr. Alan D. Gaines, B.B.A, M.B.A was appointed to the Board of Directors of Eagleford Energy On January 25, 2012. Mr. Gaines has approximately 30 years experience as an energy investment and merchant banker, and has participated in raising significant debt and equity during his career. The notable experience of Mr. Gaines extends to operations as well. Mr. Gaines founded and served as CEO of Dune Energy from inception in May 2001 through May 2007. In May 2007, Dune Energy completed the acquisition of Goldking Energy Corporation for $327 million, raising total proceeds of $540 million in senior notes and convertible preferred stock, as well as refinancing existing indebtedness in conjunction with the acquisition. Concurrent with the closing of the Goldking transaction, new operating management, including a new CEO, was hired by Dune Energy to oversee day to day operations. Mr. Gaines retained his title of Chairman of the Board.

B. COMPENSATION

Executive Compensation

The following table presents a summary of all annual and long-term compensation paid or accrued by us including our subsidiaries, for services rendered to us by our executive officers and directors in any capacity for the year ended August 31, 2012.

Summary Compensation Table (CDN$)

Name and Principal Position	Year	Salary(1) ($)	Option Based Awards(2) ($)	All Other Compensation(3) ($)	Total Compensation ($)
James Cassina, Chief Executive Officer, President and Director (4)	2012	$ 75,000	$ 31,970	$ 1,100	$ 76,100
Milton Klyman, Director	2012	0	$ 31,970	$ 1,000	$ 1,000
Colin McNeil, Director	2012	0	$ 31,970	$ 1,000	$ 1,000
Alan D. Gaines, Director	2012	0	0	$ 300	$ 300

(1) Management fees.
(2) These amounts represent the value of stock options granted. The fair value of the option grated is estimated on the date of grant using the Black Scholes option pricing model taking into account the following assumptions: (i) risk free interest rate (%); (ii) expected life (years); (iii) expected volatility (%). This is consistent with the accounting values used in the Company’s consolidated financial statements. The dollar amount in the column represents the total value ascribed to the stock options.
(3) Accrued on account of directors fees at a rate of $100 per meeting.

Outstanding Option-Based Awards

The following table sets forth the outstanding option-based awards for the Company held by executive officers and directors at August 31, 2012.

	Option-based Awards (CDN$)					
Name	**Number of Securities underlying unexercised options (#) (1)**	**Option exercise price**		**Option expiration date**	**Value of in-the-money options (2) (3)**	
James Cassina, Chief Executive Officer, President and Director	200,000	$	0.16	February 28, 2017	$	37,479
Milton Klyman, Director	200,000	$	0.16	February 28, 2017	$	37,479
Colin McNeil, Director	200,000	$	0.16	February 28, 2017	$	37,479

(1) On March 1, 2012, the Company granted options to purchase 600,000 common shares to directors. These options are exercisable at $0.16 per share, vest immediately and expire on February 28, 2017.

(2) Calculated using the closing price of the Company's common shares of the OTCBB on August 31, 2012 of US$0.35 and subtracting the exercise price of in-the-money stock options.

(3) Converted to Canadian dollars using the Bank of Canada noon exchange rate on August 31, 2012.

Compensation Discussion and Analysis

Objective of the Compensation Program

The objectives of the Company's compensation program are to attract, hold and inspire performance of its named executive officers ("NEOs") of a quality and nature that will enhance the sustainable profitability and growth of the Company. The Company views it as an important objective of the Company's compensation program to ensure staff retention.

The Compensation Review Process

To determine compensation payable, the compensation committee of the Company (the "**Compensation Committee**") determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the NEOs of the Company while taking into account the financial and other resources of the Company.

The Company's Compensation Committee is comprised of Milton Klyman (Chair) and Colin McNeil. The Compensation Committee is comprised entirely of independent directors. Compensation is determined in the context of our strategic plan, our growth, shareholder returns and other achievements and considered in the context of position descriptions, goals and the performance of each NEO. With respect to directors' compensation, the Compensation Committee reviews the level and form of compensation received by the directors, members of each committee, the board chair and the chair of each board committee, considering the duties and responsibilities of each director, his or her past service and continuing duties in service to us. The compensation of directors, the CEO and executive officers of competitors are considered, to the extent publicly available, in determining compensation and the Compensation Committee has the power to engage a compensation consultant or advisor to assist in determining appropriate compensation.

Elements of Executive Compensation

The Company's NEO compensation program is based on the objectives of: (a) recruiting and retaining the executives critical to the success of the Company; (b) providing fair and competitive compensation; (c) balancing the interests of management and shareholders of the Company; and (d) rewarding performance, on the basis of both individual and corporate performance.

For the financial year ended August 31, 2012, the Company's NEO compensation program consisted of the following elements:

(a) a management fee (the "**Short-Term Incentive**").

(b) a long-term equity compensation consisting of stock options granted under the Company's stock incentive plan (**"Long-Term Incentive"**).

The specific rationale and design of each of these elements are outlined in detail below.

Short-Term Incentive

Salaries form an essential element of the Company's compensation mix as they are the first base measure to compare and remain competitive relative to peer groups. Base salaries are fixed and therefore not subject to uncertainty and are used as the base to determine other elements of compensation and benefits. The base salary provides an immediate cash incentive for the Named Executive Officers. The Compensation Committee and the Board review salaries at least annually.

Base salary/management fees of the Named Executive Officers is set by the Compensation Committee on the basis of the applicable officer’s responsibilities, experience and past performance. In determining the base salary to be paid to a particular Named Executive Officer, the Compensation Committee considers the particular responsibilities related to the position, the experience level of the officer, and his or her past performance at the Company and the current financial position of the Company.

Long-Term Incentive

The granting of stock options is a variable component of compensation intended to reward the Company's Named Executive Officers for their success in achieving sustained, long-term profitability and increases in stock value. Stock options ensure that the Named Executive Officers are motivated to achieve long-term growth of the Company and continuing increases in shareholder value. In terms of relative emphasis, the Company places more importance on stock options.

The Company provides long-term incentive compensation through its stock option plan. The Compensation Committee recommends the granting of stock options from time to time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Company, its current stage of development, the need to retain or attract particular key personnel, the number of stock options already outstanding and overall market conditions. The Compensation Committee views the granting of stock options as a means of promoting the success of the Company and higher returns to its shareholders. The Board grants stock options after reviewing recommendations made by the Compensation Committee.

Stock Option Plan

The Company’s Amended Stock Option Plan (the "Plan") was adopted by the board of directors on January 20, 2012 and approved by a majority of our shareholders voting at the Annual and Special Meeting held on February 24, 2012. The Plan was adopted in order that we may be able to provide incentives for directors, officers, employees, consultants and other persons (an "Eligible Individual") to participate in our growth and development by providing us with the opportunity through share options to acquire an ownership interest in us. Directors and officers currently are not remunerated for their services except as stated in "Executive Compensation" above.

The maximum number of common shares which may be set aside for issue under the Plan is an amount not to exceed 20% of the total shares issued and outstanding of the Company as of the date of each Option grant provided that the board has the right, from time to time, to increase such number subject to the approval of our shareholders and any relevant stock exchange or other regulatory authority. Any common shares subject to an option, which are not exercised, will be available for subsequent grant under the Plan. The option price of any common shares is to be determined by the Board in its sole discretion..

Options granted under the Plan may be exercised during a period no exceeding five years, subject to earlier termination upon the optionee ceasing to be an Eligible Individual, or, in accordance with the terms of the grant of the option. The options are non-transferable and non-assignable except between an Eligible Individual and a related corporation controlled by such Eligible Individual upon the consent of the board of directors. The Plan contains provisions for adjustment in the number of shares issuable there under in the event of subdivision, consolidation, reclassification, reorganization or change in the number of common shares, a merger or other relevant change in the Company's capitalization. The board of directors may from time to time amend or revise the terms of the Plan or may terminate the Plan at any time. The Company does not have any other long-term incentive plans, including any supplemental executive retirement plans.

Overview of How the Compensation Program Fits with Compensation Goals

The compensation package is designed to meet the goal of attracting, holding and motivating key talent in a highly competitive oil and gas exploration environment through salary and providing an opportunity to participate in the Company's growth through stock options. Through the grant of stock options, if the price of the Company shares increases over time, both the Named Executive Officer and shareholders will benefit.

Incentive Plan Awards
At August 31, 2012 the Company has outstanding 600,000 stock options exercisable at $0.16 until February 28, 2017 to Named Executive Officers and directors.

Pension Plan Benefits
The Company does not currently provide pension plan benefits to its Named Executive Officers.

Termination and Change of Control Benefits
The Company does not currently have executive employment agreements in place with any of its Named Executive Officers.

The Company has no compensatory plan, contract or arrangement where a named executive officer or director is entitled to receive compensation in the event of resignation, retirement, termination, change of control or a change in responsibilities following a change in control.

Director Compensation
Each director of the Company is entitled to receive the sum of $100 for each meeting of the directors, meeting of a committee of the directors or meeting of the shareholders attended. During the fiscal year ended August 31, 2012 no amount was paid by the Company with respect to such fees.

Retirement Policy for Directors
The Company does not have a retirement policy for its directors.

Directors' and Officers' Liability Insurance
The Company does not maintain directors' and officers' liability insurance.

C. BOARD PRACTICES

Board of Directors
The mandate of our board of directors, prescribed by the Business Corporations Act (Ontario), is to manage or supervise the management of our business and affairs and to act with a view to our best interests. In doing so, the board oversees the management of our affairs directly and through its committees.

The term of Mr. Klyman as a director began on August 10, 2000. Mr. Cassina was appointed as a director on February 9, 2010, Mr. McNeil who was appointed on June 18, 2010 and Mr. Gaines was appointed as a director on January 25, 2012. Our directors serve until our next Annual General Meeting or until a successor is duly elected, unless the office is vacated in accordance with our Articles or Bylaws. Our sole executive officer was appointed by our Board of Directors to serve until the earlier of his resignation or removal, with or without cause by the directors. There was no compensation paid by us to our directors during the fiscal year ended August 31, 2012 for their services in their capacity as directors or any compensation paid to committee members.

As of the date of this Annual Report our board of directors consists of four directors, three of which are "independent directors" in that they are "independent from management and free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the directors ability to act with a view to our best interests, other than interests and relationships arising from shareholding". The independent directors are Milton Klyman, Colin McNeil and Mr. Gaines. It is our practice to attempt to maintain a diversity of professional and personal experience among our directors.

The independent directors of the Company do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. The Company holds meetings as required, at which the opinions of the independent directors are sought and duly acted upon for all material matters relating to the Company.

Directorships
The following directors of ours are directors of other Canadian or United States reporting issuers as follows:

Milton Klyman	Western Troy Capital Resources Inc.

Board and Committee Meetings
The board of directors has met at least once annually or otherwise as circumstances warrant to review our business operations, corporate governance and financial results. The table below reflects the attendance of each director of ours at each Board and committee meeting of the Board during the fiscal year ended August 31, 2012.

Name	Board of Directors Meetings	Audit Committee Meetings	Compensation Committee Meetings	Petroleum and Natural Gas Committee Meetings	Disclosure Committee Meetings
Milton Klyman	5	4	Nil	1	Nil
James Cassina	5	4	Nil	1	Nil
Colin McNeil	5	4	Nil	1	Nil
Alan D. Gaines	3	Nil	Nil	Nil	Nil

Board Mandate
The Board assumes responsibility for stewardship of the Company, including overseeing all of the operation of the business, supervising management and setting milestones for the Company. The Board reviews the statements of responsibilities for the Company including, but not limited to, the code of ethics and expectations for business conduct.

The Board approves all significant decisions that affect the Company and its subsidiaries and sets specific milestones towards which management directs their efforts.

The Board ensures, at least annually, that there are long-term goals and a strategic planning process in place for the Company and participates with management directly or through its committees in developing and approving the mission of the business of the Company and the strategic plan by which it proposes to achieve its goals, which strategic plan takes into account, among other things, the opportunities and risks of the Company's business. The strategic planning process is carried out at each Board meeting where there are regularly reviewed specific milestones for the Company.

The strategic planning process incorporates identifying the main risks to the Company's objectives and ensuring that mitigation plans are in place to manage and minimize these risks. The Board also takes responsibility for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent practicable. The Board appoints senior management.

The Company adheres to regulatory requirements with respect to the timeliness and content of its disclosure. The Board approves all of the Company's major communications, including annual and quarterly reports and press releases. The Chief Executive Officer authorizes the issuance of news releases. The Chief Executive Officer is generally the only individual authorized to communicate with analysts, the news media and investors about information concerning the Company.

The Board and the audit committee of the Company (the **"Audit Committee"**) examines the effectiveness of the Company's internal control processes and information systems.

The Board as a whole, given its small size, is involved in developing the Company's approach to corporate governance. The number of scheduled board meetings varies with circumstances. In addition, special meetings are called as necessary. The Chief Executive Officer establishes the agenda at each Board meeting and submits a draft to each director for their review and recommendation for items for inclusion on the agenda. Each director has the ability to raise subjects that are not on the agenda at any board meeting. Meeting agendas and other materials to be reviewed and/or discussed for action by the Board are distributed to directors in time for review prior to each meeting. Board members have full and free access to senior management and employees of the Company.

Position Descriptions
The Board has not developed written position descriptions for the Chairman of the Board or the Chief Executive Officer. The Board is currently of the view that the respective corporate governance roles of the Board and management, as represented by the Chief Executive Officer, are clear and that the limits to management's responsibility and authority are well-defined.

Each of the Audit Committee, Compensation Committee, Disclosure Committee and a Petroleum and Natural Gas Committee has a chair and a mandate.

Orientation and Continuing Education
We have developed an orientation program for new directors including a director’s manual ("Director’s Manual") which contains information regarding the roles and responsibilities of the board, each board committee, the board chair, the chair of each board committee and our president. The Director’s Manual contains information regarding its organizational structure, governance policies including the Board Mandate and each Board committee charter, and our code of business conduct and ethics. The Director’s Manual is updated as our business, governance documents and policies change. We update and inform the board regarding corporate developments and changes in legal, regulatory and industry requirements affecting us.

Ethical Business Conduct
We have adopted a written code of business conduct and ethics (the "**Code**") for our directors, officers and employees. The board encourages following the Code by making it widely available. It is distributed to directors in the Director’s Manual and to officers, employees and consultants at the commencement of their employment or consultancy. The Code reminds those engaged in service to us that they are required to report perceived or actual violations of the law, violations of our policies, dangers to health, safety and the environment, risks to our property, and accounting or auditing irregularities to the chair of the Audit Committee who is an independent director of ours. In addition, to requiring directors, officers and employees to abide by the Code, we encourage consultants, service providers and all parties who engage in business with us to contact the chair of the Audit Committee regarding any perceived and all actual breaches by our directors, officers and employees of the Code. The chair of our Audit Committee is responsible for investigating complaints, presenting complaints to the applicable board committee or the board as a whole, and developing a plan for promptly and fairly resolving complaints. Upon conclusion of the investigation and resolution of a complaint, the chair of our Audit Committee will advise the complainant of the corrective action measures that have been taken or advise the complainant that the complaint has not been substantiated. The Code prohibits retaliation by us, our directors and management, against complainants who raise concerns in good faith and requires us to maintain the confidentiality of complainants to the greatest extent practical. Complainants may also submit their concerns anonymously in writing. In addition to the Code, we have an Audit Committee Charter and a Policy of Procedures for Disclosure Concerning Financial/Accounting Irregularities.

Since the beginning of our most recently completed financial year, no material change reports have been filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code. The board encourages and promotes a culture of ethical business conduct by appointing directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors are required to abide by the Code and expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere. The board is required by the Board Mandate to satisfy our CEO and other executive officers are acting with integrity and fostering a culture of integrity throughout the Company. The board is responsible for reviewing departures from the Code, reviewing and either providing or denying waivers from the Code, and disclosing any waivers that are granted in accordance with applicable law. In addition, the board is responsible for responding to potential conflict of interest situations, particularly with respect to considering existing or proposed transactions and agreements in respect of which directors or executive officers advise they have a material interest. The Board Mandate requires that directors and executive officers disclose any interest and the extent, no matter how small, of their interest in any transaction or agreement with us, and that directors excuse themselves from both board deliberations and voting in respect of transactions in which they have an interest. By taking these steps the board strives to ensure that directors exercise independent judgment, unclouded by the relationships of the directors and executive officers to each other and us, in considering transactions and agreements in respect of which directors and executive officers have an interest.

Nomination of Directors
The Board has not appointed a nominating committee and does not believe that such a committee is warranted at the present time. The entire Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and officers. The Board generally looks for the nominee to have direct experience in the oil and gas business and significant public company experience. The nominee must not have a significant conflicting public company association.

Compensation
The Board determines director and executive officer compensation by recommendation of the Compensation Committee. The Company's Compensation Committee reviews the amounts and effectiveness of compensation. Each of the members of the Compensation Committee are independent. The Board reviews the adequacy and form of compensation and compares it to other companies of similar size and stage of development. There is no minimum share ownership requirement of directors.

The Compensation Committee convenes at least once annually to review director and officer compensation and status of stock options. The Compensation Committee also responds to requests from management and the Board to review recommendations of management for new senior employees and their compensation. The Compensation Committee has the power to approve and/or amend these recommendations.

The Company has felt no need to retain any compensation consultants or advisors at any time since the beginning of the Company's most recently completed financial year.

Committees of the Board
Our board of directors discharges its responsibilities directly and through committees of the board of directors, currently consisting of the Audit Committee, a compensation committee (the "**Compensation Committee**"), a disclosure committee (the "**Disclosure Committee**") and a petroleum and natural gas committee (the "**Petroleum and Natural Gas Committee**").

Each of the Audit Committee, Disclosure Committee and the Petroleum and Natural Gas Committee consists of a majority of independent directors, while the Compensation Committee consists of independent directors. Each Committee has a specific mandate and responsibilities, as reflected in the charters for each committee.

Audit Committee
The mandate of the Audit Committee is formalized in a written charter. The members of the Audit Committee are James Cassina, Milton Klyman (Chair) and Colin McNeil. Based on his professional certification and experience, the board has determined that Milton Klyman is an Audit Committee Financial Expert and that James Cassina and Colin McNeil are financially literate. The Audit Committee's primary duties and responsibilities are to serve as an independent and objective party to monitor our financial reporting process and control systems, review and appraise the audit activities of our independent auditors, financial and senior management, and the lines of communication among the independent auditors, financial and senior management, and the board of directors for financial reporting and control matters including investigating fraud, illegal acts or conflicts of interest.

Compensation Committee
The mandate of the Compensation Committee is formalized in a written charter. The members of the Compensation Committee are Colin McNeil and Milton Klyman (Chair). The Compensation Committee is comprised entirely of independent directors. Compensation is determined in the context of our strategic plan, our growth, shareholder returns and other achievements and considered in the context of position descriptions, goals and the performance of each individual director and officer. With respect to directors’ compensation, the Compensation Committee reviews the level and form of compensation received by the directors, members of each committee, the board chair and the chair of each board committee, considering the duties and responsibilities of each director, his or her past service and continuing duties in service to us. The compensation of directors, the CEO, CFO and executive officers of competitors are considered, to the extent publicly available, in determining compensation and the Compensation Committee has the power to engage a compensation consultant or advisor to assist in determining appropriate compensation.

Disclosure Committee
The mandate of the Disclosure Committee is formalized in a written charter. The members of the Disclosure Committee are Milton Klyman, Colin McNeil and James Cassina (Chair). The Committee's duties and responsibilities include, but are not limited to, review and revise our controls and other procedures ("Disclosure and Controls Procedures") to ensure that (i) information required by us to be disclosed to the applicable regulatory authorities and other written information that we will disclose to the public is reported accurately and on a timely basis, and (ii) such information is accumulated and communicated to management, as appropriate to allow timely decisions regarding required disclosure; assist in documenting and monitoring the integrity and evaluating the effectiveness of the Disclosure and Control Procedures; the identification and disclosure of material information about us, the accuracy completeness and timeliness of our financial reports and all communications with the investing public are timely, factual and accurate and are conducted in accordance with applicable legal and regulatory requirements.

Petroleum and Natural Gas Committee
The members of the Petroleum and Natural Gas Committee are Milton Klyman, James Cassina and Colin McNeil (Chair). The Petroleum and Natural Gas Committee has the responsibility of meeting with the independent engineering firms commissioned to conduct the reserves evaluation on our oil and natural gas assets and to discuss the results of such evaluation with each of the independent engineers and management. Specifically, the Petroleum and Natural Gas Committee's responsibilities include, but are not limited to, a review of management's recommendations for the appointment of independent engineers, review of the independent engineering reports and considering the principal assumptions upon which such reports are based, appraisal of the expertise of the independent engineering firms retained to evaluate our reserves, review of the scope and methodology of the independent engineers' evaluations, reviewing any problems experienced by the independent engineers in preparing the reserve evaluation, including any restrictions imposed by management or significant issues on which there was a disagreement with management and a review of reserve additions and revisions which occur from one report to the next.

Assessments
The board assesses, on an annual basis, the contributions of the board as a whole, the Audit Committee and each of the individual directors, in order to determine whether each is functioning effectively. The board monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the board and committees. The Audit Committee will annually review the Audit Committee Charter and recommend, if any, revisions to the board as necessary.

Audit Committee
The mandate of the Audit Committee is formalized in a written charter. The members of the audit committee of the board are James Cassina, Milton Klyman (Chairman) and Colin McNeil. Based on his professional certification and experience, the board has determined that Milton Klyman is an Audit Committee Financial Expert and that Colin McNeil and James Cassina are financially literate. The audit committee's primary duties and responsibilities are to serve as an independent and objective party to monitor our financial reporting process and control systems, review and appraise the audit activities of our independent auditors, financial and senior management, and the lines of communication among the independent auditors, financial and senior management, and the board of directors for financial reporting and control matters including investigating fraud, illegal acts or conflicts of interest.

Relevant Education and Experience of Audit Committee Members
Milton Klyman is the Chairman of the Audit Committee. He is a self-employed financial consultant and has been a Chartered Accountant since 1952. Milton Klyman is a Life Member of the Institute of Chartered Accountants of Ontario, a Life member of the Canadian Institute of Mining Metallurgy and Petroleum and a Fellow of the Institute of Chartered Secretaries and Administrators.

James Cassina is a consultant in business development, mergers and acquisitions and corporate finance. James Cassina has served as a director and held various executive positions with public companies.

Colin McNeil is an independent consulting geophysicist and has managed exploration programs and structured technical assessments for companies in the Middle East, Africa, Asia, Central and South America, the Arctic, and Canada Colin McNeil has served as a director and held various positions with public and private companies.

Audit Committee Charter

- Our Audit Committee Charter (the "Charter") has been adopted by our board of directors. The Audit Committee of the board (the "Committee") will review and reassess this charter annually and recommend any proposed changes to the board for approval. The Audit Committee's primary duties and responsibilities are to:

- Oversee (i) the integrity of our financial statements; (ii) our compliance with legal and regulatory requirements; and (iii) the independent auditors' qualifications and independence.

- Serve as an independent and objective party to monitor our financial reporting processes and internal control systems.

- Review and appraise the audit activities of our independent auditors and the internal auditing functions.

- Provide open lines of communication among the independent auditors, financial and senior management, and the board for financial reporting and control matters.

Role and Independence: Organization

The Committee assists the board on fulfilling its responsibility for oversight of the quality and integrity of our accounting, auditing, internal control and financial reporting practices. It may also have such other duties as may from time to time be assigned to it by the board.

The Audit Committee is to be comprised of at least three directors. The majority of the Committee members must be independent from management and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

All members shall, to the satisfaction of the board, be financially literate (i.e. will have the ability to read and understand a balance sheet, an income statement, a cash flow statement and the notes attached thereto), and at least one member shall have accounting or related financial management expertise to qualify as "financially sophisticated". A person will qualify as "financially sophisticated" if an individual who possesses the following attributes:

- an understanding of financial statements and generally accepted accounting principles;

- an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by our financial statements, or experience actively supervising one or more persons engaged in such activities;

- an understanding of internal controls and procedures for financial reporting; and

- an understanding of audit committee functions.

Colin McNeil and Milton Klyman are "independent" as defined by the Securities and Exchange Commission, and the Board has determined that Milton Klyman is an "audit committee financial expert" as defined in Item 401(h) of Regulation S-K promulgated by the Securities and Exchange Commission.

The Committee members will be elected annually at the first meeting of the Board following the annual meeting of shareholders. Each member of the Committee serves during the pleasure of the Board and, in any event, only so long as he or she is a director.

One member of the Committee shall be appointed as chair. The chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings and making regular reports to the Board. The chair will also maintain regular liaison with the CEO, CFO, and the lead independent audit partner.

Responsibilities and Powers
Although the Committee may wish to consider other duties from time to time, the general recurring activities of the Committee in carrying out its oversight role are described below.

- Annual review and revision of the Charter as necessary with the approval of the board.

- Review and obtain from the independent auditors a formal written statement delineating all relationships between the auditor and us, consistent with Independence Standards Board Standard 1.

- Recommending to the board the independent auditors to be retained (or nominated for shareholder approval) to audit our financial statements. Such auditors are ultimately accountable to the board and the Committee, as representatives of the shareholders.

- Evaluating, together with the board and management, the performance of the independent auditors and, where appropriate, replacing such auditors.

- Obtaining annually from the independent auditors a formal written statement describing all relationships between the auditors and us. The Committee shall actively engage in a dialogue with the independent auditors with respect to any relationship that may impact the objectivity and the independence of the auditors and shall take, or recommend that the board take, appropriate actions to oversee and satisfy itself as to the auditors' independence.

- Ensuring that the independent auditors are prohibited from providing the following non-audit services and determining which other non-audit services the independent auditors are prohibited from providing:

  - Bookkeeping or other services related to our accounting records or consolidated financial statements;

  - Financial information systems design and implementation;

  - Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;

  - Actuarial services;

  - Internal audit outsourcing services;

  - Management functions or human resources;

  - Broker or dealer, investment advisor or investment banking services;

  - Legal services and expert services unrelated to the audit; and

  - Any other services which the Public Company Accounting Oversight Board determines to be impermissible.

- Approving any permissible non-audit engagements of the independent auditors.

- Meeting with our auditors and management to review the scope of the proposed audit for the current year, and the audit procedures to be used, and to approve audit fees.

- Reviewing the audited consolidated financial statements and discussing them with management and the independent auditors. Consideration of the quality our accounting principles as applied in its financial reporting. Based on such review, the Committee shall make its recommendation to the Board as to the inclusion of our audited consolidated financial statement in our Annual Report to Shareholders.

- Discussing with management and the independent auditors the quality and adequacy of and compliance with our internal controls.

- Establishing procedures: (i) for receiving, handling and retaining of complaints received by us regarding accounting, internal controls, or auditing matters, and (ii) for employees to submit confidential anonymous concerns regarding questionable accounting or auditing matters.

- Review and discuss all related party transactions involving us.

- Engaging independent counsel and other advisors if the Committee determines that such advisors are necessary to assist the Committee in carrying out its duties.

- Publicly disclose the receipt of warning about any violations of corporate governance rules.

Authority
The Committee will have the authority to retain special legal, accounting or other experts for advice, consultation or special investigation. The Committee may request any officer or employee of ours, our outside legal counsel, or the independent auditor to attend a meeting of the Committee, or to meet with any member of, or consultants to, the Committee. The Committee will have full access to our books, records and facilities.

Meetings
The Committee shall meet at least yearly, or more frequently as the Committee considers necessary. Opportunities should be afforded periodically to the external auditor and to senior management to meet separately with the independent members of the Committee. Meetings may be with representatives of the independent auditors, and appropriate members of management, all either individually or collectively as may be required by the Chairman of the Committee.

The independent auditors will have direct access to the Committee at their own initiative.

The Chairman of the Committee will report periodically the Committee's findings and recommendations to the board of directors.

D. EMPLOYEES

As of August 31, 2012 and the date of the filing of this Annual Report we did not have any employees other than our sole executive officer.

E. SHARE OWNERSHIP

Our common shares are owned by Canadian residents, United States residents and residents of other countries. The only class of our securities, which is outstanding as of the date of the filing of this Annual Report, is common stock. All holders of our common stock have the same voting rights with respect to their ownership of our common stock.

The following table sets forth as of November 30, 2012, certain information with respect to the amount and nature of beneficial ownership of the common stock held by (i) each person known to our management to be the beneficial owner of more than 5% of our outstanding shares of common stock; (ii) each person who is a director or an executive officer of ours; and (iii) all directors and executive officers of ours, as a group. Shares of our common stock subject to options, warrants, or convertible securities currently exercisable or convertible or exercisable or convertible within 60 days of the date of filing of this Annual Report are deemed outstanding for computing the share ownership and percentage of the person holding such options, warrants, or convertible securities but are not deemed outstanding for computing the percentage of any other person.

Name and Owner	Identity	Amount and Nature of Beneficial Ownership of Common Stock [1]	Note	Percentage
Alan D. Gaines	Director	8,000,000	(2)	7.77%
Milton Klyman	Director	400,000	(3)	0.40%
Colin McNeil	Director	200,000	(4)	0.20%
James Cassina	Officer/Director and Principal Shareholder	24,537,704	(5)	22.90%
Core Energy Enterprise Inc. [6]	Principal Shareholder	8,146,704	(7)	7.91%
Gerald Hickson	Principal Shareholder	8,500,000	(8)	8.38%
All officers and directors as a group (4 persons)		33,137,704	(2) (3) (4) (5)	28.64%

(1) Unless otherwise indicated, the persons named have sole ownership, voting and investment power with respect to their stock, subject to applicable laws relative to rights of spouses. Percentage ownership is based on 98,957,457 shares of common stock outstanding as of the date of filing of this Annual Report.

(2) Includes 4,000,000 outstanding shares and 4,000,000 shares underlying 4,000,000 presently exercisable warrants.

(3) Includes 100,000 outstanding shares, 100,000 shares underlying 100,000 presently exercisable warrants and 200,000 shares underlying 200,000 presently exercisable stock options.

(4) Includes 200,000 shares underlying 200,000 presently exercisable stock options.

(5) Includes 4,073,208 outstanding shares and 4,073,208 shares underlying 4,073,208 presently exercisable warrants owned by Core Energy Enterprises Inc. Also includes 8,199,450 outstanding shares and 7,991,838 shares underlying 7,991,838 presently exercisable warrants and 200,000 shares underlying 200,000 presently exercisable stock options owned directly by James Cassina.

(6) James Cassina has voting and investment power with respect to the shares owned by Core Energy Enterprises Inc.

(7) Includes 4,073,208 outstanding shares underlying 4,073,208 shares underlying presently exercisable warrants.

(8) Includes 6,000,000 outstanding shares and 2,500,000 presently exercisable warrants.

As of the date of the filing of this Annual Report, to the knowledge of our management, there are no arrangements which, could at a subsequent date result in a change in control of us. As of such date, and except as disclosed herein, our management has no knowledge that we are owned or controlled directly or indirectly by another company or any foreign government.

ITEM 7 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

There are 98,957,457 issued and outstanding shares of our common stock as of November 30, 2012. As of November 30, 2012, to the best of our knowledge, no persons hold directly or indirectly or exercise control or direction over, shares of our common stock carrying 5% or more of the voting rights attached to all issued and outstanding shares of the common stock except as stated under Item 6.E above or set out in the table below. The shares of our common stock, owned by our major shareholders have identical voting rights as those owned by our other shareholders.

Name	Amount and Nature of Beneficial Ownership of Common Stock	Note	Percentage
Alan D. Gaines	8,000,000	(1)	7.77%
James Cassina	24,537,704	(2)	22.90%
Core Energy Enterprise Inc. (3)	8,146,704	(4)	7.91%
Gerald Hickson	8,500,000	(5)	8.38%

(1) Includes 4,000,000 outstanding shares and 4,000,000 shares underlying 4,000,000 presently exercisable warrants.

(2) Includes 4,073,208 outstanding shares and 4,073,208 shares underlying 4,073,208 presently exercisable warrants owned by Core Energy Enterprises Inc. Also includes 8,199,450 outstanding shares and 7,991,838 shares underlying 7,991,838 presently exercisable warrants and 200,000 shares underlying 200,000 presently exercisable stock options owned directly by James Cassina.

(3) James Cassina has voting and investment power with respect to the shares owned by Core Energy Enterprises Inc.

(4) Includes 4,073,208 outstanding shares underlying 4,073,208 shares underlying presently exercisable warrants.

(5) Includes 6,000,000 outstanding shares and 2,500,000 presently exercisable warrants.

The following table discloses the geographic distribution of the majority of the holders of record of our common stock as of date of November 30, 2012.

Country	Number of Shareholders	Number of Shares	Percentage of Shareholders	Percentage of Shares
Canada	1,073	33,611,604	94.12%	33.97%
USA	48	34,728,638	4.21%	35.09%
All Other	19	30,617,215	1.67%	30.94%
Total	1,140	98,957,457	100%	100%

We are not directly or indirectly owned or controlled by another corporation, by any foreign government or by any other natural or legal person. There are no arrangements known to us, the operation of which may at a subsequent date result in a change in the control of us.

B. RELATED PARTY TRANSACTIONS

The following transactions with individuals related to the Company arose in the normal course of business have been accounted for at the exchange amount being the amount agreed to by the related parties, which approximates the arm's length equivalent value.

Compensation of Key Management Personnel
The remuneration of directors and other members of key management personnel during the years ended were as follows:

	August 31, 2012	August 31, 2011
Short term employee benefits (1)	$ 75,000	$ 56,250
Directors stock based compensation (3)	95,910	-
	$ 170,910	$ 56,250

The following balances owing to the President of the Company are included in trade and other payables and are unsecured, non-interest bearing and due on demand:

	August 31, 2012	August 31, 2011	September 1, 2010 (2)
Short term employee benefits (1)	$ 131,250	$ 56,250	$ 18,000
Expenses paid on behalf of the Company	1,896	-	-
	$ 133,146	$ 56,250	$ 18,000

(1) Commencing December 1, 2010 the Company accrues management fees for the President of the Company at a rate of $6,250 per month.
(2) Management fees to the former President of the Company.
(3) On March 1, 2012, the Company granted 600,000 share purchase options to directors with an exercise price of $0.16 per share expiring on February 28, 2017.

At August 31, 2012 the amount of directors' fees included in trade and other payables was $12,900 (August 31, 2011 $8,800 and September 1, 2010 $6,700).

At August 31, 2012 the Company had promissory notes payable to the President of $28,845 and US$300,000 (August 31, 2011 US$300,000). For the year ended August 31, 2012 the Company recorded interest of $32,538 At August 31, 2012, included in trade and other payables is interest of $28,687 (August 31, 2011 $26,135). During the year ended August 31, 2012 the Company issued 207,612 common shares to the President as full settlement of interest due in the amount of $30,195. The notes are due on demand and bear interest at 10% per annum. Interest is payable annually on the anniversary date of the notes.

On September 1, 2011 the Company paid to Source Re Work Program, Inc. ("Source") the secured promissory note in full in the amount of US$75,000 together with accrued interest of US$6,250. Eric Johnson was the President of Source, is a shareholder of the Company and was the Vice President of Operations for Dyami Energy until April 13, 2011.

At August 31, 2012 the Company has a US$960,000, 10% per annum secured promissory note payable to Benchmark Enterprises LLC ("Benchmark"). Benchmark is a shareholder of the Company. For the year ended August 31, 2012 the Company recorded interest of $83,947. At August 31, 2012 included in trade and other payables is interest of $63,296 (August 31, 2011 $92,219). During the year ended August 31, 2012 the Company issued 1,030,812 common shares as full settlement of interest due in the amount of $103,021.

At August 31, 2012 included in trade and other payables is $14,649 due to Gottbetter & Partners LLP for legal fees (August 31, 2011 $68,918). On February 17, 2012 the Company converted $50,000 of debt into 1,000,000 pre forward split units of the Company at $0.05 per unit. During the year ended August 31, 2012 the Company completed private placements of 10,575,000 units in the capital of the Company for gross proceeds of $2,113,986 and paid to Gottbetter Capital Markets, LLC, placement agent fees of $99,326 and issued 846,000 common share purchase warrants exercisable at US$0.25 for a period of three years from the date of issue. Gottbetter Capital Group, Inc. is a shareholder of the Company. Adam Gottbetter is the managing and principal partner of Gottbetter & Partners LLP, and the beneficial owner of Gottbetter Capital Group, Inc., and Gottbetter Capital Markets, LLC.

At August 31, 2012 the Company had an unsecured, non-interest bearing and repayable on demand shareholder loan in the amount of Nil (August 3, 2011 and September 1, 2010 $57,500). For the year ended August 31, 2012 interest was imputed at a rate of 10% per annum and interest of $2,334 was recorded and included in contributed surplus (August 31, 2011 $5,750). On January 24, 2012 the Company converted $50,000 of the loan into 1,000,000 units and on February 17, 2012 the Company converted the balance of the loan, $7,500 into 150,000 units in the capital of the Company at $0.05per unit.

During the year ended August 31, 2012, the Company received US$175,000 and $293,000 and issued promissory notes to five shareholders. During the year ended August 31, 2012 the Company paid US$480,000 in promissory notes. At August 31, 2012, the Company had shareholders' loans payable of US $1,583,740 and $293,000 (August 31, 2011 US$2,490,000 and CDN$149,000). The notes are payable on demand and bear interest at 10% per annum. Interest is payable annually on the anniversary date of the notes. For the year ended August 31, 2012 the Company recorded interest of $254,117. At August 31, 2012, included in trade and other payables is interest of $190,484 (August 31, 2011 $171,640). During the year ended August 31, 2012 the Company issued 2,039,969 common shares as full settlement of interest due on shareholder notes in the amount of $236,669.

On January 24, 2012 the Company converted $250,000 of shareholders' loans into 5,000,000 units in the capital of the Company at $0.05 per unit and on February 17, 2012 the Company converted $500,000 into 10,000,000 units in the capital of the Company at $0.05 per unit.

Inter-Company Balances
As at August 31, 2012, the inter-company balance due from our wholly owned subsidiary 1354166 Alberta was $88,000. As at August 31, 2012, the inter-company balance due from our wholly owned subsidiary Dyami Energy was $5,225,602. As of November 30, 2012, the inter-company balance due from 1354166 Alberta is $88,000 and the inter-company balance due from Dyami Energy is $5,271,634.

C. INTERESTS OF EXPERTS AND COUNSEL

Not Applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

ITEM 8 FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

The Company's Audited Consolidated Financial Statements for the fiscal years ended August 31, 2012 and 2011 and the notes thereto required as part of this Annual Report are filed under Item 18 of this Annual Report.

Litigation
Except as discussed below there are no pending legal proceedings to which we or our subsidiary is a party or of which any of our property is the subject. There are no legal proceedings to which any of the directors, officers or affiliates or any associate of any such directors, officers or affiliates of either our company or our subsidiary is a party or has a material interest adverse to us except for the following:

Matthews Lease Litigation
The lessor of the Matthews lease expressed their belief that the Lease has terminated and on April 30, 2012 filed a petition in the District Court of Zavala County, Texas, seeking a declaration that the lease has terminated (Case No. 12-04-12751-ZCV). The Company disagrees and believes that it is in full compliance with the terms of the lease. The Company is defending the allegation and countersuing the lessor for repudiation of the lease and seeking damages.

The Company elected to conduct the continuous drilling program provision of the lease in order to extend the term of the lease beyond its primary term. The Company commenced actual drilling operations on a well, within the 180 day time period allowed and defined in the amended lease every such period since the end of the primary term.

In March 2012**,** the Company notified the lessor of its intention to continue drilling the No. 2-H well initiated in October 2011 and suspended, and to drill a new well, the 4-H under the continuous-drilling program.

Upon receipt of this notice, and before the 180-day deadline to commence actual drilling operations expired, the lessor informed the Company that it was taking the position that the lease had terminated because the Company allegedly failed to drill the No. 2-H well in a good faith attempt to secure production, and thus failed to comply with the continuous drilling program. The lessor later added that the Company was 2 days late having a drill bit contact the surface of the earth and turn to the right. Based on the Company's extensive logging, coring, and laboratory work and analysis, the Company was highly confident that these wells would produce in commercial quantities, which would have benefitted the lessor and the other royalty owner, and would have allowed the Company to begin to recoup its investment in the lease. Extended development drilling would have followed. Accordingly the Company is seeking specific performance or damages from the lessors.

As at August 31, 2012, no amounts of contingent loss due to the impairment of the above mentioned lease have been recorded in these consolidated financial statements. According to the Company's legal counsel, there are no dispositive motions pending, a trial date has not been set and in their opinion it is not possible to evaluate the likelihood of an unfavorable outcome or the amount or range of potential loss.

The Company carries its investment in the Matthews lease at approximately $4,645,534. If the final outcome of such claim differs adversely from that expected, it would result in an impairment loss equal to the carrying value of the Matthews lease, when determined. (See "*Item 5 – Operating and Financial Review and Prospects – Critical Accounting Estimates"*).

The following table summarizes the sensitivity of the carrying value of the Company's Matthews lease for the year ended August 31, 2012. When assessing the potential impact of a negative result, the Company believes that the carrying value is a reasonable measure. A negative result could impact the Company's net loss, as follows:

Sensitivity Analysis of the Carrying value of the Matthews lease		Effect on Net Loss
Net loss at August 31, 2012	$	2,809,187
Impairment loss on Matthews lease		4,645,534
Net loss after impairment	$	7,454,722

Other Litigation
During the year ended August 31, 2010 a vendor of Dyami Energy filed a claim in the District Court of Harris County, Texas seeking payment of US$62,800. Dyami Energy is disputing the claim on the basis of excessive charges. The full amount of the provision has been recorded and any legal costs will be expensed as incurred. The outcome of this claim is uncertain at this time.

During the year ended August 31, 2012 a vendor of Dyami Energy filed a claim in the District Court of Harris County, Texas seeking payment of US$64,866. Dyami Energy is disputing the amount charged due to faulty equipment. The full amount of the provision has been recorded and any legal costs will be expensed as incurred. The outcome of this claim is uncertain at this time.

Dividends
We have not paid any dividends on our common stock during the past five years. We do not intend to pay dividends on shares of common stock in the foreseeable future as we anticipate that our cash resources will be used to finance growth.

B. SIGNIFICANT CHANGES

There have been no significant changes that have occurred since the date of our annual financial statements included with this Annual Report except as disclosed in the Annual Report.

ITEM 9 THE OFFER AND LISTING

Common Shares
Our authorized capital consists of an unlimited number of common shares without par value, of which 98,957,457 were issued and outstanding as of November 30, 2012. All shares are initially issued in registered form. There are no restrictions on the transferability of our common shares imposed by our constating documents. Holders of our common shares are entitled to one vote for each common share held of record on all matters to be acted upon by our shareholders. Holders of common shares are entitled to receive such dividends as may be declared from time to time by our board of directors, in their discretion. In addition we are authorized to issue an unlimited number of preferred shares, with such rights, preferences and privileges as may be determined from time to time by our board of directors. There were no preferred shares outstanding at November 30, 2012.

Our common shares entitle their holders to: (i) vote at all meetings of our shareholders except meetings at which only holders of specified classes of shares are entitled to vote, having one vote per common share, (ii) receive dividends at the discretion of our board of directors; and (iii) receive our remaining property on liquidation, dissolution or winding up.

A. OFFER AND LISTING DETAILS

Our common stock became eligible for trading on October 22, 2009 on the Over the Counter Bulletin Board ("OTCBB") under the symbol ("EGNKF"). Following the amalgamation on November 30, 2009 with our wholly owned subsidiary 1406768 Ontario, we changed our name to Eagleford Energy Inc. and commenced trading under the symbol ("EFRDF"). Prior to our common stock being listed on the OTCBB, our common stock had not publicly traded since 1990. We completed a 2-for-1 forward stock split, pursuant to which one (1) newly-issued share of the Company's common stock was issued to each holder of a share of common stock as of the close of business on March 16, 2012.

The following table set forth the reported high and low bid prices for shares of our common stock on the OTCBB in US dollars for the periods indicated.

	Period (1)		**High (3)**		**Low(3)**
Fiscal Year August 31, 2012	Year Ended August 31, 2012	$	0.51	$	0.10
Fiscal Year August 31, 2011	Year Ended August 31, 2011	$	1.02	$	0.35
Fiscal Year August 31, 2010	Year Ended August 31, 2010	$	0.65	$	0.03
Fiscal Year 2013 by Quarter	First Quarter ended 11/30/2012	$	0.40	$	0.13
Fiscal Year 2012 By Quarter	First Quarter ended 11/30/2011	$	0.35	$	0.10
	Second Quarter Ended 02/29/2012	$	0.30	$	0.10
	Third Quarter Ended 05/31/2012	$	0.50	$	0.42
	Fourth Quarter Ended 08/31/2012	$	0.51	$	0.35
Fiscal Year 2011 By Quarter	First Quarter ended 11/30/2010	$	1.02	$	0.40
	Second Quarter Ended 02/28/2011	$	1.00	$	0.50
	Third Quarter Ended 05/31/2011	$	0.62	$	0.42
	Fourth Quarter Ended 08/31/2011	$	.088	$	0.35
Fiscal Year 2010 By Quarter	First Quarter ended 11/30/2009	$	0.00	$	0.00
	Second Quarter Ended 02/28/2010	$	0.03	$	0.03
	Third Quarter Ended 05/31/2010	$	0.00	$	0.00
	Fourth Quarter Ended 08/31/2010	$	0.65	$	0.37
Calendar Year 2012 by Month	August	$	0.51	$	0.18
	September	$	0.40	$	0.20
	October	$	0.30	$	0.21
	November	$	0.24	$	0.13

Notes

(1) Our stock commenced trading on the OTCBB on October 22, 2009.

(2) The closing price on the OTCBB for our common stock on November 30, 2012 was $0.18.

(3) Adjusted for 2-for-1 forward stock split on March 16, 2012.

There is currently only a limited public market for the common stock in the United States. There can be no assurance that a more active market will develop in the future.

B. PLAN OF DISTRIBUTION

Not Applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

C. MARKETS

See Item 9.A.

D. SELLING SHAREHOLDERS

Not Applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

E. DILUTION

Not Applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

F. EXPENSES OF THE ISSUE

Not Applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

ITEM 10 ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not Applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

Certificate of Incorporation
We were incorporated under the Business Corporations Act (Ontario) on September 22, 1978 under the name Bonanza Red Lake Explorations Inc. The corporation number as assigned by Ontario is 396323.

Articles of Amendment dated January 14, 1985
By Articles of Amendment dated January 14, 1985, our Articles were amended as follows:

1. The minimum number of directors of the Company shall be 3 and the maximum number of directors of the Company shall be 10.

2. (a) Delete the existing objects clauses and provide that there are no restrictions on the business we may carry on or on the powers that we may exercise;

(b) Delete the term "head office" where it appears in the articles and substitute therefor the term "registered office";

(c) Delete the existing special provisions contained in the articles and substitute therefor the following:

The following special provisions shall be applicable to the Company:

Subject to the provisions of the Business Corporations Act, as amended or re-enacted from time to time, the directors may, without authorization of the shareholders:

(i) borrow money on the credit of the Company;

(ii) issue, re-issue, sell or pledge debt obligations of the Company;

(iii) give a guarantee on behalf of the Company to secure performance of an obligation of any person;

(iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Company owned or subsequently acquired, to secure any obligation of the Company; and

(v) by resolution, delegate any or all such powers to a director, a committee of directors or an officer of the Company.

3. (a) Provide that the Company is authorized to issue an unlimited number of shares;

(b) Provide that the Company is authorized to issue an unlimited number of preference shares.

Articles of Amendment dated August 16, 2000
By Articles of Amendment dated August 16, 2000 our articles were amended to consolidate our issued and outstanding common shares on the basis on one common share for every three issued and outstanding common shares in our capital, and change our name from Bonanza Red Lake Explorations Inc. to Eugenic Corp.

Our Articles of Amendment state that there are no restrictions on the business that may carry on, but do not contain a stated purpose or objective.

Articles of Amalgamation dated November 30, 2009
By Articles of Amalgamation dated November 30, 2009 we amalgamated with our wholly owned subsidiary Eagleford Energy Inc. (formerly: 1406768 Ontario Inc.) and changed the entity's name to Eagleford Energy Inc.

Our Articles of Amalgamation state that there are no restrictions on the business that may carry on or on the powers the Company may exercise.

We are authorized to issue an unlimited number of common shares and an unlimited number of preference shares of which Nil were outstanding as of the date of this Annual Report (the "Preference Shares").
A description of the rights, preferences and privileges relating to the Company's Preference Shares is as follows:

(a) Our Preference Shares have a par value of one-tenth of one cent (1/10) and are redeemable, voting, non-participating shares.

(b) No dividends at any time shall be declared, set aside or paid on our Preference Shares.

(c) In the event of a liquidation, dissolution or winding of the Company or other distribution of assets or property of the Company among shareholders for the purpose of winding up its affairs, the holders of the Preference Shares shall be entitled to received from the assets and property of the Company a sum equivalent to the aggregate par value of the Preference Shares held by them respectively before any amount shall be paid or any property or assets of the Company distributed to holders of any common shares or shares of any other class ranking junior to the Preference Shares. After payment to the holders of the Preference Shares of the amount so payable to them as above provided, they shall not be entitled to share in any further distribution of the assets or property of the Company.

(d) The Company may not redeem the Preference Shares prior to the expiration of five years from the respective dates of issuance thereof, without the prior consent of the holders of the Preference Shares to be redeemed. The Company shall redeem all of the then outstanding Preference Shares five years from the respective dates of issue

(e) The Company may at any time or times purchase for cancellation all or any part of the Preference Shares outstanding from time to time from the holders thereof, at a price not exceeding the par value thereof, with the consent of the holders thereof.

(f) The holders of the Preference Shares shall be entitled to receive notice of and attend all meetings of shareholders of the Company and shall have one (1) vote for each Preference Share held at all meetings of the shareholders of the Company.

Other Provisions
The following special provisions shall be applicable to the Company:

Subject to the provisions of the Business Corporations Act, as amended or re-enacted from time to time, the directors may, without authorization of the shareholders:

(i) borrow money on the credit of the Company;

(ii) issue, re-issue, sell or pledge debt obligations of the Company;

(iii) give a guarantee on behalf of the Company to secure performance of an obligation of any person;

(iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Company owned or subsequently acquired, to secure any obligation of the Company; and

(v) by resolution, delegate any or all such powers to a director, a committee of directors or an officer of the Company.

Articles of Amendment dated effective March 16, 2012
By Articles of Amendment dated effective March 16, 2012 our articles were amended to

a) To change each issued and outstanding common share in the capital of the Corporation into two (2) common share of the Corporation (the "Stock Split") effective as of the close of business on March 16, 2012; and

b) To provide that no fractional shares shall be issued as a result of the Stock Split, and if any fractional share would otherwise result from the Stock Split, such fractional share shall be rounded up to the nearest whole share and distributed to the holder of the fractional interest as his or her interest appears

Bylaws
At the Annual and Special Meeting of Shareholders held on February 24, 2012, shareholders approved a resolution to repeal and replace the Company's By-Law No. 1 and Special By-Law No. 1 (the "**Old By-Laws**") with a new By-Law No. 1 (the "**New By-Laws**") in order to reflect the current circumstances and practices of the Company and certain amendments to the *Business Corporations Act* (Ontario) (the "**OBCA**"), which came into force on August 1, 2007.

No director of ours is permitted to vote on any resolution to approve a material contract or transaction in which such director has a material interest (Bylaws, Article 3.17).

Neither our Articles nor our Bylaws limit the directors' power, in the absence of an independent quorum, to vote compensation to themselves or any members of their body. The Bylaws provide that directors shall receive remuneration as the board of directors shall determine from time to time (Bylaws, Article 3.19).

Under our Articles and Bylaws, our board of directors may, without the authorization of our shareholders, (i) borrow money upon our credit; (ii) issue, reissue, sell or pledge debt obligations of ours; whether secured or unsecured (iii) give a guarantee on behalf of us to secure performance of obligations; and (iv) charge, mortgage, hypothecate, pledge or otherwise create a security interest in all currently owned or subsequently acquired real or personal, movable or immovable, tangible or intangible, property of ours to secure obligations(Bylaws, Article 13.1).

The annual meeting of shareholders shall be held at such time in each year as the board, the Chairman of the Board (if any), The Chief Executive Officer, or the President may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting (Bylaws, Article 9.1).

The board, the Chairman of the Board (if any) or the President shall have power to call a special meeting of shareholders at any time (Bylaws, Article 9.2).

Shareholders of record must be given notice of any meeting not less than 21 days or more than 50 days before the date of the meeting or as otherwise prescribed by applicable laws. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditors report, election of directors and reappointment of the incumbent auditor shall state or be accompanied by a statement of the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and the text of any special resolution or by-law to be submitted to the meeting (Bylaws, Article 9.4). Our board of directors is permitted to fix a record date for any meeting of the shareholders that is between 30 and 60 days prior to such meeting or as otherwise prescribed by applicable laws. (Bylaws, Article 9.6). The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditor of the Company and others who, although not entitled to vote are entitled or required under any provision of the Act or the articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting (Bylaws, Article 9.9).

Neither our Articles nor our Bylaws discuss limitations on the rights to own securities or exercise voting rights thereon, and there is no provision of our Articles or Bylaws that would delay, defer or prevent a change in control of us, or that would operate only with respect to a merger, acquisition, or corporate restructuring involving us or any of its subsidiaries. Our Bylaws do not contain a provision indicating an ownership threshold above which shareholder ownership must be disclosed.

Other Provisions
Neither our Articles nor our Bylaws discuss the retirement or non-retirement of directors under an age limit requirement or the number of shares required for director qualification.

Neither our Articles nor our Bylaws require that a director hold a share in the capital of the Company as qualification for his/her office.

Neither our Articles nor our Bylaws contain sinking fund provisions, provisions allowing us to make further capital calls with respect to any shareholder of ours, or provisions which discriminate against any holders of securities as a result of such shareholder owning a substantial number of shares.

C. MATERIAL CONTRACTS

During the two year period preceding the filing date of this Annual Report, we entered into no material contracts other than contracts entered into in the ordinary course except for the following:

On December 31, 2011 we entered into an agreement with Benchmark Enterprises LLC ("Benchmark") to amend the terms of the US$960,000 Secured Note payable to Benchmark, to extend the Maturity Date from December 31, 2011 to June 30, 2012 and to provide for the accrual of interest on the outstanding principal amount at a rate of 10% per annum through the Maturity Date.

On June 30, 2012 we entered into an agreement with Benchmark to further amend the terms of the US$960,000 Secured Note payable to Benchmark, to extend the Maturity Date from June 30, 2012 to November 30, 2012 and to provide for the interest on the outstanding principal amount at a rate of 10% per annum through the Maturity Date.

On November 23, 2012 we entered into an agreement with Benchmark to further amend the terms of the US$960,000 Secured Note payable to Benchmark, to extend the Maturity Date from November 30, 2012 to March 1, 2013 and to provide for the interest on the outstanding principal amount at a rate of 10% per annum through the Maturity Date.

On March 12, 2012 we entered into an Agreement with Gottbetter Capital Markets, LLC (“Placement Agent”) to act as a non-exclusive Placement Agent in connection with a private placement (the “Offering”) of units (“Units”) in the capital of the Company. Each Unit consisted of (i) one (1) share of the Company’s Common Stock (the “Common Stock”) and (ii) a three (3) year warrant (each, an “Investor Warrant” and collectively, the “Investor Warrants”) to purchase one half (1/2) of one (1) share of Common Stock at an exercise price of Fifty Cents ($0.50 USD) per full share (the “Investor Warrant Shares”). The Offering Price for the Units was Twenty Cents ($0.20 USD) per Unit. The Company raised gross proceeds of US$2,564,958 through the issuance of 12,824,790 Units, paid cash commissions to the Placement Agent of $136,197 and issued Placement Agent warrants to purchase 1,025,983 shares of Common Stock at an exercise price of Twenty Five Cents ($0.25 USD) for a period of three years from the date of issue.

On June 1, 2012 we retained The PrinceRidge Group LLC (“PrinceRidge”) to act as exclusive Financial Advisor to the Company for a period of six months, to assist the Company in identifying and evaluating potential transactions to enhance the future growth and expansion of the Company (the “Advisory Agreement”). Under the terms of the Advisory Agreement, upon request by the Company, PrinceRidge will assist the Company in various matters including, as appropriate:

a. familiarizing itself, to the extent it deems appropriate and feasible, with the business, operations, assets, financial condition, management and prospects of the Company,

b. conducting an examination of the documents and records pertaining to the Company, interviewing Company personnel and consultants engaged by the Company, and making such other reasonable investigations as PrinceRidge deems necessary and appropriate under the circumstances,

c. performing financial analysis of the Company and comparisons with other companies in its industry,

d. working with the Company to document financial projections for the Company including capital requirements and prospective cash flow and earnings,

e. developing and organizing information for presentation to potential Investors or Buyers, including marketing brochures,

f. identifying, screening and contacting prospective Investors or Buyers, as appropriate, and advising the Company on how to effectively access, attract and communicate with such potential Investors or Buyers,

g. evaluating and recommending financial terms with respect to a Transaction,

h. providing advice relating to capital markets activities and general market conditions,

i. assisting the Company in negotiating the financial aspects of any Transaction, and

j. providing such other financial advisory and investment banking services as are normal and customary for similar transactions and as may be mutually agreed upon by the Company and PrinceRidge.

In return for PrinceRidge's services, the Company paid to PrinceRidge an engagement fee of US$15,000, and is paying a monthly advisory fee equal to US$10,000. The Company may also pay success fees equal to:

(a) in the case of any Placement with one or more Investors, a cash fee equal to 8.0% of the transaction amount receivable by the Company for equity or equity linked securities and 4.0% of the transaction amount for any debt securities;

(b) in the case of any sale transaction with one or more buyers, a cash fee equal to 4.0% of the transaction amount) paid to the Company in any such sale transaction;
(c) in the case of any PIPE transaction, a cash fee equal to 8.0% of the transaction amount raised by such PIPE transaction; and
(d) in the case of any business combination, a cash fee equal to 4.0% of the transaction amount payable, receivable or retained by the Company, as applicable

As of the date of filing this report the Company has not paid any success fees to PrinceRidge.

On November 14, 2012 we entered into a letter agreement to amend the terms of the Advisory Agreement dated June 1, 2012 with PrinceRidge to extend the terms of the Advisory Agreement for an additional three month term and in return for PrinceRidge's advisory services the Company will pay an additional US$30,000 in advisory fees due and payable on March 1, 2013.

D. EXCHANGE CONTROLS

There are no governmental laws, decrees or regulations in Canada that restrict the export or import of capital, or affect the remittance of dividends, interest or other payments to a non-resident holder of our common stock, other than withholding tax requirements (See "Taxation" below).

Except as provided in the Investment Canada Act, there are no limitations imposed under the laws of Canada, the Province of Ontario, or by our constituent documents on the right of a non-resident to hold or vote our common stock.

The Investment Canada Act (the "ICA"), which became effective on June 30, 1985, regulates the acquisition by non-Canadians of control of a Canadian business enterprise. In effect, the ICA requires review by Investment Canada, the agency which administers the ICA, and approval by the Canadian government, in the case of an acquisition of control of a Canadian business by a non-Canadian where: (i) in the case of a direct acquisition (for example, through a share purchase or asset purchase), the assets of the business are CDN \$5 million or more in value; or (ii) in the case of an indirect acquisition (for example, the acquisition of the foreign parent of the Canadian business) where the Canadian business has assets of CDN \$5 million or more in value or if the Canadian business represents more than 50% of the assets of the original group and the Canadian business has assets of CDN \$5 million or more in value. Review and approval are also required for the acquisition or establishment of a new business in areas concerning "Canada's cultural heritage or national identity" such as book publishing, film production and distribution, television and radio production and distribution of music, and the oil and natural gas industry, regardless of the size of the investment.

As applied to an investment in us, three methods of acquiring control of a Canadian business would be regulated by the ICA: (i) the acquisition of all or substantially all of the assets used in carrying on the Canadian business; (ii) the acquisition, directly or indirectly, of voting shares of a Canadian corporation carrying on the Canadian business; or (iii) the acquisition of voting shares of an entity which controls, directly or indirectly, another entity carrying on a Canadian business. An acquisition of a majority of the voting interests of an entity, including a corporation, is deemed to be an acquisition of control under the ICA. An acquisition of less than one-third of the voting shares of a corporation is deemed not to be an acquisition of control. An acquisition of less than a majority, but one-third or more, of the voting shares of a corporation is presumed to be an acquisition of control unless it can be established that on the acquisition the corporation is not, in fact, controlled by the acquirer through the ownership of voting shares. For partnerships, trusts, joint ventures or other unincorporated entities, an acquisition of less than a majority of the voting interests is deemed not to be an acquisition of control.

In 1988, the ICA was amended, pursuant to the Free Trade Agreement dated January 2, 1988 between Canada and the United States, to relax the restrictions of the ICA. As a result of these amendments, except where the Canadian business is in the cultural, oil and gas, uranium, financial services or transportation sectors, the threshold for direct acquisition of control by US investors and other foreign investors acquiring control of a Canadian business from US investors has been raised from CDN \$5 million to CDN \$150 million of gross assets, and indirect acquisitions are not reviewable.

In addition to the foregoing, the ICA requires that all other acquisitions of control of Canadian businesses by non-Canadians are subject to formal notification to the Canadian government. These provisions require a foreign investor to give notice in the required form, which notices are for information, as opposed to review, purposes.

E. TAXATION

Certain Canadian Federal Income Tax Consequences

The following discussion describes the principal Canadian federal income tax consequences applicable to a holder of our common shares which are traded on the OTCBB, who, at all material times, is a resident of the United States for purposes of the Canada-United States Income Tax Convention (the "Treaty") entitled to the full benefit of the Treaty and is not a resident, or deemed to be a resident, of Canada, deals at arm's length and is not affiliated with the Company, did not acquire our common shares by virtue of employment, is not a financial institution, specified financial institution, registered non-resident insurer, authorized foreign bank, partnership or a trust as defined in the Income Tax Act (Canada) (the "ITA"), holds our common shares as capital property and as beneficial owner, and does not use or hold, is not deemed to use or hold, his or her common shares in connection with carrying on a business in Canada and, did not, does not and will not have a fixed base or permanent establishment in Canada within the meaning of the Treaty (a "non-resident holder").

This description is based upon the current provisions of the ITA, the regulations thereunder (the "Regulations"), management's understanding of the current publicly announced administration and assessing policies of Canada Revenue Agency, and all specific proposals (the "Tax Proposals") to amend the ITA and Regulations announced by the Minister of Finance (Canada) prior to the date hereof. This description is not exhaustive of all possible Canadian federal income tax consequences and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account any income tax laws or considerations of any province or territory of Canada or foreign tax considerations which may differ significantly from those discussed below.

The following discussion is for general information only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder of common shares of the Company, and no opinion or representation with respect to the Canadian Federal Income Tax consequences to any such holder or prospective holder is made. Accordingly, holders and prospective holders of common shares are urged to consult with their own tax advisors about the federal, provincial and foreign tax consequences of purchasing, owning and disposing of common shares.

Dividends

Dividends paid on our common shares to a non-resident holder will be subject to a 25% withholding tax pursuant to the provision of the ITA. The Treaty provides that the normal 25% withholding tax rate is generally reduced to 15% on dividends paid on shares of a corporation resident in Canada (such as the Company) to beneficial owners who are residents of the United States. However, if the beneficial owner is a resident of the United States and is a corporation which owns at least 10% of the voting stock of the Company, the withholding tax rate on dividends is reduced to 5%.

Capital Gains

A non-resident of Canada is subject to tax under the ITA in respect of a capital gain realized upon the disposition of a share of a corporation if the shares are considered to be "taxable Canadian property" of the holder within the meaning of the ITA and no relief is afforded under an applicable tax treaty. For purposes of the ITA, a common share of the Company will be taxable Canadian property to a non-resident holder if more than 50% of the fair market value of the common share during the 60 month period immediately preceding the disposition of the common share, was derived directly or indirectly from real or immovable property situated in Canada, Canadian resource properties or any options or interests in such properties.

In the case of a non-resident holder to whom shares of our common stock represent taxable Canadian property and who is a resident in the United States and not a former resident of Canada, no Canadian taxes will be payable on a capital gain realized on such shares by reason of the Treaty unless the value of such shares is derived principally from real property situated in Canada within the meaning of the Treaty at the time of the disposition.

Certain United States Federal Income Tax Consequences

The following is a general discussion of certain possible United States Federal income tax consequences, under current law, generally applicable to a US Holder (as defined below) of our common shares. This discussion does not address all potentially relevant Federal income tax matters and does not address consequences peculiar to persons subject to special provisions of Federal income tax law, such as those described below as excluded from the definition of a US Holder. In addition, this discussion does not cover any state, local or foreign tax consequences (See "Certain Canadian Federal Income Tax Consequences" above).

The following discussion is based upon the sections of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, published Internal Revenue Service ("IRS") rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. In addition, this discussion does not consider the potential effects, both adverse and beneficial, of recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. The following discussion is for general information only and it is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of common shares, and no opinion or representation with respect to the United States Federal income tax consequences to any such holder or prospective holder is made. Accordingly, holders and prospective holders of common shares are urged to consult their own tax advisors about the Federal, state, local, and foreign tax consequences of purchasing, owning and disposing of common shares.

U.S. Holders

As used herein, a "U.S. Holder" means a holder of common shares who is a citizen or individual resident (as defined under United States tax laws) of the United States; a corporation created or organized in or under the laws of the United States or of any political subdivision thereof; an estate the income of which is taxable in the United States irrespective of source; or a trust if (a) a court within the United States is able to exercise primary supervision over the trust's administration and one or more United States persons have the authority to control all of its substantial decisions or (b) the trust was in existence on August 20, 1996 and has properly elected to continue to be treated as a United States person. This summary does not address the United States tax consequences to, and U.S. Holder does not include, persons subject to specific provisions of federal income tax law, including but not limited to tax-exempt organizations, qualified retirement plans, individual retirement accounts and other tax-deferred accounts, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals, persons or entities that have a "functional currency" other than the U.S. dollar, persons who hold common shares as part of a straddle, hedging or a conversion transaction, and persons who acquire their common shares as compensation for services. This discussion is limited to U.S. Holders who own common shares as capital assets and who hold the common shares directly (e.g., not through an intermediary entity such as a corporation, partnership, limited liability company, or trust). This discussion does not address the consequences to a person or entity of the ownership, exercise or disposition of any options, warrants or other rights to acquire common shares.

Distributions on Our Common Shares

Subject to the discussion below regarding passive foreign investment companies ("PFICs"), the gross amount of any distribution (including non-cash property) by us (including any Canadian taxes withheld therefrom) with respect to common shares generally should be included in the gross income of a U.S. Holder as foreign source dividend income to the extent such distribution is paid out of current or accumulated earnings and profits of ours, as determined under United States Federal income tax principles. Distributions received by non-corporate U.S. Holders may be subject to United States Federal income tax at lower rates than other types of ordinary income (generally 15%) in taxable years beginning on or before December 31, 2010 if certain conditions are met. These conditions include the Company not being classified as a PFIC, it being a "qualified foreign corporation," the U.S. Holder's satisfaction of a holding period requirement, and the U.S. Holder not treating the distribution as "investment income" for purposes of the investment interest deduction rules. To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, the distribution first will be treated as a tax-free return of capital to the extent of the U.S. Holder's adjusted tax basis in our common shares and to the extent that such distribution exceeds the Holder's adjusted tax basis in our common shares, will be taxed as capital gain. In the case of U.S. Holders that are corporations, such dividends generally will not be eligible for the dividends received deduction.

If a U.S. Holder receives a dividend in Canadian dollars, the amount of the dividend for United States federal income tax purposes will be the U.S. dollar value of the dividend (determined at the spot rate on the date of such payment) regardless of whether the payment is later converted into U.S. dollars. In such case, the U.S. Holder may recognize additional ordinary income or loss as a result of currency fluctuations between the date on which the dividend is paid and the date the dividend amount is converted into U.S. dollars.

Disposition of Common Shares
Subject to the discussion below regarding PFIC's, gain or loss, if any, realized by a U.S. Holder on the sale or other disposition of our common shares (including, without limitation, a complete redemption of our common shares) generally will be subject to United States Federal income taxation as capital gain or loss in an amount equal to the difference between the U.S. Holder's adjusted tax basis in our common shares and the amount realized on the disposition. Net capital gain (i.e., capital gain in excess of capital loss) recognized by a non-corporate U.S. Holder (including an individual) upon a sale or other disposition of our common shares that have been held for more than one year will generally be subject to a maximum United States federal income tax rate of 15% subject to the PFIC rules below. Deductions for capital losses are subject to certain limitations. If the U.S. Holder receives Canadian dollars on the sale or disposition, it will have a tax basis in such dollars equal to the U.S. dollar value. Generally, any gain or loss realized on a subsequent disposition of the Canadian dollars will be U.S. source ordinary income or loss.

U.S. "Anti-Deferral" Rules
Passive Foreign Investment Company ("PFIC") Regime. If we, or a non-U.S. entity directly or indirectly owned by us ("Related Entity"), has 75% or more of its gross income as "passive" income, or if the average value during a taxable year of ours or the Related Entity's "passive assets" (generally, assets that generate passive income) is 50% or more of the average value of all assets held by us or the Related Entity, then the United States PFIC rules may apply to U.S. Holders. If we or a Related Entity is classified as a PFIC, a U.S. Holder will be subject to increased tax liability in respect of gain recognized on the sale of his, her or its common shares or upon the receipt of certain distributions, unless such person makes a "qualified electing fund" election to be taxed currently on its *pro rata* portion of our income and gain, whether or not such income or gain is distributed in the form of dividends or otherwise, and we provide certain annual statements which include the information necessary to determine inclusions and assure compliance with the PFIC rules. As another alternative to the foregoing rules, a U.S. Holder may make a mark-to-market election to include in income each year as ordinary income an amount equal to the increase in value of its common shares for that year or to claim a deduction for any decrease in value (but only to the extent of previous mark-to-market gains). We or a related entity can give no assurance as to its status as a PFIC for the current or any future year. U.S. Holders should consult their own tax advisors with respect to the PFIC issue and its applicability to their particular tax situation.

Controlled Foreign Corporation Regime ("CFC"). If a U.S. Holder (or person defined as a U.S. persons under Section 7701(aX301 of the Code) owns 10% or more of the total combined voting power of all classes of our stock (, a "U. S. Shareholder") and U.S. Shareholders own more than 50% of the vote or value of our Company, we would be a "controlled foreign corporation". This classification would result in many complex consequences, including the required inclusion into income by such U. S. Shareholders of their pro rata shares of "Subpart F income" of our Company (as defined by the Code) and our earnings invested in "US property" (as defined by the Code). In addition, under Section 1248 of the Code, gain from the sale or exchange of our common shares by a US person who is or was a U. S. Shareholder at any time during the five year period before the sale or exchange may be treated as ordinary income to the extent of earnings and profits of ours attributable to the stock sold or exchanged. It is not clear the CFC regime would apply to the U.S. Holders of our common shares, and is outside the scope of this discussion.

Foreign Tax Credit
A U.S. Holder who pays (or has withheld from distributions) Canadian income tax with respect to us may be entitled to either a deduction or a tax credit for such foreign tax paid or withheld, at the option of the U.S. Holder. Generally, it will be more advantageous to claim a credit because a credit reduces United States federal income tax on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to tax. This election is made on a year-by-year basis and generally applies to all foreign taxes paid by (or withheld from) the U.S. Holder during that year.

There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's United States income tax liability that the U.S. Holder's foreign source income bears to its worldwide taxable income. This limitation is designed to prevent foreign tax credits from offsetting United States source income. In determining this limitation, the various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process.

In addition, this limitation is calculated separately with respect to specific "baskets" of income such as passive income, high withholding tax interest, financial services income, shipping income, and certain other classifications of income. Foreign taxes assigned to a particular class of income generally cannot offset United States tax on income assigned to another class. Under the American Jobs Creation Act of 2004 (the "Act"), this basket limitation will be modified significantly after 2006.

Unused foreign tax credits can generally be carried back one year and carried forward ten years. U.S. Holders should consult their own tax advisors concerning the ability to utilize foreign tax credits, especially in light of the changes made by the Act.

Backup Withholding
Payment of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting requirement and to backup withholding unless the US Holder (i) is a corporation or other exempt recipient or (ii) in the case of backup withholding, provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred

The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Federal income tax liability of the US Holder and may entitle the US Holder to a refund, provided that the required information is furnished to the IRS.

F. DIVIDENDS AND PAYING AGENTS

Not Applicable. This Form 20-F is being filed as an Annual Report filed under the Exchange Act.

G. STATEMENT BY EXPERTS

Not Applicable. This Form 20-F is being filed as an Annual Report filed under the Exchange Act.

H. DOCUMENTS ON DISPLAY

The documents and exhibits referred to in this Annual Report are available for inspection at the registered and management office at 1 King Street West, Suite 1505, Toronto, Ontario M5H 1A1 during normal business hours.

I. SUBSIDIARY INFORMATION

Not Applicable. This Form 20-F is being filed as an Annual Report filed under the Exchange Act.

ITEM 11 QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company is exposed in varying degrees of risks arising from financial its instruments. The Company has entered into certain financial derivative contracts. These instruments are not used for trading or speculative purposes. The Company has not designated its financial derivative contracts as effective accounting hedges, and thus has not applied hedge accounting. As a result, all financial derivative contracts are classified as fair value through "fair value through profit or loss" and are recorded on the statement of financial position at fair value.

The Board approves and monitors the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations and limited exposure to credit and market risks while ensuring greater returns on any surplus funds.

Financial Instruments and Concentration of Risks
The Company has classified its financial instruments as follows:

Financial Instrument	Category	Measurement method
Cash and cash equivalents	Fair value through profit or loss	Fair value
Marketable securities	Fair value through profit or loss	Fair value
Derivative warrant liabilities	Fair value through profit or loss	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Due from related party	Other financial liabilities	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Loan payable	Other financial liabilities	Amortized cost
Provisions	Other financial liabilities	Amortized cost
Secured note payable and shareholders' loans	Other financial liabilities	Amortized cost

The types of risk exposure and the ways in which such exposures are managed are as follows:

Credit Risk
Credit risk is primarily related to the Company's receivables from joint venture partners and the risk of financial loss if a partner or counterparty to a financial instrument fails to meet its contractual obligations. Receivables from joint venture partners are normally collected within one to three months of the joint venture bill being issued to the partner. The Company historically has not experienced any collection issues with its joint venture partners to date. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to expenditure. The Company establishes an allowance for doubtful accounts as determined by management based on their assessed collectability; therefore, the carrying amount of trade and other receivables generally represents the maximum credit exposure. The Company believes that its counterparties currently have the financial capacity to settle outstanding obligations in the normal course of business.

Concentration risks exist in cash and cash equivalents because significant balances are maintained with one financial institution. The risk is mitigated because the financial institution is an international bank.

The Company's maximum exposure to credit risk is as follows:

	August 31, 2012	August 31, 2011	September 1, 2010
Cash and cash equivalents	$ 330,003	$ 165,266	$ 43,776
Trade and other receivables	17,525	127,546	53,060
Prepaid expenses and deposits	-	44,285	-
Due from related party	-	-	1,325
Balance	$ 347,528	$ 337,097	$ 98,161

Liquidity Risk
The Company monitors its liquidity position regularly to assess whether it has the funds necessary to fulfill planned exploration commitments on its oil and gas properties or that viable options are available to fund such commitments from new equity issuances or alternative sources such as farm-out agreements. However, as an exploration company at an early stage of development and without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual exploration expenditures may exceed those planned. The current uncertainty in global markets could have an impact on the Company's future ability to access capital on terms that are acceptable to the Company. The Company has so far been able to raise the required financing to meet its obligations however, there can be no assurance that it will continue to do so in the future.

The following table illustrates the contractual maturities of financial liabilities:

August 31, 2012	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	$ 1,039,959	$ 1,039,959	-	-	-
Secured note payable (1)	946,848	946,848	-	-	-
Shareholders loans (1)	2,179,778	2,179,778	-	-	-
Total	$ 4,166,585	$ 4,166,585	-	-	-

August 31, 2011	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	$ 1,197,695	$ 1,197,695	-	-	-
Secured notes payable (1)	1,012,644	1,012,644	-	-	-
Shareholders loans (1)	2,936,236	2,936,236	-	-	-
Total	$ 5,146,575	$ 5,146,575	-	-	-

September 1, 2010	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	$ 421,928	$ 421,928	-	-	-
Secured notes payable (1)	1,207,527	186,183	$ 1,021,344	-	-
Shareholders loans	57,500	57,500	-	-	-
Loan payable	110,000	110,000	-	-	-
Total	$ 1,796,955	$ 775,611	$ 1,021,344	-	-

(2) Translated at current exchange rate.

Market Risk
Market risk represents the risk of loss that may impact our financial position, results of operations, or cash flows due to adverse changes in financial market prices, including interest rate risk, foreign currency exchange rate risk, commodity price risk, and other relevant market or price risks. The Company does not use derivative financial instruments or derivative commodity instruments to mitigate this risk.

The oil and gas industry is exposed to a variety of risks including the uncertainty of finding and recovering new economic reserves, the performance of hydrocarbon reservoirs, securing markets for production, commodity prices, interest rate fluctuations, potential damage to or malfunction of equipment and changes to income tax, royalty, environmental or other governmental regulations.

Market events and conditions in recent years including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions have caused significant volatility to commodity prices. These conditions caused a loss of confidence in the broader U.S. and global credit and financial markets. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline. These factors have negatively impacted company valuations and may impact the performance of the global economy going forward. Although economic conditions improved towards the latter portion of 2009, the recovery has been slow in various jurisdictions including in Europe and the United States and has been impacted by various ongoing factors including sovereign debt levels and high levels of unemployment which continue to impact commodity prices and to result in volatility in the stock market.

The Company mitigates these risks by:

- utilizing competent, professional consultants as support to company staff.
- performing geophysical, geological or engineering analyses of prospects.
- focusing on a limited number of core properties.

(i) Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by world economic events that dictate the levels of supply and demand.

The Company believes that movement in commodity prices that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

Commodity Price Sensitivity

The following table summarizes the sensitivity of the fair value of the Company's risk management position for the year ended August 31, 2012 and 2011 to fluctuations in natural gas prices, with all other variables held constant. When assessing the potential impact of these price changes, the Company believes that 10 percent volatility is a reasonable measure. Fluctuations in natural gas prices potentially could have resulted in unrealized gains (losses) impacting net income as follows:

	2012		**2011**	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Net revenue	$ 43,764	$ 34,672	$ 64,315	$ 49,517
Net loss	$ (2,804,642)	$ (2,813,734)	$ (426,381)	$ (438,326)

(ii) Currency Risk

The Company is exposed to the fluctuations in foreign exchange rates. The prices received by the Company for the production of natural gas and natural gas liquids are primarily determined in reference to United States dollars but are settled with the Company in Canadian dollars. The Company's cash flow for commodity sales will therefore be impacted by fluctuations in foreign exchange rates.

The Company operates in Canada and a portion of its expenses are incurred in US dollars. A significant change in the currency exchange rates between the Canadian dollar relative to US dollar could have an effect on the Company's financial instruments. The Company does not hedge its foreign currency exposure.

The following assets and liabilities are denominated in US dollars at August 31, 2012, August 31, 2011 and September 1, 2010:

Financial Instruments	August 31, 2012	August 31, 2011	September 1, 2010
Cash and cash equivalents	$ 311,318	$ 117,383	$ 5,046
Trade and other receivables	-	72,487	21,926
Exploration and evaluation assets	5,083,874	3,758,168	811,452
Due from related party	-	-	1,245
Trade and other payables	(402,633)	(754,696)	(198,015)
Provisions	(226,494)	(116,924)	(62,800)
Derivative warrant liabilities	(1,614,996)	(1,613,584)	(1,621,283)
Shareholders' loans	(1,883,740)	(2,790,000)	-
Secured notes payable	(960,000)	(1,035,000)	(1,135,000)
Net assets denominated in US$	$ 307,329	$ (2,362,166)	$ (2,177,429)
Net asset CDN dollar equivalent at period end (1)	$ 303,120	$ (2,311,143)	$ (2,316,567)

(1) Translated at the exchange rate in effect at August 31, 2012 $0.9863 (August 31, 2011 $0.9784, September 1, 2010 $1.0639)

The following table shows the estimated sensitivity of the Company's total comprehensive loss for the periods set out from a change in the U.S dollar exchange rate in which the Company has exposure with all other variables held constant.

Percentage change in US Dollar	August 31, 2012 Increase	August 31, 2012 Decrease	August 31, 2011 Increase	August 31, 2011 Decrease	September 1, 2010 Increase	September 1, 2010 Decrease
	In total comprehensive loss from a change in % in the US Exchange Rate ($)		In total comprehensive loss from a change in % in the US Exchange Rate ($)		In total comprehensive loss from a change in % in the US Exchange Rate ($)	
2%	6,062	(6,062)	46,223	(46,223)	46,331	(46,331)
4%	12,125	(12,125)	92,446	(92,446)	92,663	(92,663)
6%	18,187	(18,187)	138,669	(138,669)	138,994	(138,994)
8%	24,250	(24,250)	184,891	(184,891)	185,325	(185,325)
10%	30,312	(30,312)	231,114	(231,114)	231,657	(231,657)

(iii) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The majority of the Company's debt is short-term in nature with fixed rates.

Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

(iv) Fair Value of Financial Instruments

The Company's financial instruments included on the consolidated statement of financial position as at August 31, 2012 and 2011 and September 1, 2010, are comprised of cash and cash equivalents, marketable securities, trade and other receivables, due from related party, trade and other payables, secured notes payable, shareholders' loans, provisions, loan payable, and derivative warrant liabilities.

The Company classifies the fair value of financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument.

• Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

• Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

• Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

	August 31, 2012		**August 31, 2011**		**September 1, 2010**	
Financial Instrument Classification	Carrying Value $	Fair Value $	Carrying Value $	Fair Value $	Carrying Value $	Fair Value $
Fair value through profit or loss:						
Cash and cash equivalents	330,003	330,003	165,266	165,266	43,776	43,776
Marketable securities	1	1	1	1	1	1
Derivative warrant liabilities	1,640,406	1,640,406	1,576,269	1,576,269	1,701,861	1,701,861
Loans and receivables:						
Trade and other receivables	17,525	17,525	127,546	127,546	53,060	53,060
Due from related party	-	-	-	-	1,325	1,325
Other financial liabilities:						
Trade and other payables	1,039,959	1,039,959	1,197,695	1,197,695	421,928	421,928
Secured notes payable	946,848	946,848	1,012,644	1,012,644	1,207,527	1,207,527
Shareholders’ loans	2,179,778	2,179,778	2,936,236	2,936,236	57,500	57,500
Loan payable	-	-	-	-	110,000	110,000
Provisions	240,672	240,672	125,832	125,832	73,368	73,368

Cash and cash equivalents, derivative warrant liabilities and marketable securities are stated at fair value (Level 1 measurement). The carrying value of trade and other receivables, due from related party, trade and other payables, secured notes payable, shareholders’ loans and loan payable approximate their fair value due to the short-term maturity of these financial instruments (Level 3 measurement).

ITEM 12 DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not Applicable.

D. AMERICAN DEPOSITORY SHARES

Not Applicable.

PART II

ITEM 13 DEFAULTS, DIVIDENDS ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14 MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15 CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our senior management, including our chief executive officer and chief financial officer, James Cassina, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this annual report (the “Evaluation Date”). Based on this evaluation, our chief executive officer and chief financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to us, required to be disclosed in our Securities and Exchange Commission (“SEC”) reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (ii) provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on our financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Management assessed the effectiveness of our internal control over financial reporting as of August 31, 2012 based on the framework established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that assessment, management concluded that, as of August 31, 2012, our internal control over financial reporting was effective based on the criteria established in Internal Control—Integrated Framework.

Limitations on Effectiveness of Controls and Procedures

Our management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our control systems are designed to provide such reasonable assurance of achieving their objectives. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended August 31, 2012 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

ITEM 16 [RESERVED]

A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that Mr. Milton Klyman is an "audit committee financial expert", as defined in Item 16A of Form 20-F and is independent. Milton Klyman is the Chairman of the Audit Committee. He is a self-employed financial consultant and has been a Chartered Accountant since 1952. Milton Klyman is a Life Member of the Institute of Chartered Accountants of Ontario, a Life member of the Canadian Institute of Mining Metallurgy and Petroleum and a Fellow of the Institute of Chartered Secretaries and Administrators.

B. CODE OF ETHICS

We have adopted a written code of business conduct and ethics (the "Code") for our directors, officers and employees. The board encourages following the Code by making it widely available. It is distributed to directors in the Director's Manual and to officers, employees and consultants at the commencement of their employment or consultancy. The Code reminds those engaged in service to us that they are required to report perceived or actual violations of the law, violations of our policies, dangers to health, safety and the environment, risks to our property, and accounting or auditing irregularities to the chair of the Audit Committee who is an independent director of ours. In addition, to requiring directors, officers and employees to abide by the Code, we encourage consultants, service providers and all parties who engage in business with us to contact the chair of the Audit Committee regarding any perceived and all actual breaches by our directors, officers and employees of the Code. The chair of our Audit Committee is responsible for investigating complaints, presenting complaints to the applicable board committee or the board as a whole, and developing a plan for promptly and fairly resolving complaints. Upon conclusion of the investigation and resolution of a complaint, the chair of our Audit Committee will advise the complainant of the corrective action measures that have been taken or advise the complainant that the complaint has not been substantiated. The Code prohibits retaliation by us, our directors and management, against complainants who raise concerns in good faith and requires us to maintain the confidentiality of complainants to the greatest extent practical. Complainants may also submit their concerns anonymously in writing. In addition to the Code, we have an Audit Committee Charter and a Policy of Procedures for Disclosure Concerning Financial/Accounting Irregularities.

Since the beginning of our most recently completed financial year, no material change reports have been filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code. The board encourages and promotes a culture of ethical business conduct by appointing directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors are required to abide by the Code and expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere. The board is required by the Board Mandate to satisfy our CEO and other executive officers are acting with integrity and fostering a culture of integrity throughout the Company. The board is responsible for reviewing departures from the Code, reviewing and either providing or denying waivers from the Code, and disclosing any waivers that are granted in accordance with applicable law. In addition, the board is responsible for responding to potential conflict of interest situations, particularly with respect to considering existing or proposed transactions and agreements in respect of which directors or executive officers advise they have a material interest. The Board Mandate requires that directors and executive officers disclose any interest and the extent, no matter how small, of their interest in any transaction or agreement with us, and that directors excuse themselves from both board deliberations and voting in respect of transactions in which they have an interest. By taking these steps the board strives to ensure that directors exercise independent judgment, unclouded by the relationships of the directors and executive officers to each other and us, in considering transactions and agreements in respect of which directors and executive officers have an interest. Our Code applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or persons performing similar functions of the Company. There have been no waivers of our Code granted to our principal executive officer, principal financial officer, principal accounting officer or controller, or similar persons during the period covered by this Annual Report.

Upon written request to us at our registered and management office attention: the President, we will provide by mail, to any person without charge a copy of our Code of Ethics.

C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

It is the policy of the Audit Committee that all audit and non-audit services are pre-approved prior to engagement. Before the initiation of each audit, the principal accountant submits a budget of the expected range of expenditures to complete their audit engagement (including Audit Fees, Audit-Related Fees and Tax Fees) to the Audit Committee for approval. In the event that the principal accountant exceeds these parameters, the individual auditor is expected to communicate to management the reasons for the variances, so that such variances can be ratified by the Audit Committee. As a result, 100% of expenditures within the scope of the noted budget are approved by the Audit Committee.

During fiscal 2012 and 2011 there were no hours performed by any person other than the primary accountant's fulltime permanent employees.

Since the commencement of the Company's most recently completed financial year, no recommendations were made by the Audit Committee to nominate or compensate an external auditor.

External Auditor Service Fees (By Category)
The aggregate fees billed or accrued for professional fees rendered by Schwartz Levitsky Feldman llp, Chartered Accountants for the years ended August 31, 2012 and August 31, 2011 are as follows:

Nature of Services	Fees Paid to Auditor for Year-ended August 31, 2012	Fees Paid to Auditor for Year-ended August 31, 2011
Audit Fees(1)	$ 55,000	$ 55,900
Audit-Related Fees(2)	Nil	5,900
Tax Fees(3)	7,900	9,900
All Other Fees(4)	Nil	Nil
TOTALS	**$ 62,900**	**$ 71,700**

Notes:

1. "**Audit Fees**" include fees necessary to perform the annual audit and any quarterly reviews of the Company's financial statements management discussion and analysis. This includes fees for the review of tax provisions and for accounting consultations on matters reflected in the financial statements. This also includes audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

2. "**Audit-Related Fees**" include fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are not included in "Audit Fees".

3. "**Tax Fees**" include fees for all professional services rendered by the Company's auditors for tax compliance, tax advice and tax planning.

4. "**All Other Fees**" include all fees for products and services provided by the Company's auditors not included in "Audit Fees", "Audit-Related Fees" and "Tax Fees".

D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not Applicable.

E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not Applicable.

G. CORPORATE GOVERNANCE

Not Applicable.

H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17 FINANCIAL STATEMENTS

Not applicable.

ITEM 18 FINANCIAL STATEMENTS

The following attached Consolidated Financial Statements are included in this Annual Report on Form 20-F beginning with page F-1:

1. Audited Consolidated Financial Statements of Eagleford Energy Inc. for the years ended August 31, 2012 and 2011, comprised of the following:

(a) Independent Auditor's Report of Schwartz Levitsky Feldman LLP, Chartered Accountants for the years ended August 31, 2012 and 2011;

(b) Consolidated Statements of Financial Position as at August 31, 2012, 2011 and September 1, 2010;

(c) Consolidated Statements of Operations and Comprehensive Loss for the years ended August 31, 2012 and 2011;

(d) Consolidated Statements of Shareholders' Equity for the years ended August 31, 2012 and 2011;

(e) Consolidated Statements of Cash Flows for the years ended August 31, 2012 and 2011;

(f) Notes to the Consolidated Financial Statements.

ITEM 19 EXHIBITS

The following exhibits are included in the Annual Report on Form 20-F:

Exhibit #	Description
1.1	Certificate of Incorporation of Bonanza Red Lake Explorations Inc. (presently known as Eagleford Energy Inc.) dated September 22, 1978 (1)
1.2	Articles of Amendment dated January 14, 1985 (1)
1.3	Articles of Amendment dated August 16, 2000 (1)
1.4	Bylaw No 1 of Bonanza Red Lake Explorations Inc. (presently known as Eagleford Energy Inc.) (1)
1.5	Special By-Law No 1 – Respecting the borrowing of money and the issue of securities of Bonanza Red Lake Explorations Inc. (presently known as Eagleford Energy Inc.) (1)
1.6	Articles of Amalgamation dated November 30, 2009 (3)
4.1	2000 Stock Option Plan (1)
4.2	Code of Business Conduct and Ethics (1)
4.3	Audit Committee Charter (1)
4.4	Petroleum and Natural Gas Committee Charter (1)
4.5	Compensation Committee Charter (1)
4.6	Purchase and Sale Agreement dated February 5, 2008 among Eugenic Corp., 1354166 Alberta Ltd., and the Vendors of 1354166 Alberta Ltd. (1)
4.7	Amended Audit Committee Charter (3)
4.8	Amended Stock Option Plan (4)
4.9	Asset Purchase Agreement between Eagleford Energy Inc., and Source Re-Work Program Inc., dated May 12, 2010 (6)

4.10	Addendum dated June 10, 2010 to the Asset Purchase Agreement between Eagleford Energy Inc. and Source Re-Work Program Inc., dated May 12, 2010 (6)
4.11	Addendum 2 dated June 30, 2010 to the Asset Purchase Agreement between Eagleford Energy Inc. and Source Re-Work Program Inc., dated May 12, 2010 (6)
4.12	Acquisition Agreement among Eagleford Energy Inc., Dyami Energy LLC and the Members of Dyami Energy LLC dated August 10, 2010 (5)
4.13	Financial Advisory Services Agreement between Eagleford Energy Inc. and GarWood Securities, LLC dated June 10, 2010 (6)
4.14	Amended Stock Option Plan, February 24, 2011 (7)
4.15	Amendment dated December 31, 2011 to 6% Secured Promissory Note between Eagleford Energy Inc. and Benchmark Enterprises LLC (8)
4.16	Consent of Sproule Associates Limited dated February 16, 2012 (9)
4.17	Evaluation of P&NG Reserves of Eagleford Energy Inc., at August 31, 2011 (11)
4.18	Amended Stock Option Plan, February 24, 2012 (8)
4.19	By-Law No. 1, February 24, 2012 (8)
4.20	Articles of Amendment, effective March 16, 2012 (10)
4.21	2nd Amendment dated June 30, 2012 to 6% Secured Promissory Note between Eagleford Energy Inc. and Benchmark Enterprises LLC (12)
4.22	Evaluation of P&NG Reserves of Eagleford Energy Inc., at August 31, 2012 (12)
4.23	Consent of Sproule Associates Limited dated (12)
4.24	Placement Agency Agreement dated March 12, 2012 between Eagleford Energy Inc. and Gottbetter Capital Markets, LLC(12)
4.25	Amendment dated April 13, 2012 to Placement Agency Agreement dated March 12, 2012 between Eagleford Energy Inc. and Gottbetter Capital Markets, LLC (12)
4.26	Amendment No. 2 dated July 17, 2012 to Placement Agency Agreement dated March 12, 2012 between Eagleford Energy Inc. and Gottbetter Capital Markets, LLC (12)
4.27	Amendment No. 3 dated August 14, 2012 to Placement Agency Agreement dated March 12, 2012 between Eagleford Energy Inc. and Gottbetter Capital Markets, LLC (12)
4.28	Amendment No. 4 dated August 31, 2012 to Placement Agency Agreement dated March 12, 2012 between Eagleford Energy Inc. and Gottbetter Capital Markets, LLC (12)
4.29	3rd Amendment dated November 23, 2012 to 6% Secured Promissory Note between Eagleford Energy Inc. and Benchmark Enterprises LLC (12)
8.1	Subsidiaries of Eagleford Energy Inc. (12)
12.1/12.2	Section 302 Certification of Chief Executive and Financial Officer (12)
13.1/13.2	Section 906 Certification of Chief Executive and Financial Officer (12)

Reference #	**Incorporated by Reference**
(1)	Previously filed on April 29, 2009 by Registrant as part of Registration Statement on Form 20-F (SEC File No. 0-53646)
(2)	Previously Filed by Registrant as part of Amendment #2 to Registration Statement on Form 20F/A on July 14, 2009
(3)	Previously Filed by Registrant on Form 6 K on December 1, 2009
(4)	Previously filed by Registrant on Form 20F/A on March 12, 2010
(5)	Previously filed by Registrant on Form 6-K on September 16, 2010
(6)	Previously Filed by Registrant on Form 20F on February 11, 2011
(7)	Previously filed by Registrant on Form 6-K on January 27, 2011
(8)	Previously filed by Registrant on Form 6-K on February 1, 2012
(9)	Previously filed by Registrant on Form 20F on February 16, 2012
(10)	Previously filed by Registrant on Form 6-K on March 9, 2012
(11)	Previously filed by Registrant on Form 20F/A on April 26, 2012
(12)	Filed as an Exhibit hereto

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

EAGLEFORD ENERGY INC.

By: /s/ James Cassina
Name: James Cassina
Title: President and Chief Executive Officer

Date: December 31, 2012

INDEX TO FINANCIAL STATEMENTS

Audited Consolidated Financial Statements of Eagleford Energy Inc. for the years ended August 31, 2012 and 2011, comprised of the following:

Consolidated Financial Statements

For the years ended August 31, 2012 and 2011

(Expressed in Canadian Dollars)

EAGLEFORD ENERGY INC

Consolidated Financial Statements
For the years ended August 31, 2012 and 2011
(Expressed in Canadian Dollars)

Contents

Schwartz Levitsky Feldman llp
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO • MONTREAL

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Eagleford Energy Inc

We have audited the accompanying consolidated financial statements of Eagleford Energy Inc and its subsidiaries (the “Company”), which comprise the consolidated statements of financial position as at August 31, 2012, August 31, 2011 and September 1, 2010, and the consolidated statements of operations and comprehensive loss, changes in shareholders’ equity and cash flows for the years ended August 31, 2012 and August 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Eagleford Energy Inc and its subsidiaries as at August 31, 2012, August 31, 2011 and September 1, 2010, and their financial performance and cash flows for the years ended August 31, 2012, and August 31, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw your attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net loss of $2,809,188 during the year ended August 31, 2012 and as of that date its current liabilities exceed its current assets by $3,819,056. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Without qualifying our opinion, we also draw your attention to Notes 7 and 17 to the consolidated financial statements which indicate that the lessor of the Matthews lease has expressed its belief that the lease has terminated and filed a petition in the District Court, Zavala County, Texas, seeking a declaration to this effect. The Company disagrees and believes that it is in full compliance with the terms of the lease. The Company is defending these allegations and is countersuing the lessor for repudiation of the lease and seeking damages.

/s/ Schwartz Levitsky Feldman, llp

Toronto, Ontario, Canada
December 21, 2012

Chartered Accountants
Licensed Public Accountants

2300 Yonge Street, Suite 1500
Toronto, Ontario M4P 1E4
Tel: 416 785 5353
Fax: 416 785 5663

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	August 31, 2012	August 31,2011 (Note 18)	September 1, 2010 (Note 18)
Assets			
Current assets			
Cash and cash equivalents	$ 330,003	$ 165,266	$ 43,776
Marketable securities (Note 6)	1	1	1
Trade and other receivables	17,525	127,546	53,060
Prepaid expenses and deposits	-	44,285	-
Due from related party (Note 11)	-	-	1,325
Total current assets	347,529	337,098	98,162
Non-current assets			
Property and equipment (Note 8)	175,000	243,000	314,000
Exploration and evaluation assets (Note 7)	8,475,487	8,995,878	5,695,290
Total non-current assets	8,650,487	9,238,878	6,009,290
Total Assets	**$ 8,998,016**	$ 9,575,976	$ 6,107,452
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables	$ 1,039,959	$ 1,197,695	$ 421,928
Secured note payable (Note 12)	946,848	1,012,644	186,183
Shareholders loans (Note 11)	2,179,778	2,936,236	57,500
Loan payable	-	-	110,000
Derivative warrant liabilities (Note 13)	-	299,049	-
Total current liabilities	4,166,585	5,445,624	775,611
Non-current liabilities			
Secured notes payable (Note 12)	-	-	1,021,344
Derivative warrant liabilities (Note 13)	1,640,406	1,277,220	1,701,861
Provisions (Note 9)	240,672	125,832	73,368
Total non-current liabilities	1,881,078	1,403,052	2,796,573
Total Liabilities	6,047,663	6,848,676	3,572,184
Shareholders' Equity			
Share capital (Note 10)	5,906,633	4,635,556	3,817,184
Share purchase warrants (Note 10)	1,422,526	252,637	380,734
Share purchase options (Note 10)	170,972	-	-
Contributed surplus (Note 10)	506,200	85,737	43,750
Foreign currency translation reserve	(109,463)	(109,303)	-
Deficit	(4,946,515)	(2,137,327)	(1,706,400)
Total Shareholders' Equity	2,950,353	2,727,300	2,535,268
Total Liabilities and Shareholders' Equity	**$ 8,998,016**	$ 9,575,976	$ 6,107,452

Going Concern (Note 1)
Related Party Transactions and Balances (Note 11)
Subsequent Event (Note 20)
Commitments and Contingencies (Note 17)

Approved by the Board of Directors

/s/ James Cassina
James Cassina, Director

/s/ Milton Klyman
Milton Klyman, Director

The accompanying notes are an integral part of these consolidated financial statements

EAGLEFORD ENERGY INC

Consolidated Statements of Operations and Comprehensive Loss

For the years ended August 31, **(Expressed in Canadian Dollars)**	**2012**	2011 (Note 18)
Revenue		
Natural gas sales, net of royalties	$ 39,218	$ 56,916
Expenses		
Operating costs	28,471	52,190
Depletion and accretion	20,509	23,912
General and administrative	705,591	502,474
Marketing and public relations	46,272	88,569
Impairment loss on property and equipment (Note 8)	50,774	48,249
Interest expense	88,789	68,199
Loss (gain) on derivative warrant liabilities (Note 13)	46,655	(126,410)
Loss on settlement of debt (Note 10)	1,465,465	-
Stock based compensation (Note 10)	95,910	-
Stock based compensation - non employees (Note 10)	75,062	-
Compensation expense on re-pricing of units (Note 10)	188,625	-
Loss (gain) on foreign exchange	36,283	(161,340)
Gain on disposal of marketable securities	-	(8,000)
	2,848,406	487,843
Net loss	**(2,809,188)**	(430,927)
Foreign currency translation	(160)	(109,303)
Comprehensive loss	**$ (2,809,348)**	$ (540,230)
Loss per share, basic and diluted	**$ (0.034)**	$ (0.007)
Weighted average shares outstanding, basic and diluted *	**81,769,733**	63,854,456

* Reflects the March 16, 2012 two-for-one stock split (Refer to Note 10)

The accompanying notes are an integral part of these consolidated financial statements

EAGLEFORD ENERGY INC

Consolidated Statements of Changes in Shareholders Equity
For the years ended August 31, 2012 and 2011
(Expressed in Canadian Dollars)

	SHARE CAPITAL Number of shares*	SHARE CAPITAL Amount $	SHARE PURCHASE WARRANTS $	SHARE PURCHASE OPTIONS $	CONTRI-BUTED SURPLUS $	FOREIGN CURRENCY TRANS-LATION RESERVE $	DEFICIT $	TOTAL EQUITY $
Balance, September 1, 2010 (Note 18)	59,502,051	3,817,184	380,734	-	43,750	-	(1,706,400)	2,535,268
Issuance of units as compensation	200,000	95,800	-	-	-	-	-	95,800
Warrants exercised	7,420,692	722,572	(128,097)	-	-	-	-	594,475
Warrants cancelled	-	-	-	-	36,237	-	-	36,237
Imputed Interest	-	-	-	-	5,750	-	-	5,750
Foreign currency translation	-	-	-	-	-	(109,303)	-	(109,303)
Net loss for the year	-	-	-	-	-	-	(430,927)	(430,927)
Balance, August 31, 2011 (Note 18)	67,122,743	4,635,556	252,637	-	85,737	(109,303)	(2,137,327)	2,727,300
Issuance of shares as debt settlement	3,107,006	395,589	-	-	-	-	-	395,589
Issuance of units as debt settlement	17,150,000	1,150,367	1,102,348	-	-	-	-	2,252,715
Private placement of units	2,000,000	32,459	67,541	-	-	-	-	100,000
Private placement of units	3,000,000	342,786	-	-	-	-	-	342,786
Compensation expense on re-pricing units	750,000	-	-	-	118,507	-	-	118,507
Private placement of units	6,825,000	702,528						702,528
Warrants expired	-	-	-	-	318,552	-	-	318,552
Issuance of shares as debt settlement	171,386	44,547	-	-	-	-	-	44,547
Imputed interest	-	-	-	-	2,334	-	-	2,334
Stock based compensation	-	-		170,972	-	-	-	170,972
Units cancelled	(3,418,468)	(1,397,199)	-	-	(18,930)	-	-	(1,416,129)
Foreign currency translation	-	-	-	-	-	(160)	-	(160)
Net loss for the year	-	-	-	-	-	-	(2,809,188)	(2,809,188)
Balance, August 31, 2012	**96,707,667**	**5,906,633**	**1,422,526**	**170,972**	**506,200**	**(109,463)**	**(4,946,515)**	**2,950,353**

* Reflects the March 16, 2012 two-for-one stock split (Refer to Note 10)

The accompanying notes are an integral part of these consolidated financial statements

EAGLEFORD ENERGY INC

Consolidated Statements of Cash Flows
For the years ended August 31,
(Expressed in Canadian Dollars)

	2012	2011
Cash provided by (used in)		
Operating activities		
Net loss for the period	$ (2,809,188)	$ (430,927)
Items not involving cash:		
Depletion and accretion	20,509	23,912
Imputed interest	2,334	5,750
Unrealized Loss (gain) on derivative warrant liabilities	46,655	(126,410)
Loss on settlement of debt	1,465,465	-
Impairment loss on property and equipment	50,774	48,249
Shares and warrants issue for services	44,285	88,569
Compensation expense on re-pricing of units	188,625	-
Stock based compensation	170,972	-
Provisions	64,773	(5,669)
Gain on disposal of marketable securities	-	(8,000)
Net changes in non-cash working capital (Note 15)	372,170	702,606
	(382,626)	298,080
Investing activities		
Additions to exploration and evaluations assets	(1,559,763)	(3,262,782)
Proceeds on disposal of marketable securities	-	8,000
	(1,559,763)	(3,254,782)
Financing activities		
Private placement of units, net of share issue costs	2,086,718	-
Secured notes payable, net	(65,796)	(194,883)
Shareholders' loans, net	50,042	2,878,736
Repayment of loan payable	-	(110,000)
Warrants exercised	-	594,475
	2,070,964	3,168,328
Effect of exchange rate changes on cash and cash equivalents	36,162	(90,136)
Increase in cash and cash equivalents for the year	128,575	211,626
Cash and cash equivalents, beginning of year	165,266	43,776
Cash and cash equivalents, end of year	**$ 330,003**	$ 165,266

Supplemental Cash Flow Information and Non-cash Transactions (Note 15)

The accompanying notes are an integral part of these consolidated financial statements

1. Nature of Business and Going Concern

Eagleford Energy Inc. ("Eagleford" or the "Company") was amalgamated under the Business Corporations Act (*Ontario)* on November 30, 2009. The principal activities of the Company consist of exploration, development and production of petroleum and natural gas properties. In addition, the Company holds a 0.3% net smelter return royalty on 8 mining claim blocks located in Red Lake, Ontario which is carried on the consolidated statement of financial position at nil.

The company's registered office is 1 King Street West, Suite 1505, Toronto, Ontario, M5H 1A1.

The Company's common shares trade on the Over-the-Counter Bulletin Board (OTCBB) under the symbol EFRDF.

These consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. The Company plans to obtain additional financing by way of debt or the issuance of common shares or some other means to service its current working capital requirements, any additional or unforeseen obligations or to implement any future opportunities. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. These consolidated financial statements do not include any adjustments for this uncertainty.

The Company has accumulated significant losses and negative cash flows from operations in recent years which raise doubt as to the validity of the going concern assumption. At August 31, 2012, the Company had a working capital deficiency of $3,819,056 (August 31, 2011 $5,108,526 and September 1, 2010 $677,449) and an accumulated deficit of $4,946,515 (August 31, 2011 $2,137,327 and September 1, 2010 $1,706,400). The Company does not have sufficient funds to meet its liabilities for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its liabilities is dependent on its ability to secure additional financing and cash flow. During the year ended August 31, 2012 the Company extinguished $1,227,386 of debt through the issuance of share capital in the Company. In addition, the Company raised net proceeds of $2,086,718 through the issuance of share capital. Management is pursuing such additional sources of financing and cash flow to fund its operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Company's first annual consolidated financial statements prepared in accordance with IFRS, and the Company has elected September 1, 2010 as the date of transition to IFRS (the "Transition Date"). IFRS 1, First Time Adoption of IFRS has effected the consolidated financial statements of the Company and the changes are included in Note 18.

These consolidated financial statements of the Company were approved by the Board of Directors on December 21, 2012.

Basis of Preparation and First-time Adoption of IFRS
The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, these are the Company's first annual consolidated financial statements prepared in accordance with IFRS, and IFRS 1 First-time adoption of International Financial Reporting Standards ("IFRS 1"). In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (the "IASB"). The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 18 discloses the impact of the transition to IFRS on the Company's reported consolidated statement of financial position, financial performance and cash flows including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended August 31, 2011 prepared under Canadian GAAP.

The accounting policies applied in these audited consolidated financial statements are based on IFRS effective for the year ended August 31, 2012, as issued and outstanding as of December 21, 2012 the date the Board of Directors approved the statements.

Principles of Consolidation
Subsidiaries are all entities (including special purpose entities) controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements include the accounts of Eagleford, the legal parent, together with its wholly-owned subsidiaries, 1354166 Alberta Ltd. an Alberta operating company ("1354166 Alberta") and Dyami Energy LLC a Texas limited liability company ("Dyami Energy"). All Intercompany balances and transactions have been eliminated on consolidation.

3. Summary of Significant Accounting Policies

Subject to certain IFRS 1 transition elections (refer to Note 18), the accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Company and its subsidiaries.

Cash and Cash Equivalents
Cash and cash equivalents include banks balances and highly liquid temporary money market instruments with original maturities of three months or less.

Revenue Recognition
Revenues from the production of oil and gas properties in which the Company has an interest are recognized, on the basis of the Company's working interest in those properties, when the significant risks and rewards of ownership of the product is transferred to the buyer, which is usually when legal title passes to an external party.

Foreign Currencies
The functional and presentation currency of the Company is the Canadian dollar. The functional currency of the Company's wholly-owned Alberta subsidiary, 1354166 Alberta is Canadian dollars and the functional currency of the Company's wholly-owned Texas subsidiary, Dyami Energy is United States dollars.

Items included in the consolidated financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the consolidated statements of operations.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in the foreign currency translation reserve under the equity section of the consolidated statement of financial position. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are also included in the foreign currency translation reserve.

Loss per Share

The basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the dilution that would occur if outstanding stock options and share purchase warrants were exercised or converted into common shares using the treasury stock method and are calculated by dividing net loss applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued.

The inclusion of the Company's stock options and share purchase warrants in the computation of diluted loss per share would have an anti-dilutive effect on loss per share and are therefore excluded from the computation.

Marketable Securities

At each financial reporting period, the Company estimates the fair value of investments which are held-for-trading, based on quoted closing bid prices at the consolidated statements of financial position date or the closing bid price on the last day the security traded if there were no trades at the consolidated statements of financial position date and such valuations are reflected in the consolidated financial statements. The resulting values for unlisted securities whether of public or private issuers, may not be reflective of the proceeds that could be realized by the Company upon their disposition. The fair value of the securities at August 31, 2012 was $1 (August 31, 2011 and September 1, 2010 - $1) (see Note 6).

Financial Instruments

Classification and Measurement

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit and loss", "loans and receivables", "available-for-sale", "held-to-maturity", or "other financial liability" as defined by IAS 39, "Financial Instruments: Recognition and Measurement".

Financial assets and financial liabilities at "fair value through profit or loss" are either classified as "held for trading" or "designated at fair value through profit or loss" and are measured at fair value with changes in fair value recognized in the statement of comprehensive income. Transaction costs are expensed when incurred. The Company has classified cash and cash equivalents, marketable securities and derivative warrant liabilities as "fair value through profit and loss".

Financial instruments classified as "loans and receivables", "held-to-maturity", or "financial liabilities" are measured at amortized cost using the effective interest method of amortization. "Loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. "Held-to-maturity" financial assets are non-derivative investments that an entity has the positive intention and ability to hold to maturity.

"Other financial liabilities measured at amortized cost" are those financial liabilities that are not designated as "fair value through profit or loss" and that are not derivatives. The Company has classified trade and other receivables as "loans and receivables" and trade and other payables, secured notes payable, loans payable, provisions and shareholders' loans as "other financial liabilities".

Financial assets classified as "available-for-sale" are measured at fair value, with changes in fair value recognized in other comprehensive income. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company currently has no assets classified as "available for sale".

Derivative Financial Instruments
The Company's derivative instruments consist of derivative liabilities in relation to its share purchase warrants. In prior years the Company had issued share purchase warrants in conjunction with offerings for the purchase of common shares of the Company. These share purchase warrants were issued with an exercise price in US dollars, rather than Canadian dollars (the presentation and functional currency of the Company). Such share purchase warrants are considered to be derivative instruments and the Company is required to re-measure the fair value of these at each reporting date. The fair value of these share purchase warrants are re-measured at each statement of financial position date using the Black Scholes model. Adjustments to the fair value of the share purchase warrants at the financial position date are recorded to the statement of operations.

Property and Equipment and Exploration and Evaluation Assets

Exploration and Evaluation Assets ("E&E")
Pre-acquisition expenditures on oil and gas assets are recognized as an expense in the consolidated statements of operations when incurred. In accordance with IFRS 6, exploration and evaluation costs are capitalized within intangible assets until the success or otherwise of the well or project has been established and subject to an impairment review. The costs of unsuccessful wells in an area are written off to statement of operations.

Exploration and evaluation costs, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized either as tangible or intangible E&E assets according to the nature of the assets acquired. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

When E&E assets are determined to be technically feasible and commercially viable, the accumulated costs are transferred to property and equipment. When E&E assets are determined not to be technically feasible and commercially viable or the Company decides not to continue with its activity, the unrecoverable costs are charged to statement of operations as exploration and evaluation expense.

E&E assets are assessed for impairment in any circumstances where sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, E&E assets are allocated to cash-generating units ("CGUs").

Development and Production Costs
Items of property and equipment, which include petroleum and natural gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into CGUs for impairment testing.

When significant parts of an item of property and equipment, including petroleum and natural gas interests, have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of property and equipment, including petroleum and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in profit or loss.

Subsequent Costs
Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are recognized as exploration and evaluation assets only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized exploration and evaluation assets generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depletion and Depreciation
The net carrying value of development or production assets is depleted using the units-of-production method by reference to the ratio of production in the period to the related proved plus probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually for developed properties.

Proved and probable reserves are estimated using independent reserve engineer reports for developed properties only and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon:

- a reasonable assessment of the future economic benefit of such production;
- a reasonable expectation that there is a market for all or substantially all the expected oil and natural gas production; and
- evidence that the necessary production, transmission and transportation facilities are available or can be made available.

Reserves may only be considered proved and probable if they are supported by either actual production or conclusive formation tests. The area of reservoir considered proved includes: (a) that portion delineated by drilling and defined by gas-oil and/or oil-water contacts, if any, or both; and (b) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geophysical, geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of oil and natural gas controls the lower proved limit of the reservoir.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Impairment
Financial Assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. Remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

Non-financial Assets
The carrying amounts of the Company's non-financial assets, other than E&E assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. E&E assets are assessed for impairment when they are reclassified to property and equipment as petroleum and natural gas interests, and also if facts and circumstances suggest that their carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

E&E assets are allocated to related CGUs when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to producing assets (petroleum and natural gas interests in property and equipment).

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than goodwill, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

Provisions
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

Decommissioning Obligations
The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the period-end date. Subsequent to initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows and changes to discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

Borrowing Costs
Borrowing costs incurred for the construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the assets for their intended use or sale. All other borrowing costs are recognized in profit or loss using the effective interest method. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Taxes
Tax expense comprises current and deferred tax. Tax is recognized in the consolidated statements of operations except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current Income tax
Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and asset and they relate to the income taxes levied by the same authority on the same taxable entity, or on different tax entities where these entities intend to settle current tax liabilities and asset on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

Share-Based Compensation
The Company has a share-based compensation plan that grants stock options to employees and non-employees. This plan is an equity settled plan. The company uses the fair value method for accounting for stock-based awards to employees and non-employees.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

Warrants
When the Company issues units comprising common shares and warrants, the Company follows the relative fair value method of accounting for warrants attached to and issued with common shares of the Company. Under this method, the fair value of warrants issued is estimated using a Black-Scholes option price model. The fair value is then related to the total of the net proceeds received on issuance of the common shares and the fair value of the warrants issued therewith. The resultant relative fair value is allocated to warrants from the net proceeds and the balance of the net proceeds is allocated to the common shares issued.

Critical Accounting Estimates and Judgments
The timely preparation of the consolidated financial statements in accordance with IFRS requires that management make estimates and assumptions and use judgment regarding the measured amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Such estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Valuation and classification of exploration and evaluation assets
The value of exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves which in turn is dependent on future oil and natural gas prices, future capital expenditures and environmental and regulatory restrictions. The decision to transfer exploration and evaluation assets to property and equipment is based upon management's determination of an area's technical feasibility and commercial viability based on proved and/or probable reserve estimates.

Matthews Lease Litigation
The lessors of the Matthews lease expressed their belief that the lease has terminated and filed a petition in the District Court, Zavala County, Texas, seeking a declaration that the lease has terminated. The Company disagrees and believes that it is in full compliance with the terms of the lease. The Company is defending the allegation and countersuing the lessor for repudiation of the lease and seeking damages (see Note 7).

Stock Based Compensation
The Company measures the cost of equity-settled transactions to the relative fair value of the equity instruments at the date at which they are issued. Estimating relative fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the instrument. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, discount rates and dividend yield.

Decommissioning Liabilities
Decommissioning liabilities consist of asset retirement obligations that are based, in part, on estimates of future costs to settle the obligation, in addition to estimates of the useful life of the underlying assets, the rate of inflation and the risk-free discount rate.

Fair Value of Financial Instruments
The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Assessment of Commercial Reserves
Management is required to assess the level of the Company's commercial reserves together with the future expenditures to access those reserves, which are utilized in determining the depletion charge for the period, assessing whether any impairment charge is required against producing and developed, and the determination of the deferred tax liability. By their nature, these estimates of discovered proved and probable crude oil and natural gas reserves, including the estimates of future prices, costs, related future cash flows and the selection of a pre-tax risked discount rate relevant to the asset in question are subject to measurement uncertainty.

The Company employs an independent reserves evaluator who periodically assesses the Company's level of commercial reserves by reference to data sets including geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Company's assets. Significant judgment is involved when determining whether there have been any significant changes in the Company's reserves.

Income taxes
Income taxes liability is estimated for the Company, including an assessment of temporary differences. Any temporary differences will generally result in the recognition of deferred tax assets and liabilities in the financial statements. Management's judgment is required in the calculation of current and deferred taxes.

Provisions
Considerable judgment is used in measuring and recognizing provisions and the exposure to contingent liabilities. Judgment is necessary to determine the likelihood that a pending litigation or other claim will succeed, or a liability will arise and to quantify the possible range of the final settlement.

Significant changes in the assumptions, including those with respect to future business plan and cash flows, could materially change the recorded carrying amounts.

4. Recent Accounting Pronouncements

All accounting standards effective for periods on or after January 1, 2011 have been adopted as part of the transition to IFRS. The following are new IFRS pronouncements that have been issued, although not yet effective and have not been early adopted, and may have an impact on the Company in the future as discussed below.

IFRS 7, "Financial Instruments": Disclosures", which requires disclosure of both gross and net information about financial instruments eligible for offset in the statement of financial position and financial instruments subject to master netting agreements. Concurrent with the amendments to IFRS 7, the IASB also amended IAS 32, "Financial Instruments: Presentation" to clarify the exiting requirements for offsetting financial instruments in the statement of financial position. The amendments to IAS 32 are effective as of January 1, 2014. The Company does not expect to have a significant impact on its consolidated financial statements.

IFRS 10, "Consolidated Financial Statements" replaces the consolidation requirements of SIC-12 Consolidation Special Purpose Entities and IAS 27 "Consolidated Separate Financial Statements". It introduces a new principle-based definition of control, applicable to all investees to determine the scope of consolidation. The standard provides the framework for consolidated financial statements and their preparation based on the principle of control. This new standard is effective for the Company's Interim and Consolidated financial statements commencing September 1, 2013. The Company does not expect to have a significant impact on its consolidated financial statements.

IFRS 11 "Joint Arrangements" which replaces IAS 31, "Interests in Joint Ventures". IFRS 11 divides joint arrangements into two types, each having its own accounting model. A "joint operation" continues to be accounted for using proportionate consolidation, whereas a "joint venture" must be accounted for using equity accounting. This differs from IAS 31, where there was the choice to use proportionate consolidation or equity accounting for joint ventures. A "joint operation" is defined as the joint operators having rights to the assets, and obligations for the liabilities, relating to the arrangement. In a "joint venture", the joint ventures partners have rights to the net assets of the arrangement, typically through their investment in a separate joint venture entity. This new standard is effective for the Company's Interim and Consolidated financial statements commencing September 1, 2013. The Company does not expect to have a significant impact on its consolidated financial statements.

IFRS 12 “Disclosure of Interests in Other Entities” is a new standard, which combines all of the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. This new standard is effective for the Company’s Interim and Consolidated financial statements commencing September 1, 2013. The Company does not expect to have a significant impact on its consolidated financial statements.

IFRS 13 “Fair Value Measurement” replaces the fair value guidance contained in individual IFRS with a single source of fair value measurement guidance. The standard also requires disclosures which enable users to assess the methods and inputs used to develop fair value measurements. This new standard is effective for the Company’s Interim and Consolidated financial statements commencing September 1, 2013. The Company does not expect to have a significant impact on its consolidated financial statements.

IAS 1 “Presentation of Financial Statements” was amended by the IASB in September 2011 in order to align the presentation of items in comprehensive income with US GAAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. This new standard is effective for the Company’s Interim and Consolidated financial statements commencing September 1, 2013. The Company does not expect to have a significant impact on its consolidated financial statements.

IAS 27 “Separate Financial Statements”. In May 2011, the IASB amended IAS 27, Separate Financial Statements (“IAS 27”). This amendment removes the requirements for consolidated statements from IAS 27, and moves it over to IFRS 10 “Consolidated Financial Statements”. The amendment mandates that when a company prepares separate financial statements, investment in subsidiaries, associates, and jointly controlled entities are to be accounted for using either the cost method or in accordance with IFRS 9 “Financial Instruments”. In addition, this amendment determines the treatment for recognizing dividends, the treatment of certain group reorganizations, and some disclosure requirements. This amendment is effective for the Company’s interim and annual consolidated financial statements commencing September 1, 2013. The Company is assessing the impact of this amended standard on its consolidated financial statements.

IAS 28 “Investments in Associates and Joint Ventures”. In May 2011, the IASB amended IAS 28, investments in Associates and Joint Ventures (“IAS 28”). This amendment requires any retained portion of an investment in an associate or joint venture that has not been classified as held for sale to be measured using the equity method until disposal. After disposal, if the retained interest continues to be an associate or joint venture, the amendment requires for it to be continued to be accounted for under the equity method. The amendment also disallows the re measurement of any retained interest in an investment upon the cessation of significant influence or joint control. This amended standard is effective for the Company’s interim and annual consolidated financial statements commencing September 1, 2013. The Company is assessing the impact of this amended standard on its consolidated financial statements.

IFRS 9 “Financial Instruments”. In October 2010, the IASB issued IFRS 9, Financial Instruments (“IFRS 9”). IFRS 9, which replaces IAS 39, Financial Instruments: Recognition and Measurement, establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows. This new standard is effective for the Company’s interim and annual consolidated financial statements commencing September 1, 2015. The Company is assessing the impact of this new standard on its consolidated financial statements.

5. Segmented Information

The Company’s reportable and geographical segments are Canada and the United States. The accounting policies used for the reportable segments are the same as the Company’s accounting policies.

For the purposes of monitoring segment performance and allocating resources between segments, the Company’s executive officer monitors the tangible, intangible and financial assets attributable to each segment.

(Expressed In Canadian Dollars)

All assets are allocated to reportable segments. The following tables show information regarding the Company's reportable segments.

For the year ended August 31, 2012	Canada	United States	Total
Net revenue	$ 39,218	-	$ 39,218
Net loss	$ (2,588,298)	(220,890)	$ (2,809,188)

For the year ended August 31, 2011	Canada	United States	Total
Net revenue	$ 56,916	-	$ 56,916
Net loss	$ (371,361)	(59,566)	$ (430,927)

As at August 31, 2012	Canada	United States	Total
Total Assets	$ 3,983,791	$ 5,014,225	$ 8,998,016
Total Liabilities	$ 5,478,773	$ 568,890	$ 6,047,663
As at August 31, 2011			
Total assets	$ 5,745,321	$ 3,830,655	$ 9,575,976
Total liabilities	$ 6,241,697	$ 606,979	$ 6,848,676
As at September 1, 2010			
Total assets	$ 5,213,827	$ 893,625	$ 6,107,452
Total liabilities	$ 3,361,515	$ 210,669	$ 3,572,184

6. Marketable Securities

	August 31, 2012
Investments in quoted company security (see Note 3) (September 1, 2010 and August 31, 2011 - $1)	$ 1

7. Exploration and Evaluation Assets

Cost	
Balance September 1, 2010	$ 5,695,290
Additions	3,262,782
Decommissioning obligations	52,641
Change in decommissioning obligation estimates	4,332
Foreign exchange	(19,167)
Balance August 31, 2011	8,995,878
Additions	1,559,763
Units cancelled	(2,091,616)
Decommissioning obligations	41,243
Change in decommissioning obligation estimates	6,546
Foreign exchange	(36,327)
Balance August 31, 2012	**$ 8,475,487**

The Company's exploration and evaluation assets are located in Texas, USA. As at and for the years ended August 31, 2012 and August 31, 2011 no impairment loss was recorded. For the year ended August 31, 2012 the Company capitalized interest of $289,650 to exploration and evaluation assets (August 31, 2011: $197,690).

Mathews Lease, Zavala County, Texas, USA

On August 31, 2012 the Company cancelled 3,418,468 common shares and 1,709,234 common share purchase warrants. The common shares and warrants had been issued August 31, 2010 as partial consideration of the purchase price for Dyami Energy and held in escrow pending the satisfaction of certain conditions precedent to their release on August 31, 2012. The conditions precedent had not been satisfied and the time allowed for performance expired. The Company recorded a reduction in exploration and evaluation assets of $2,091,616.

Dyami Energy holds a 75% working interest before payout and a 61.50% working interest after payout of production revenue of $12.5 million and Eagleford holds a 10% working interest before payout and a 7.5% working interest after payout of production revenue of $15 million in a mineral lease comprising approximately 2,629 gross acres of land in Zavala County, Texas. The royalties payable under the Matthews lease are 25%.

The Matthews Oil and Gas Lease had a primary term of three years commencing April 1, 2008, unless commercial production is established from a well or lands pooled therewith or the lessee is then engaged in actual drilling or reworking on any well within 90 days thereafter. The lease shall remain in force so long as the drilling or reworking is processed without cessation of more than 90 days. Once production is established, the lease is held by production so long as a new well is commenced within 180 days of completion of the prior well, which is defined as 15 days following reaching total depth in a well or the total length of a horizontal well.

Matthews Lease Litigation
The lessor of the Matthews lease expressed their belief that the lease has terminated and filed a petition in the District Court, Zavala County, Texas, seeking a declaration that the lease has terminated. The Company disagrees and believes that it is in full compliance with the terms of the lease. The Company is defending the allegation and countersuing the lessor for repudiation of the lease and seeking damages.

The Company elected to conduct the continuous drilling program provision of the lease in order to extend the term of the lease beyond its primary term. The Company commenced actual drilling operations on a well, within the 180 day time period allowed and defined in the amended lease every such period since the end of the primary term.

In March 2012, the Company notified the lessor of its intention to continue drilling the No. 2-H well initiated in October 2011 and suspended, and to drill a new well, the 4-H under the continuous-drilling program.

Upon receipt of this notice, and before the 180-day deadline to commence actual drilling operations expired, the lessor informed the Company that it was taking the position that the lease had terminated because the Company allegedly failed to drill the No. 2-H well in a good faith attempt to secure production, and thus failed to comply with the continuous drilling program. The lessor later added that the Company was 2 days late having a drill bit contact the surface of the earth and turn to the right. Based on the Company’s extensive logging, coring, and laboratory work and analysis, the Company was highly confident that these wells would produce in commercial quantities, which would have benefitted the lessor and the other royalty owner, and would have allowed the Company to begin to recoup its investment in the lease. Extended development drilling would have followed. Accordingly the Company is seeking specific performance or damages from the lessors.

As at August 31, 2012, no amounts of contingent loss due to the impairment of the above mentioned lease have been recorded in these consolidated financial statements. According to the Company's legal counsel, there are no dispositive motions pending, a trial date has not been set and in their opinion it is not possible to evaluate the likelihood of an unfavorable outcome or the amount or range of potential loss.

The Company carries its investment in the Matthews lease at approximately $4,645,534. If the final outcome of such claim differs adversely from that expected, it would result in an impairment loss equal to the carrying value of the Matthews lease, when determined.

Murphy Lease, Zavala County, Texas, USA
Dyami Energy holds a 100% working interest in a mineral lease comprising approximately 2,637 acres of land in Zavala County, Texas (the “Murphy Lease”) subject to a 10% carried interest on the drilling costs from surface to base of the Austin Chalk formation, and a 3% carried interest on the drilling costs from the top of the Eagle Ford shale formation to basement on the first well drilled into a serpentine plug and for the first well drilled into a second serpentine plug, if discovered. Thereafter Dyami Energy’s working interests range from 90% to 97%. The royalties payable under the Murphy Lease are 25%.

(Expressed In Canadian Dollars)

Dyami Energy is required to drill a well every six months in order to maintain the Murphy Lease. Three years after the cessation of continuous drilling, all rights below the deepest producing horizon in each unit then being held by production, shall be released and re-assigned to the Lessor, unless the drilling of another well has been proposed on said unit, approved in writing by Lessor, and timely commenced.

8. Property and Equipment

	Petroleum and Natural Gas Properties
Cost or deemed cost	
Balance September 1, 2010	$ 314,000
Change in decommissioning obligation estimates	302
Balance August 31, 2011	314,302
Change in decommissioning obligation estimates	819
Balance August 31, 2012	**$ 315,121**
Accumulated depletion and impairment	
Balance September 1, 2010	-
Depletion	$ (23,053)
Impairment	(48,249)
Balance August 31, 2011	(71,302)
Depletion	(18,045)
Impairment	(50,774)
Balance August 31, 2012	**$ (140,121)**
Carrying Value	
At September 1, 2010	$ 314,000
At August 31, 2011	$ 243,000
At August 31, 2012	**$ 175,000**

As at and for the year ended August 31, 2012 and 2011, no general and administrative costs were capitalized. For the year ended August 31, 2012 the Company recorded an impairment loss of $50,774 on its Alberta, Canada property as a result of an evaluation prepared by an independent reserves evaluator (August 31, 2011 $48,249). The evaluation was based on future pre-tax cash flows of the proved and probable reserves using forecast prices and discounted by 10%.

Alberta, Canada

The Company has a 0.5% non convertible gross overriding royalty in a natural gas well located in the Haynes area of Alberta and a 5.1975% interest in a natural gas unit located in the Botha area of Alberta, Canada.

9. Provisions

	Decommissioning Provisions (Note a)	Other Provisions (Note b)	Total Provisions
Balance, September 1, 2010	$ 6,555	$ 66,813	$ 73,368
Accretion expense	859		859
Additions	52,641		52,641
Change in estimate	4,633		4,633
Foreign exchange		(5,669)	(5,669)
Balance, August 31, 2011	64,688	61,144	125,832
Accretion expense	2,464		2,464
Additions	41,243	64,866	106,109
Change in estimate	7,365		7,365
Foreign exchange	(1,005)	(93)	(1,098)
Balance, August 31, 2012	**$ 114,755**	**$ 125,917**	**$ 240,672**

(Expressed In Canadian Dollars)

a) Decommissioning Obligations

The Company's decommissioning obligations result from its ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities, and the estimated timing of the costs to be incurred in future years. The Company has estimated the net present value of decommissioning obligations to be $114,755 at August 31, 2012 (August 31, 2011 $64,688 and September 1, 2010 $6,555) based on an undiscounted total future liability of $158,974 (August 31, 2011 $102,974 and September 1, 2010 $12,474). These payments are expected to be incurred between fiscal 2022 and 2031. The discount factor, being the risk free rate related to the liability is 2.37% (August 31, 2011 3.10% and September 1, 2010 3.33%).

b) Other Provisions

During the year ended August 31, 2010 a vendor of Dyami Energy filed a claim in the District Court of Harris County, Texas seeking payment of US$62,800. Dyami Energy is disputing the claim on the basis of excessive charges. The full amount of the provision has been recorded and any legal costs will be expensed as incurred. The outcome of this claim is uncertain at this time.

During the year ended August 31, 2012 a vendor of Dyami Energy filed a claim in the District Court of Harris County, Texas seeking payment of US$64,866. Dyami Energy is disputing the amount charged due to faulty equipment. The full amount of the provision has been recorded and any legal costs will be expensed as incurred. The outcome of this claim is uncertain at this time.

The above amounts have been classified as long term, however not discounted as the impact to the consolidated financial statements is immaterial.

10. Share Capital and reserves

On March 16, 2012, the Company completed a 2-for-1 stock split, pursuant to which one (1) newly-issued share of the Company's common stock was issued to each holder of a share of common stock as of the close of business. The forward stock split has been applied retrospectively for all periods presented.

Authorized:
Unlimited number of common shares
Unlimited non-participating, non-dividend paying, voting redeemable preference shares

Issued:
The following table sets out the changes in common shares during the respective periods:

Common Shares	**Number***	**Amount**
Balance September 1, 2010	59,502,051	$ 3,817,184
Exercise of warrants (note a)	7,420,692	722,572
Issued as compensation (note b)	200,000	95,800
Balance August 31, 2011	67,122,743	4,635,556
Debt settlement (note c)	3,107,006	395,589
Debt settlement (note d)	6,000,000	522,856
Debt settlement (note e)	11,150,000	627,511
Private placement (note f)	2,000,000	32,459
Private placement (note g)	3,750,000	342,786
Private placement (note h)	6,825,000	702,528
Debt settlement (note i)	171,386	44,547
Cancelled (note j)	(3,418,468)	(1,397,199)
Balance August 31, 2012	**96,707,667**	**$ 5,906,633**

* Reflects the March 16, 2012 two-for-one stock split

(Expressed In Canadian Dollars)

The following table sets out the changes in warrants during the respective periods:

	August 31, 2012		August 31, 2011	
Warrants	**Number of Warrants***	**Weighted Average Price***	**Number of Warrants***	**Weighted Average Price***
Outstanding, beginning of year	21,050,948	$ 0.04	28,471,640	$ 0.04
Warrants exercised (note a)	-	-	(7,420,692)	$ 0.04
Debt settlement (note d)	6,000,000	$ 0.05		
Debt settlement (note e)	11,150,000	$ 0.05		
Private placement (note f)	2,000,000	$ 0.05		
Balance, end of year	**40,200,948**	**$ 0.04**	**21,050,948**	**$ 0.04**

* Reflects the March 16, 2012 two-for-one stock split

(a) During the year ended August 31, 2011, 1,000,000 common share purchase warrants were exercised at $0.04 expiring February 5, 2014 for proceeds of $35,000. The amount allocated to warrants based on relative fair value using the Black Scholes model was $12,000; 1,200,000 common share purchase warrants were exercised at $0.04 expiring February 25, 2014 for proceeds of $42,000. The amount allocated to warrants based on relative fair value using the Black Scholes model was $14,400; 70,692 common share purchase warrants were exercised at $0.04 expiring February 27, 2014 for proceeds of $2,475. The amount allocated to warrants based on relative fair value using the Black Scholes model was $822; and 5,150,000 common share purchase warrants were exercised at $0.10 expiring April 14, 2011 for proceeds of $515,000. The amount allocated to warrants based on relative fair value using the Black Scholes model was $100,875.

(b) In April 29, 2011, the Company entered into a consulting agreement with a service provider to provide corporate marketing and public relations to the Company for a period of six months. As compensation, the Company agreed to issue 200,000 common shares and 100,000 common share purchase warrants exercisable at US $0.63 per common share expiring May 4, 2012. The amount allocated to common shares was based on the share price at the time of issuance was $95,800 and the amount allocated to derivative warrant liabilities based on fair value using the Black Scholes model was $37,054. For the year ended August 31, 2011, $88,569 was recorded as marketing and public relations expense and $44,285 was recorded as prepaid expenses. On May 4, 2012, 100,000 warrants expired. The amount allocated to derivative financial instruments based on fair value using the Black Scholes model was $39,440 with a corresponding increase to contributed surplus (see Note 13).

(c) During the year ended August 31, 2012, the Company issued 3,107,006 common shares as full settlement of interest due on shareholders' loans in the amount of $325,903. The amount allocated to common shares based on fair value was $395,589 and $69,686 was recorded as a loss on settlement of debt in the statement of operations and comprehensive loss.

(d) On January 24, 2012, the Company converted shareholders' loans in the aggregate amount of $300,000 through the issuance of a total of 6,000,000 units in the capital of the Company at $0.05 per unit. Each unit is comprised of one (1) common share and one (1) purchase warrant exercisable until January 24, 2015 to purchase one (1) additional common share of the Company at a purchase price of $0.05 per share. The fair value of the common shares issued on the settlement date was $522,856 and the amount allocated to warrants based on relative fair value using the Black Scholes model was $507,038 and $729,894 was recorded as a loss on settlement of debt.

(e) On February 17, 2012, the Company converted debt and shareholders' loans in the aggregate amount of $557,500 through the issuance of a total of 11,150,000 units in the capital of the Company at of $0.05 per unit. Each unit is comprised of one (1) common share and one (1) purchase warrant exercisable until February 17, 2015 to purchase one (1) additional common share of the Company at a purchase price of $0.05 per share. The fair value of the common shares issued on the settlement date was $627,511 and the amount allocated to warrants based on relative fair value using the Black Scholes model was $595,310 and $665,321 was recorded as a loss on settlement of debt.

(f) On February 17, 2012, the Company completed a non-brokered private placement of a total of 2,000,000 units in the capital of the Company at a purchase price of $0.05 per unit for net proceeds of $100,000. Each unit is comprised of one (1) common share and one (1) purchase warrant exercisable until February 17, 2015 to purchase one (1) additional common share of the Company at a purchase price of $0.05 per share. The amount allocated to warrants based on relative fair value using the Black Scholes model was $67,541.

(g) On April 13, 2012, the Company completed private placements for gross proceeds of $748,425 of equity capital from arm's length private placement funding through the issuance of 3,000,000 units at a price of US$0.25 per unit. Each unit is comprised of one common share and one-half a common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Company at US$0.50 for a period of three years from the date of issuance. The amount allocated to derivative warrant liabilities for warrants based on fair value using the Black Scholes model was $282,604. In connection with the private placement, the Company paid cash commissions and other expenses of $45,030 and issued an aggregate of 240,000 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at an exercise price of US$0.25 for a period of three years from the date of issuance. The amount allocated to derivative warrant liabilities based on fair value using the Black Scholes model was $78,005 with a corresponding decrease in common shares. The Company subsequently re-priced the offering at US$0.20 and issued an additional 750,000 units on July 27, 2012. The fair value of the units based on the new offering price was determined to be $188,625. The amount allocated to contributed surplus was $132,616 and the amount allocated to derivative warrant liabilities based on fair value using the Black Scholes model was $56,009. In addition, the Company issued an additional 60,000 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at an exercise price of US$0.25 for a period of three years from the date of issuance. The amount allocated to derivative warrant liabilities based on fair value using the Black Scholes model for broker warrants was $14,109 with a corresponding decrease in contributed surplus (see Note 13)

(h) On July 20, 2012 and August 7, 2012 the Company completed private placements for gross proceeds of $1,365,561 of equity capital from arm's length private placement funding through the issuance of 6,825,000 units at a price of US$0.20 per unit. Each unit is comprised of one common share and one-half a common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Company at US$0.50 for a period of three years from the date of issuance. The amount allocated to derivative warrant liabilities for warrants based on fair value using the Black Scholes model was $460,907. In connection with the private placement, the Company paid cash commissions and other expenses of $82,239 and issued an aggregate of 546,000 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at an exercise price of US$0.25 for a period of three years from the date of issuance. The amount allocated to derivative warrant liabilities based on fair value using the Black Scholes model was $119,887 with a corresponding decrease in common shares (see Note 13).

(i) On May 8, 2012, the Company issued 171,385 common shares as full settlement of interest due on shareholders' loans in the amount of $43,983. The amount allocated to common shares based on fair value was $44,547 and $564 was recorded as a loss on settlement of debt in the statement of operations and comprehensive loss.

(j) On August 31, 2012 the Company cancelled 3,418,468 common shares and 1,709,234 common shares purchase warrants exercisable at US$0.50 until August 31, 2014. The common shares and warrants had been issued August 31, 2010 as partial consideration of the purchase price for Dyami Energy and held in escrow pending the satisfaction of certain conditions precedent to their release on August 31, 2012. The conditions precedent had not been satisfied and the time allowed for performance expired. The Company recorded a reduction in exploration and evaluation assets of $2,091,616, a reduction in common shares of $1,397,199, a reduction of derivative warrant liabilities of $675,487 and a reduction in contributed surplus of $18,930 (see Note 13).

(Expressed In Canadian Dollars)

The following table summarizes the outstanding warrants as at August 31, 2012:

Number of Warrants*		Exercise Price*	Expiry Date	Weighted Average Remaining Life (Years)		Warrant Value ($)
2,000,000	$	0.04	February 5, 2014	1.43	$	24,000
800,512	$	0.04	February 25, 2014	1.49		9,606
18,250,436	$	0.04	February 27, 2014	1.49		219,031
6,000,000	$	0.05	January 24, 2015	2.40		507,038
11,150,000	$	0.05	February 17, 2015	2.47		595,310
2,000,000	$	0.05	February 17, 2015	2.47		67,541
40,200,948	**$**	**0.04**		**1.94**	**$**	**1,422,526**

* Reflects the March 16, 2012 two-for-one stock split

The fair value of the warrants issued during the year ended August 31, 2012, were estimated using the Black-Scholes pricing model with the following assumptions:

Black-Scholes Assumptions used	
Risk-free interest rate	1%
Expected volatility	218%
Expected life (years)	3
Dividend yield	-

The following table summarizes the outstanding warrants as at August 31, 2011:

Number of Warrants*		Exercise Price*	Expiry Date	Weighted Average Remaining Life (Years)		Warrant Value ($)
2,000,000	$	0.04	February 5, 2014	2.44	$	24,000
800,512	$	0.04	February 25, 2014	2.49		9,606
18,250,436	$	0.04	February 27, 2014	2.50		219,031
21,050,948	**$**	**0.04**		**2.49**	**$**	**252,637**

* Reflects the March 16, 2012 two-for-one stock split

The following table summarizes the outstanding warrants as at September 1, 2010:

Number of Warrants*		Exercise Price*	Expiry Date	Weighted Average Remaining Life (Years)		Warrant Value ($)
5,150,000	$	0.10	April 14, 2011	0.62	$	100,875
1,000,000	$	0.04	February 5, 2014	3.43		12,000
2,000,512	$	0.04	February 25, 2014	3.49		24,006
20,321,128	$	0.04	February 27, 2014	3.49		243,853
28,471,640	**$**	**0.04**		**2.97**	**$**	**380,734**

* Reflects the March 16, 2012 two-for-one stock split

The following table summarizes the weighted average shares outstanding:

Weighted Average Shares Outstanding*	**2012**	**2011**
Weighted average shares outstanding, basic and diluted	81,769,733	63,854,456

* Reflects the March 16, 2012 two-for-one stock split

(Expressed In Canadian Dollars)

The effects of any potential dilutive instruments on loss per share are anti-dilutive and therefore have been excluded from the calculation of diluted loss per share.

Share Purchase Options

The Company has a stock option plan to provide incentives for directors, officers, employees and consultants of the Company. The maximum number of shares, which may be set aside for issuance under the stock option plan, is 20% of the issued and outstanding common shares of the Company on a rolling basis.

The following table is a summary of the status of the Company's stock options and changes during the period:

	Number of Options*	Weighted Average Exercise Price
Balance, September 1, 2010 and August 31, 2011	-	$ -
Granted	1,050,000	0.16
Balance, August 31, 2012	**1,050,000**	**$ 0.16**

* Reflects the March 16, 2012 two-for-one stock split

The following table is a summary of the Company's stock options outstanding and exercisable at August 31, 2012:

Options Outstanding				Options Exercisable	
Exercise Price	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Number of Options*	Weighted Average Exercise Price
$ 0.16	1,000,000	$ 0.16	4.50	1,000,000	$ 0.16
$ 0.25	50,000	$ 0.25	4.90	50,000	$ 0.25
	1,050,000	**$ 0.16**	**4.52**	**1,050,000**	**$ 0.16**

* Reflects the March 16, 2012 two-for-one stock split

Stock Based Compensation

On March 1, 2012, the Company granted options to purchase 600,000 common shares to directors. These options are exercisable at $0.16 per share, vesting immediately and expire on February 28, 2017. The Company recorded non-cash stock based compensation expense of $95,910.

Stock Based Compensation – Non Employees

On March 1, 2012, the Company granted options to purchase 400,000 common shares to a consultant. These options are exercisable at $0.16 per share, vesting immediately and expire on February 28, 2017. The Company recorded non-cash stock based compensation expense of $63,940.

On July 24, 2012, the Company granted options to purchase 50,000 stock options to a consultant of the Company. These options are exercisable at $0.25 per share, vest immediately and expire on July 23, 2017. The Company recorded non-cash share based compensation expense of $11,122.

The fair value of the stock options granted were estimated on the date of the grant using the Black Scholes option pricing model with the following weighted average assumptions used.

	March 1, 2012	July 24, 2012
Weighted average fair value per option	$ 0.16	$ 0.22
Weighted average risk free interest rate	1.44%	1.12%
Forfeiture rate	0%	0%
Weighted average expected volatility	213%	233%
Expected life (years)	5	5
Dividend yield	Nil	Nil

(Expressed In Canadian Dollars)

Transactions for the respective periods are as follows:

		Amount
Balance, August 31, 2011 and September 1, 2010	$	-
Stock based compensation		170,972
Balance August 31, 2012	**$**	**170,972**

Compensation Expense on Re-pricing Units

On April 13, 2012, the Company completed private placements of equity capital for gross proceeds of $748,425 from arm's length private placement funding through the issuance of 3,000,000 units at a price of US$0.25 per unit. The Company subsequently re-priced the offering at US$0.20 and issued an additional 750,000 units on July 27, 2012. The fair value of the additional units issued based on the new offering price was determined to be $188,625 and was expensed to the statement of operations.

Black-Scholes Assumptions used	
Risk-free interest rate	1.16%
Expected volatility	192%
Expected life (years)	2.9
Dividend yield	-

Contributed Surplus
Contributed surplus transactions for the respective periods are as follows:

		Amount
Balance, September 1, 2010	$	43,750
Imputed interest (Note 11)		5,750
Warrants cancelled (note c)		36,237
Balance, August 31, 2011		85,737
Imputed interest (Note 11)		2,334
Warrants expired (note b, c)		318,552
Warrants cancelled (note j)		(18,930)
Compensation expense on re-pricing of units		118,507
Balance, August 31, 2012	**$**	**506,200**

11. Related Party Transactions and Balances

The following transactions with individuals related to the Company arose in the normal course of business have been accounted for at the exchange amount being the amount agreed to by the related parties, which approximates the arm's length equivalent value.

Compensation of Key Management Personnel
The remuneration of directors and other members of key management personnel during the years ended were as follows:

		August 31, 2012		August 31, 2011
Short term employee benefits (1)	$	75,000	$	56,250
Directors stock based compensation (3)		95,910		-
	$	170,910	$	56,250

(Expressed In Canadian Dollars)

The following balances owing to the President of the Company are included in trade and other payables and are unsecured, non-interest bearing and due on demand:

	August 31, 2012	August 31, 2011	September 1, 2010 (2)
Short term employee benefits (1)	$ 131,250	$ 56,250	$ $18,000
Expenses paid on behalf of the Company	1,896	-	-
	$ 133,146	$ 56,250	$ 18,000

(1) Commencing December 1, 2010 the Company accrues management fees for the President of the Company at a rate of $6,250 per month.
(2) Management fees to the former President of the Company.
(3) On March 1, 2012, the Company granted 600,000 share purchase options to directors with an exercise price of $0.16 per share expiring on February 28, 2017.

At August 31, 2012 the amount of directors' fees included in trade and other payables was $12,900 (August 31, 2011 $8,800 and September 1, 2010 $6,700).

At August 31, 2012 the Company had promissory notes payable to the President of $28,845 and US$300,000 (August 31, 2011 US$300,000). For the year ended August 31, 2012 the Company recorded interest of $32,538. At August 31, 2012, included in trade and other payables is interest of $28,687 (August 31, 2011 $26,135). During the year ended August 31, 2012 the Company issued 207,612 common shares to the President as full settlement of interest due in the amount of $30,195. The notes are due on demand and bear interest at 10% per annum. Interest is payable annually on the anniversary date of the notes.

On September 1, 2011 the Company paid to Source Re Work Program, Inc. ("Source") the secured promissory note in full in the amount of US$75,000 together with accrued interest of US$6,250. Eric Johnson was the President of Source, is a shareholder of the Company and was the Vice President of Operations for Dyami Energy until April 13, 2011 (see Note 12).

At August 31, 2012 the Company has a US$960,000, 10% per annum secured promissory note payable to Benchmark Enterprises LLC ("Benchmark"). Benchmark is a shareholder of the Company. For the year ended August 31, 2012 the Company recorded interest of $83,947. At August 31, 2012 included in trade and other payables is interest of $63,296 (August 31, 2011 $92,219). During the year ended August 31, 2012 the Company issued 1,030,812 common shares as full settlement of interest due in the amount of $103,021 (see Note 12).

At August 31, 2012 included in trade and other payables is $14,649 due to Gottbetter & Partners LLP for legal fees (August 31, 2011 $68,918). On February 17, 2012 the Company converted $50,000 of debt into 1,000,000 units of the Company at $0.05 per unit. During the year ended August 31, 2012 the Company completed private placements of 10,575,000 units in the capital of the Company for gross proceeds of $2,113,986 and paid to Gottbetter Capital Markets, LLC, placement agent fees of $99,326 and issued 846,000 common share purchase warrants exercisable at US$0.25 for a period of three years from the date of issue. Gottbetter Capital Group, Inc. is a shareholder of the Company. Adam Gottbetter is the managing and principal partner of Gottbetter & Partners LLP, and the beneficial owner of Gottbetter Capital Group, Inc., and Gottbetter Capital Markets, LLC.

At August 31, 2012 the Company had an unsecured, non-interest bearing and repayable on demand shareholder loan in the amount of Nil (August 31, 2011 and September 1, 2010 $57,500). For the year ended August 31, 2012 interest was imputed at a rate of 10% per annum and interest of $2,334 was recorded and included in contributed surplus (August 31, 2011 $5,750). On January 24, 2012 the Company converted $50,000 of the loan into 1,000,000 units and on February 17, 2012 the Company converted the balance of the loan, $7,500 into 150,000 units in the capital of the Company at $0.05 per unit.

During the year ended August 31, 2012, the Company received US$175,000 and $293,000 and issued promissory notes to five shareholders. During the year ended August 31, 2012 the Company paid US$480,000 in promissory notes. At August 31, 2012, the Company had shareholders' loans payable of US $1,583,740 and $293,000 (August 31, 2011 US$2,490,000 and CDN$149,000). The notes are payable on demand and bear interest at 10% per annum. Interest is payable annually on the anniversary date of the notes. For the year ended August 31, 2012 the Company recorded interest of $254,117. At August 31, 2012, included in trade and other payables is interest of $190,484 (August 31, 2011 $171,640). During the year ended August 31, 2012 the Company issued 2,039,969 common shares as full settlement of interest due on shareholder notes in the amount of $236,669.

On January 24, 2012 the Company converted $250,000 of shareholders' loans into 5,000,000 units in the capital of the Company at $0.05 per unit and on February 17, 2012 the Company converted $500,000 into 10,000,000 units in the capital of the Company at $0.05 per unit.

12. Secured Notes Payable

At August 31, 2011 the Company had a secured promissory note payable to Source Re Work Program, Inc. ("Source") in the amount of US$75,000 (September 1, 2010 US$175,000). On September 1, 2011 the Company paid the balance due on the secured promissory note of US$75,000 together with accrued interest to August 31, 2011 of US$6,250 (September 1, 2010 Nil).

At August 31, 2012, the Company had a US$960,000, 6% per annum secured promissory note payable to Benchmark Enterprises LLC (August 31, 2011 and September 1, 2010 US$960,000). The note was payable on December 31, 2011 or upon the Company closing a financing or series of financings in excess of US$4,500,000. The due date of the note was extended until February 28, 2013 with an interest rate of 10% per annum. For the year ended August 31, 2012 the Company recorded interest of $83,947. At August 31, 2012 included in trade and other payables is interest of $63,296 (August 31, 2011 $92,219 and September 1, 2010 $26,862). During the year ended August 31, 2012 the Company issued 1,030,812 common shares as full settlement of interest due in the amount of $103,021. The note is secured by Dyami Energy's interest in the Matthews and Murphy Leases, Zavala County, Texas (the "Leases"). The carrying value of Dyami Energy's interest in the Leases at August 31, 2012 was $4,645,534. The Company may, in its sole discretion, prepay any portion of the principal amount.

13. Derivative Warrant Liabilities

The Company has warrants issued with an exercise price in US dollars which are different from the functional currency of the Company (Canadian Dollars) and accordingly the warrants are treated as a financial liability and the fair value movement during the period is recognized in the profit or loss.

The following tables sets out the changes in derivative warrant liabilities during the respective periods.

	Number of Warrants*	Fair Value Assigned	Average Exercise Price US $
September 1, 2010	4,418,468	$ 1,701,861	$ 0.56
Warrants cancelled	(109,290)	(37,024)	0.57
Warrants issued	100,000	37,842	0.63
Change in fair value estimates	-	(126,410)	-
As at August 31, 2011	4,409,178	1,576,269	$ 0.52
Warrants expired	(990,712)	(318,552)	0.58
Warrants issued	5,287,500	799,520	0.50
Broker warrants issued	846,000	212,001	0.25
Warrants cancelled	(1,709,234)	(675,487)	0.50
Change in fair value estimates	-	46,655	-
As at August 31, 2012	**7,842,732**	**$ 1,640,406**	**$ 0.47**

* Reflects the March 16, 2012 two-for-one stock split

(Expressed In Canadian Dollars)

On August 31, 2010, the Company issued 3,418,468 common share purchase warrants exercisable at US$0.50 per common share until August 31, 2014. On August 31, 2012 1,709,234 common share purchase warrants were cancelled and the fair value measured using the Black Scholes valuation model was $675,487.

On June 10, 2010, the Company issued 666,666 common share purchase warrants exercisable at US$0.50 per common share until December 10, 2011. On November 20, 2010 the Company cancelled 72,860 warrants and fair value measured using the Black Scholes valuation model of $23,791 was recorded as an increase to contributed surplus. On December 10, 2011 the remaining 593,808 warrants expired and the fair value measured using the Black Scholes valuation model of $179,113 was recorded as an increase to contributed surplus.

On June 10, 2010, the Company issued 333,334 common share purchase warrants exercisable at US$0.75 per common share until June 10, 2012. On November 20, 2010 the Company cancelled 36,430 warrants and the fair value measured using the Black Scholes valuation model of $12,446 was recorded as an increase to contributed surplus. On June 10, 2012 the remaining 296,904 warrants expired and the fair value measured using the Black Scholes valuation model of $99,999 was recorded as an increase to contributed surplus.

On April 29, 2011, the Company issued 100,000 common share purchase warrants exercisable at US $0.75 per common share expiring May 4, 2012 and fair value measured using Black Scholes valuation model at $37,055. On May 4, 2012, 100,000 expired and the fair value measured using the Black Scholes valuation model of $39,440 was recorded as an increase to contributed surplus.

On April 13, 2012 and July 27, 2012 the Company issued 1,875,000 common share purchase warrants exercisable at US$0.50 and 300,000 common share purchase broker warrants exercisable at US$0.25 expiring April 13, 2015. The fair value measured using the Black Scholes valuation model was $338,813 and $92,114, respectively.

On July 20, 2012 the Company issued 912,500 common share purchase warrants exercisable at US$0.50 and 146,000 common share purchase broker warrants exercisable at US$0.25 expiring July 20, 2015. The fair value measured using the Black Scholes valuation model was $124,288 and $33,454, respectively.

On August 7, 2012 the Company issued 2,500,000 common share purchase warrants exercisable at US$0.50 and 400,000 common share purchase broker warrants exercisable at US$0.25 expiring August 7, 2015. The fair value measured using the Black Scholes valuation model was $336,419 and $86,433, respectively (August 31, 2012 $332,429 and $85,557).

The following tables sets out the number of derivative warrant liabilities outstanding at August 31, 2012:

Number of Warrants*	Exercise Price US ($)	Expiry Date	Weighted Average Remaining Life (Years)	Fair Value CDN ($)
1,709,232	$ 0.50	August 31, 2014	2.00	$ 643,766
1,875,000	$ 0.50	April 13, 2015	2.62	333,975
300,000	$ 0.25	April 13, 2015	2.62	90,852
912,500	$ 0.50	July 20, 2015	2.88	121,203
146,000	$ 0.25	July 20, 2015	2.88	32,624
2,500,000	$ 0.50	August 7, 2015	2.93	332,428
400,000	$ 0.25	August 7, 2015	2.93	85,558
7,842,732			**2.20**	**$ 1,640,406**

* Reflects the March 16, 2012 two-for-one stock split

(Expressed In Canadian Dollars)

The fair value of the warrants issued during the year ended August 31, 2012, were estimated using the Black-Scholes pricing model with the following assumptions:

Black-Scholes Assumptions used	
Risk-free interest rate	1%-1.3%
Expected volatility	192%-199%
Expected life (years)	3
Dividend yield	-

The following tables sets out the number of derivative warrant liabilities outstanding at August 31, 2011:

Number of Warrants*		**Exercise Price US ($)**	**Expiry Date**	**Weighted Average Remaining Life (Years)**		**Fair Value CDN ($)**
593,806	$	0.50	December 10, 2011	0.28	$	179,113
296,906	$	0.75	June 10, 2012	0.78		82,094
3,418,466	$	0.50	August 31, 2014	3.00		1,277,220
100,000	$	0.75	April 29, 2012	0.66		37,842
4,409,178				**2.43**	**$**	**1,576,269**

* Reflects the March 16, 2012 two-for-one stock split

The fair value of the warrants issued during the year ended August 31, 2011, were estimated using the Black-Scholes pricing model with the following assumptions:

Black-Scholes Assumptions used	
Risk-free interest rate	1.7%
Expected volatility	254%
Expected life (years)	1
Dividend yield	-

The following tables sets out the number of derivative warrant liabilities outstanding at September 1, 2010:

Number of Warrants		**Exercise Price US ($)**	**Expiry Date**	**Weighted Average Remaining Life (Years)**		**Fair Value CDN ($)**
666,668	$	0.50	December 10, 2011	1.28	$	217,690
333,334	$	0.75	June 10, 2012	1.78		113,875
3,418,466	$	0.50	August 31, 2014	4.00		1,370,296
4,418,468				**3.42**	**$**	**1,701,861**

* Reflects the March 16, 2012 two-for-one stock split

The fair value of the warrants issued during the year ended September 1, 2010, were estimated using the Black-Scholes pricing model with the following assumptions:

Black-Scholes Assumptions used	
Risk-free interest rate	3%
Expected volatility	234%
Expected life (years)	4
Dividend yield	-

(Expressed In Canadian Dollars)

14. Financial Instruments and Concentration of Risks

The Company has classified its financial instruments as follows:

Financial Instrument	Category	Measurement method
Cash and cash equivalents	Fair value through profit or loss	Fair value
Marketable securities	Fair value through profit or loss	Fair value
Derivative warrant liabilities	Fair value through profit or loss	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Due from related party	Other financial liabilities	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Loan payable	Other financial liabilities	Amortized cost
Provisions	Other financial liabilities	Amortized cost
Secured note payable and shareholders' loans	Other financial liabilities	Amortized cost

The types of risk exposure and the ways in which such exposures are managed are as follows:

Credit Risk
Credit risk is primarily related to the Company's receivables from joint venture partners and the risk of financial loss if a partner or counterparty to a financial instrument fails to meet its contractual obligations. Receivables from joint venture partners are normally collected within one to three months of the joint venture bill being issued to the partner. The Company historically has not experienced any collection issues with its joint venture partners to date. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to expenditure. The Company establishes an allowance for doubtful accounts as determined by management based on their assessed collectability; therefore, the carrying amount of trade and other receivables generally represents the maximum credit exposure. The Company believes that its counterparties currently have the financial capacity to settle outstanding obligations in the normal course of business.

Concentration risks exist in cash and cash equivalents because significant balances are maintained with one financial institution. The risk is mitigated because the financial institution is an international bank.

The Company's maximum exposure to credit risk is as follows:

	August 31, 2012	August 31, 2011	September 1, 2010
Cash and cash equivalents	$ 330,003	$ 165,266	$ 43,776
Trade and other receivables	17,525	127,546	53,060
Prepaid expenses and deposits	-	44,285	-
Due from related party	-	-	1,325
Balance	$ 347,528	$ 337,097	$ 98,161

Liquidity Risk
The Company monitors its liquidity position regularly to assess whether it has the funds necessary to fulfill planned exploration commitments on its oil and gas properties or that viable options are available to fund such commitments from new equity issuances or alternative sources such as farm-out agreements. However, as an exploration company at an early stage of development and without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual exploration expenditures may exceed those planned. The current uncertainty in global markets could have an impact on the Company's future ability to access capital on terms that are acceptable to the Company. The Company has so far been able to raise the required financing to meet its obligations however, there can be no assurance that it will continue to do so in the future.

(Expressed In Canadian Dollars)

The following table illustrates the contractual maturities of financial liabilities:

	Payments Due by Period				
August 31, 2012	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	$ 1,039,959	$ 1,039,959	-	-	-
Secured note payable (1)	946,848	946,848	-	-	-
Shareholders loans (1)	2,179,778	2,179,778	-	-	-
Total	$ 4,166,585	$ 4,166,585	-	-	-

	Payments Due by Period				
August 31, 2011	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	$ 1,197,695	$ 1,197,695	-	-	-
Secured notes payable (1)	1,012,644	1,012,644	-	-	-
Shareholders loans (1)	2,936,236	2,936,236	-	-	-
Total	$ 5,146,575	$ 5,146,575	-	-	-

	Payments Due by Period				
September 1, 2010	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	$ 421,928	$ 421,928	-	-	-
Secured notes payable (1)	1,207,527	186,183	$ 1,021,344	-	-
Shareholders loans	57,500	57,500	-	-	-
Loan payable	110,000	110,000	-	-	-
Total	$ 1,796,955	$ 775,611	$ 1,021,344	-	-

(1) Translated at current exchange rate.

Market Risk
Market risk represents the risk of loss that may impact the Company's financial position, results of operations, or cash flows due to adverse changes in financial market prices, including interest rate risk, foreign currency exchange rate risk, commodity price risk, and other relevant market or price risks. The Company does not use derivative financial instruments or derivative commodity instruments to mitigate this risk.

The oil and gas industry is exposed to a variety of risks including the uncertainty of finding and recovering new economic reserves, the performance of hydrocarbon reservoirs, securing markets for production, commodity prices, interest rate fluctuations, potential damage to or malfunction of equipment and changes to income tax, royalty, environmental or other governmental regulations.

Market events and conditions in recent years including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions have caused significant volatility to commodity prices. These conditions caused a loss of confidence in the broader U.S. and global credit and financial markets. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline. These factors have negatively impacted company valuations and may impact the performance of the global economy going forward. Although economic conditions improved towards the latter portion of 2009, the recovery has been slow in various jurisdictions including in Europe and the United States and has been impacted by various ongoing factors including sovereign debt levels and high levels of unemployment which continue to impact commodity prices and to result in volatility in the stock market.

The Company mitigates these risks by:

- utilizing competent, professional consultants as support to company staff.
- performing geophysical, geological or engineering analyses of prospects.
- focusing on a limited number of core properties.

(i) Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by world economic events that dictate the levels of supply and demand.

The Company believes that movement in commodity prices that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

Commodity Price Sensitivity

The following table summarizes the sensitivity of the fair value of the Company's risk management position for the year ended August 31, 2012 and 2011 to fluctuations in natural gas prices, with all other variables held constant. When assessing the potential impact of these price changes, the Company believes that 10 percent volatility is a reasonable measure. Fluctuations in natural gas prices potentially could have resulted in unrealized gains (losses) impacting net income as follows:

	2012		2011	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Net revenue	$ 43,764	$ 34,672	$ 64,315	$ 49,517
Net loss	$ (2,804,642)	$ (2,813,374)	$ (426,381)	$ (438,326)

(ii) Currency Risk

The Company is exposed to the fluctuations in foreign exchange rates. The prices received by the Company for the production of natural gas and natural gas liquids are primarily determined in reference to United States dollars but are settled with the Company in Canadian dollars. The Company's cash flow for commodity sales will therefore be impacted by fluctuations in foreign exchange rates.

The Company operates in Canada and a portion of its expenses are incurred in U.S. dollars. A significant change in the currency exchange rates between the Canadian dollar relative to US dollar could have an effect on the Company's financial instruments. The Company does not hedge its foreign currency exposure.

The following assets and liabilities are denominated in US dollars at August 31, 2012, August 31, 2011 and September 1, 2010:

Financial Instruments	August 31, 2012	August 31, 2011	September 1, 2010
Cash and cash equivalents	$ 311,318	$ 117,383	$ 5,046
Trade and other receivables	-	72,487	21,926
Exploration and evaluation assets	5,083,874	3,758,168	811,452
Due from related party	-	-	1,245
Trade and other payables	(402,633)	(754,696)	(198,015)
Provisions	(226,494)	(116,924)	(62,800)
Derivative warrant liabilities	(1,614,996)	(1,613,584)	(1,621,283)
Shareholders' loans	(1,883,740)	(2,790,000)	-
Secured notes payable	(960,000)	(1,035,000)	(1,135,000)
Net assets denominated in US$	$ 307,329	$ (2,362,166)	$ (2,177,429)
Net asset CDN dollar equivalent at period end (1)	$ 303,120	$ (2,311,143)	$ (2,316,567)

(1) Translated at the exchange rate in effect at August 31, 2012 $0.9863 (August 31, 2011 $0.9784, September 1, 2010 $1.0639)

The following table shows the estimated sensitivity of the Company's total comprehensive loss for the periods set out from a change in the U.S dollar exchange rate in which the Company has exposure with all other variables held constant.

	August 31, 2012		**August 31, 2011**		**September 1, 2010**	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Percentage change in US Dollar	In total comprehensive loss from a change in % in the US Exchange Rate($)		In total comprehensive loss from a change in % in the US Exchange Rate($)		In total comprehensive loss from a change in % in the US Exchange Rate($)	
2%	6,062	(6,062)	46,223	(46,223)	46,331	(46,331)
4%	12,125	(12,125)	92,446	(92,446)	92,663	(92,663)
6%	18,187	(18,187)	138,669	(138,669)	138,994	(138,994)
8%	24,250	(24,250)	184,891	(184,891)	185,325	(185,325)
10%	30,312	(30,312)	231,114	(231,114)	231,657	(231,657)

(iii) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The majority of the Company's debt is short-term in nature with fixed rates.

Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

(iv) Fair Value of Financial Instruments

The Company's financial instruments included on the consolidated statement of financial position as at August 31, 2012 and 2011 and September 1, 2010, are comprised of cash and cash equivalents, marketable securities, trade and other receivables, due from related party, trade and other payables, secured notes payable, shareholders' loans, provisions, loan payable, and derivative warrant liabilities.

The Company classifies the fair value of financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument.

• Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

• Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

• Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

(Expressed In Canadian Dollars)

Financial Instrument Classification	August 31, 2012 Carrying Value $	August 31, 2012 Fair Value $	August 31, 2011 Carrying Value $	August 31, 2011 Fair Value $	September 1, 2010 Carrying Value $	September 1, 2010 Fair Value $
Fair value through profit or loss:						
Cash and cash equivalents	330,003	330,003	165,266	165,266	43,776	43,776
Marketable securities	1	1	1	1	1	1
Derivative warrant liabilities	1,640,406	1,640,406	1,576,269	1,576,269	1,701,861	1,701,861
Loans and receivables:						
Trade and other receivables	17,525	17,525	127,546	127,546	53,060	53,060
Due from related party	-	-	-	-	1,325	1,325
Other financial liabilities:						
Trade and other payables	1,039,959	1,039,959	1,197,695	1,197,695	421,928	421,928
Secured notes payable	946,848	946,848	1,012,644	1,012,644	1,207,527	1,207,527
Shareholders' loans	2,179,778	2,179,778	2,936,236	2,936,236	57,500	57,500
Loan payable	-	-	-	-	110,000	110,000
Provisions	240,672	240,672	125,832	125,832	73,368	73,368

Cash and cash equivalents, derivative warrant liabilities and marketable securities are stated at fair value (Level 1 measurement). The carrying value of trade and other receivables, due from related party, trade and other payables, secured notes payable, shareholders' loans and loan payable approximate their fair value due to the short-term maturity of these financial instruments (Level 3 measurement).

Capital Management

The Company's objectives when managing capital are to ensure the Company will have sufficient financial capacity, liquidity and flexibility to funds its operations, growth and ongoing exploration and development commitments on its oil and gas interests. The Company is dependent on funding these activities through debt and equity financings. Due to long lead cycles of the Company's exploration activities, the Company's capital requirements currently exceed its operational cash flow generated. As such the Company is dependent upon future financings in order to maintain its flexibility and liquidity and may from time to time be required to issue equity, issue debt, adjust capital spending or seek joint venture partners.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of any underlying assets in order to meet current and upcoming obligations. Current plans for the development commitments of the Company's Texas leases include debt or equity financing or seeking and obtaining a joint venture partner.

The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management and favourable market conditions to sustain future development of the business.

As at August 31, 2012, August 31, 2011 and September 1, 2010 the Company considered its capital structure to comprise of shareholders equity and long-term debt.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's capital management during the period ended August 31, 2012.

The Company is not subject to any externally imposed restrictions on its capital requirements.

(Expressed In Canadian Dollars)

15. Supplemental cash flow information and Non-Cash Transactions

The following table summarizes the non-cash transactions for the periods set out:

	Year Ended	
Non-cash transactions	**August 31, 2012**	**August 31, 2011**
Warrants expired	(318,552)	-
Units issued to settle debt	2,252,715	-
Shares issued for interest on secured note and shareholders' loans	440,136	-
Units cancelled	(2,091,616)	-
Broker warrants issued	212,001	-
Prepaid portion of shares for services	(44,285)	44,285
Warrants cancelled	-	(36,237)
Issuance of units as compensation	44,285	88,569
Compensation expense on re-pricing of units	188,625	-

The following table summarizes the changes in non-cash working capital for the periods set out:

	Year Ended	
Changes in non-cash working capital	**August 31, 2012**	**August 31, 2011**
Trade and other receivables	110,021	(74,486)
Trade and other payables	262,149	775,767
Due from related party	-	1,325
Net change	372,170	702,606

16. Income Taxes

The Company has unused capital losses in the amount of approximately $195,852 (2011 - $195,852) which may be carried forward indefinitely to offset future capital gains, and unused non capital losses in the amount of approximately $2,225,622 (2011 -$1,349,189) available to reduce income in future years expiring as follows:

2014	$	46,501
2015		47,434
2026		55,415
2027		42,337
2028		49,166
2029		268,782
2030		286,991
2031		648,310
2032		780,686
	$	2,225,622

A reconciliation between income taxes provided at actual rates and at the basic rate ranging from 28% to 31% (2011 - 28% to 31%) for federal and provincial taxes is as follows:

	2012	2011
Taxes at statutory rates	$ (786,573)	$ (127,123)
Non-taxable items and others	491,099	49,818
Change in unrecognized deferred tax asset	295,474	77,305
	$ -	$ -

(Expressed In Canadian Dollars)

The significant components of the Company's unrecognized deferred income tax asset are summarized as follows:

	2012	2011
Operating loss carry forwards	$ 599,202	$ 337,297
Share issue costs	31,611	6,119
Marketable securities	792	1,467
Capital losses carry forwards	28,600	24,482
Oil and gas interests	33,603	29,016
Cumulative eligible capital	1,366	1,319
Unrecognized deferred tax asset	$ 695,174	$ 399,700

17. Commitments and Contingencies

The Company has drilling commitments on its Leases located in Zavala County, Texas, USA (see Note 7).

Matthews Lease Litigation

The lessors of the Matthews lease expressed their belief that the Lease has terminated and filed a petition in the District Court, Zavala County, Texas, seeking a declaration that the lease has terminated. The Company disagrees and believes that it is in full compliance with the terms of the lease. The Company is defending the allegation and countersuing the lessor for repudiation of the lease and seeking damages (see Note 7).

As at August 31, 2012, no amounts of contingent loss due to the impairment of the above mentioned lease have been recorded in these consolidated financial statements. According to the Company's legal council, there are no dispositive motions pending, a trial date has not been set and in their opinion it is not possible to evaluate the likelihood of an unfavourable outcome or the amount or range of potential loss.

The Company carries its investment in the Matthews lease at approximately $4,645,534. If the final outcome of such claim differs adversely from that expected, it would result in an impairment loss equal to the carrying value of the Matthews lease, when determined.

18. Transition to IFRS

As disclosed in Note 2, these audited consolidated financial statements represent the Company’s financial results of operations and financial position under IFRS for the year ended August 31, 2012. The consolidated financial statements have been prepared in accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards” as issued by the IASB. Previously, the Company prepared its consolidated financial statements in accordance with Canadian GAAP.

IFRS 1 requires the presentation of comparative information as at the September 1, 2010 (the “Transition Date”) and subsequent comparative periods as well as the consistent and retrospective application of IFRS accounting policies. To assist with the transition, the provisions of IFRS 1 allow for certain mandatory and optional exemptions for first-time adopters to alleviate the retrospective application of all IFRSs.

The following reconciliations present the adjustments made to the Company’s previous Canadian GAAP results of operations and financial position to comply with IFRS 1. A summary of the significant accounting policy changes and applicable exemptions are discussed following the reconciliations. Reconciliations include the Company’s consolidated statements of financial position as at the Transition Date and August 31, 2011, consolidated statements of operations and comprehensive income for the year ended August 31, 2011 and shareholder’s equity reconciliations as at the Transition Date and August 31, 2011.

(a) First-time adoption exemptions and exception applied by the Company:

(i) Business combinations
IFRS 1 allows the Corporation to adopt IFRS 3, Business Combinations, on a prospective basis rather than retrospectively restating all prior business combinations. The Company elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to the Transition Date and such business combinations have not been restated.

(ii) Provisions, Contingent Liabilities and Contingent Assets
The Company has elected to apply the exemption from full retrospective application of decommissioning liabilities as allowed under IFRS 1. As such, the Company has:

(a) measured the liability as at September 1, 2010 in accordance with IAS 37;
(b) estimated the amount that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date using its best estimate of the historical risk-adjusted discount rate that would have applied for that liability over the intervening period; and
(c) calculated the accumulated depreciation on that amount, as at September 1, 2010, on the basis of the current estimate of the useful life of the asset, using the depreciation policy adopted by the Company.

(iii) Arrangements containing a lease
The Company has not reassessed any arrangements to determine whether they contain a lease if they have already been assessed under Canadian GAAP. Additionally, any arrangements that have not been assessed under Canadian GAAP have been assessed under IFRIC 4 Determining Whether an Arrangement Contains a Lease based on terms and conditions existing at September 1, 2010.

(iv) Borrowing Costs
Under IAS 23 Borrowing costs requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company applied the IFRS transitional exemption to prospectively capitalize borrowing costs from the Transition Date.

(b) *Significant Accounting Policy Differences*

The following outlines significant accounting policy differences between IFRS and previous Canadian GAAP applicable from the date of transition to IFRS on September 1, 2010.

(i) Share Purchase Warrants
Under Canadian GAAP the share purchase warrants issued with an exercise price in US dollars, rather than Canadian dollars were classified as a component of equity. Under IFRS, because the specified exercise price is denominated in United States dollars (a currency other than the functional currency of the Company), the warrants are considered derivative liabilities. The warrants are required to be fair valued at each reporting period, with changes in that fair value being recorded in profit or loss.

(ii) Borrowing Costs
Under Canadian GAAP the Company expensed all of its borrowing costs attributed to acquisitions, construction or production of assets. Under IFRS the Company is required to capitalize borrowing costs directly attributed to acquisitions, construction or production of qualifying assets as part of the cost of the asset.

(iii) Decommissioning Obligations
Under Canadian GAAP, future cash flows relating to the funding of asset retirement obligations were discounted at a credit adjusted risk free rate. Under IFRS the future cash flows are discounted using a pre-tax risk free rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

In preparing its opening IFRS consolidated statement of financial position and comparative information for 2011, the Company adjusted amounts previously reported under Canadian GAAP and prepared the following reconciliations:

a) A reconciliation of the consolidated statement of financial position as at the date of transition to IFRS of September 1, 2010.
b) A reconciliation of the consolidated statement of financial position as at August 31, 2011.
c) A reconciliation of the statement of operations and comprehensive loss for the year ended August 31, 2011.
d) A reconciliation of Equity as of August 31, 2011 and September 1, 2010.

Reconciliation of Statement of Financial Position from Canadian GAAP to IFRS
(Expressed in Canadian Dollars)

		Effect of Transition to IFRS			
	September 1, 2010 Canadian GAAP	Derivative Warrant Liabilities (Note a)	Decommissioning Obligations (Note b)	Reclassification (Note d)	**September 1, 2010 IFRS**
Assets					
Current assets					
Cash and cash equivalents	$ 43,776				$ 43,776
Marketable securities	1				1
Accounts receivable	53,060				53,060
Due from related party	1,325				1,325
Total current assets	98,162				98,162
Oil and gas interests					
Developed	314,000			(314,000)	-
Undeveloped	5,695,290			(5,695,290)	-
Non –current assets					
Property and equipment	-			314,000	314,000
Exploration and evaluation assets	-			5,695,290	5,695,290
Total non-current assets	6,009,290			-	6,009,290
Total Assets	**$ 6,107,452**				**$ 6,107,452**
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities	$ 488,741			(66,813)	$ 421,928
Secured notes payable	186,183				186,183
Shareholders' loans	57,500				57,500
Loan payable	110,000				110,000
Total current liabilities	842,424			(66,813)	775,611
Non-current liabilities					
Secured note payable	1,021,344				1,021,344
Derivative warrant liabilities	-	1,701,861			1,701,861
Provisions	-			73,368	73,368
Asset retirement obligations	3,907			(3,907)	-
Decommissioning obligations	-		2,648	(2,648)	-
Total non-current liabilities	1,025,251	1,701,861	2,648	66,813	2,796,573
Total Liabilities	1,867,675	1,701,861	2,648		3,572,184
Shareholders' Equity					
Share capital	3,817,184				3,817,184
Share purchase warrants	2,096,078	(1,715,344)			380,734
Contributed surplus	43,750				43,750
Deficit	(1,717,235)	13,483	(2,648)		(1,706,400)
Total shareholders' equity	4,239,777	(1,701,861)	(2,648)		2,535,268
Total Liabilities and Shareholders' Equity	**$ 6,107,452**				**$ 6,107,452**

Reconciliation of Statement of Financial Position from Canadian GAAP to IFRS

(Expressed in Canadian Dollars)

			Effect of Transition to IFRS						
	August 31, 2011 Canadian GAAP	Derivative Warrant Liabilities (Note a)	Decommissioning Obligations (Note b)	Depletion (Note c)	Reclassification (Note d)	Foreign Currency Translation Reserve (Note e)	Borrowing Costs (Note f)	**August 31, 2011 IFRS**
Assets								
Current assets								
Cash and cash equivalents	$ 165,266							$ 165,266
Marketable securities	1							1
Trade and other receivables	127,546							127,546
Prepaid expenses and deposits	44,285							44,285
Total current assets	337,098							337,098
Oil and gas interests								
Developed	243,000				(243,000)			-
Undeveloped	8,898,128				(8,898,128)			-
Non-current assets								
Property and equipment	-		(1,298)	1,298	243,000			243,000
Exploration and evaluation assets	-		12,823		8,898,128	(112,763)	197,690	8,995,878
Total non-current assets	9,141,128		11,525	1,298		(112,763)	197,690	9,238,878
Total Assets	**$ 9,478,226**		**11,525**	**1,298**		**(112,763)**	**197,690**	**$ 9,575,976**
Liabilities and Shareholders' Equity								
Current liabilities								
Trade and other liabilities	$ 1,258,839				(61,144)			$ 1,197,695
Secured note payable	1,012,644							1,012,644
Shareholders' loans	2,936,236							2,936,236
Derivative warrant liabilities	-	299.049						299,049
Total current liabilities	5,207,719	299,049			(61,144)			5,445,624
Non-current liabilities								
Derivative warrant liabilities	-	1,277,220						1,277,220
Asset Retirement Obligation	50,208				(50,208)			-
Decommissioning Obligations	-		14,480		(14,480)			-
Provisions	-				125,832			125,832
Total non-current liabilities	50,208	1,277,220	14,480		61,144			1,403,052
Total Liabilities	5,257,927	1,576,269	14,480		61,144			6,848,676
Shareholders' Equity								
Share capital	4,635,556							4,635,556
Share purchase warrants	1,969,516	(1,716,879)						252,637
Contributed Surplus	85,019	718						85,737
Foreign currency translation reserve	-					(109,303)		(109,303)
Deficit	(2,469,792)	139,893	(2,955)	1,298		(3,460)	197,690	(2,137,327)
Total shareholders' equity	4,220,299	(1,576,268)	(2,955)	1,298		(112,763)	197,690	2,727,300
Total Liabilities and Shareholders' Equity	**$ 9,478,226**		**11,525**	**1,298**		**(112,763)**	**197,690**	**$ 9,575,976**

Reconciliation of Consolidated Statement of Operations and Comprehensive Loss from Canadian GAAP to IFRS
(Expressed in Canadian Dollars)

		Effect of Transition to IFRS						
	Year Ended August 31, 2011 Canadian GAAP	Derivative Warrant Liabilities (Note a)	Decommissioning Obligations (Note b) Reclassification (Note d)	Depletion (Note c)	Reclassification (Note d)	Foreign Currency Translation (Note e)	Borrowing Costs (Note f)	**Year Ended August 31, 2011 IFRS**
Revenue								
Natural gas sales	$ 71,786				14,870			$ 56,912
	71,786				14,870			56,916
Expenses								
Operating costs	67,611				(15,421)			52,190
Depletion and accretion	23,136		308	(83)	551			23,912
Management fees	56,250		(56,250)					
Office and general	16,142		(16,142)					
Professional fees	210,633		(210,633)					
Transfer and registrar costs	61,560		(61,560)					
Head office services	113,828		(113,828)					
Salaries and wages	44,061		(44,061)					
General and administrative	-		502,474					502,474
Marketing and public relations	88,569							88,569
Impairment loss on property and equipment	49,464			(1,215)				48,249
Gain on disposal of marketable securities	(8,000)							(8,000)
Interest expense	265,889						(197,690)	68,199
Foreign exchange gain	(164,800)					3,460		(161,340)
Unrealized gain on derivative warrant liabilities	-	(126,410)						(126,410)
	824,343	(126,410)	308	(1,298)	(14,870)	3,460	(197,690)	487,843
Net loss	**(752,557)**	**126,410**	**(308)**	**1,298**	**-**	**(3,460)**	**197,690**	**(430,927)**
Foreign currency translation	-					(109,303)		(109,303)
Comprehensive loss	**$ (752,557)**	**126,410**	**(308)**	**1,298**		**(112,763)**	**197,690**	**$ (540,230)**

Reconciliation of Shareholders' Equity as at August 31, 2011 and September 1, 2010

From Canadian GAAP to IFRS

Total Shareholders' Equity under Canadian GAAP	**Note**	**August 31, 2011**	**September 1, 2010**
		$ **4,220,299**	$ **4,239,777**
Reclassify warrants from equity to derivative warrant liabilities	a	(1,716,879)	(1,715,344)
Effect of on fair value of derivative warrant liabilities	a	140,610	13,483
Effect of changes in decommissioning provisions	c	(2,955)	(2,648)
Effect of changes in depletion	c	1,298	-
Effect of changes in foreign exchange rates	e	(112,763)	-
Effect of reclassification of borrowing costs	f	197,690	-
Total adjustments to shareholders' equity		(1,492,999)	(1,704,509)
Total Shareholders' Equity under IFRS		**$ 2,727,300**	**$ 2,535,268**

Notes to Reconciliation of Canadian GAAP to IFRS

(a) Warrants

Under Canadian GAAP the warrants were classified as a component of equity. Under IFRS, because the specified exercise price for certain warrants is denominated in United States dollars (a currency other than the functional currency of the Company), these warrants are considered derivative liabilities. These warrants are required to be fair valued at each reporting period, with changes in that fair value being recorded in profit or loss.

The impact on the consolidated statements of financial position is as follows:

	August 31, 2011	September 1, 2010
Adjustment to warrants	(1,716,879)	(1,715,344)
Adjustment to derivative warrant liabilities	1,576,269	1,701,861
Adjustment to deficit	139,892	13,483
Adjustment to contributed surplus	718	-

The impact on the consolidated statement of statement of operations and comprehensive loss is as follows:

	August 31, 2011
Unrealized gain on derivative warrant liabilities	(126,410)

(b) Decommissioning Obligations

Under Canadian GAAP, future cash flows relating to the funding of asset retirement obligations were discounted at a credit adjusted risk free rate of 7% and an annual inflation rate of 3.9% was applied (September 1, 2010 7% and 5%, respectively). Under IFRS the future cash flows are discounted using a pre-tax risk free rate that reflects current markets assessments of the time value of money and the risks specific to the obligation and excludes a credit adjusted risk free rate. The discount factor used under IFRS for August 31, 2011 was 3.10% and September 1, 2010 3.33%).This has resulted in an increase in the decommissioning obligation at the Transition Date with a corresponding increase in deficit.

The impact on the consolidated statements of financial position is as follows:

	August 31, 2011	September 1, 2010
Property and equipment	(1,298)	
Exploration and evaluation assets	12,823	
Decommissioning obligations	14,480	2,648
Deficit	2,955	(2,648)

The impact on the consolidated statement of operations and comprehensive loss is as follows:

	August 31, 2011
Depletion and accretion	308

(c) Depletion

The Company depletes its Property and Equipment assets using a unit of production under both IFRS and Canadian GAAP. However, due to the adjustments in decommissioning obligations, the carrying value of Property Plant and Equipment has changed resulting in adjustments to depletion.

The impact on the consolidated statements of financial position is as follows:

	August 31, 2011	September 1, 2010
Property and equipment	1,298	-

(Expressed In Canadian Dollars)

The impact on the consolidated statement of operations and comprehensive loss is as follows:

	August 31, 2011
Depletion and accretion	(83)
Impairment on property and equipment	(1215)

(d) Reclassification

(i) The Company has reclassified a provision under IFRS which was previously included in trade and other payables under Canadian GAAP.
(ii) Decommissioning obligations have been reclassified to provisions.
(iii) Oil and gas interests being 'Developed' and 'Undeveloped' have been reclassified to 'Property and equipment' and 'Exploration and evaluation assets' respectively.
(iv) 'Management fees', 'Office and general', 'Professional fees', 'Transfer and registrar costs', 'Head office services' and 'Salaries and wages' have been reclassified into 'General and administrative'.
(v) Oil and gas revenue has been netted against royalty costs and accretion has been reclassified from operating costs to depletion and accretion.

(e) Foreign Currency Translation Reserve

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in foreign currency translation reserve in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in foreign currency translation reserve.

The impact on the consolidated statement of financial position is as follows:

	August 31, 2011	September 1, 2010
Exploration and evaluation assets	(112,763)	-
Deficit	(3,460)	-
Accumulated other comprehensive loss	(109,303)	-

The impact on the consolidated statement of operations and comprehensive loss is as follows:

	August 31, 2011
Gain on foreign exchange	(3,460)
Other comprehensive loss	109,303

(f) Borrowing Costs

Under Canadian GAAP the Company expensed all of its borrowing costs attributed to acquisitions, construction or production of assets. Under IFRS the Company is required to capitalize borrowing costs directly attributed to acquisitions, construction or production of qualifying assets as part of the cost of the asset.

The impact on the consolidated statement of financial position is as follows:

	August 31, 2011	September 1, 2010
Exploration and evaluation assets	197,690	-
Deficit	197,690	-

The impact on the consolidated statement of operations and comprehensive loss is as follows:

	August 31, 2011
Interest expense	(197,690)

Statement of consolidated cash flows

Upon transition to IFRS, no material adjustment was required to the statement of cash flows.

Presentation changes to the financial statements

The transition to IFRS has resulted in changes to the statement of operations and comprehensive loss. The Company has a choice to report to report the expense by significant function or significant nature. The Company has now reclassified under IFRS elements previously described under Canadian GAAP as ‘Management fees’, ‘Office and general’, ‘Professional fees’, ‘Transfer and registrar costs’, ‘Head office services’ and ‘Salaries and wages’ into ‘General and administrative’ to present these expenses by function. In addition, the Company presented revenues net of royalties upon transition to IFRS.

19. Comparative Figures

Certain comparative figures have been reclassified to conform to current period presentation under IFRS.

20. Subsequent Event

On September 25, 2012, the Company completed private placements for net proceeds of $405,650 of equity capital from arm’s length private placement funding through the issuance of 2,249,790 units at a price of US$0.20 per unit. Each unit is comprised of one common share and one-half a common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Company at US$0.50 for a period of three years from the date of issuance. The amount allocated to derivative warrant liabilities for warrants based on fair value using the Black Scholes model was $182,830.

INDEX TO EXHIBITS

Exhibit #	Description
1.1	Certificate of Incorporation of Bonanza Red Lake Explorations Inc. (presently known as Eagleford Energy Inc.) dated September 22, 1978 (1)
1.2	Articles of Amendment dated January 14, 1985 (1)
1.3	Articles of Amendment dated August 16, 2000 (1)
1.4	Bylaw No 1 of Bonanza Red Lake Explorations Inc. (presently known as Eagleford Energy Inc.) (1)
1.5	Special By-Law No 1 – Respecting the borrowing of money and the issue of securities of Bonanza Red Lake Explorations Inc. (presently known as Eagleford Energy Inc.) (1)
1.6	Articles of Amalgamation dated November 30, 2009 (3)
4.1	2000 Stock Option Plan (1)
4.2	Code of Business Conduct and Ethics (1)
4.3	Audit Committee Charter (1)
4.4	Petroleum and Natural Gas Committee Charter (1)
4.5	Compensation Committee Charter (1)
4.6	Purchase and Sale Agreement dated February 5, 2008 among Eugenic Corp., 1354166 Alberta Ltd., and the Vendors of 1354166 Alberta Ltd. (1)
4.7	Amended Audit Committee Charter (3)
4.8	Amended Stock Option Plan (4)
4.9	Asset Purchase Agreement between Eagleford Energy Inc., and Source Re-Work Program Inc., dated May 12, 2010 (6)
4.10	Addendum dated June 10, 2010 to the Asset Purchase Agreement between Eagleford Energy Inc. and Source Re-Work Program Inc., dated May 12, 2010 (6)
4.11	Addendum 2 dated June 30, 2010 to the Asset Purchase Agreement between Eagleford Energy Inc. and Source Re-Work Program Inc., dated May 12, 2010 (6)
4.12	Acquisition Agreement among Eagleford Energy Inc., Dyami Energy LLC and the Members of Dyami Energy LLC dated August 10, 2010 (5)
4.13	Financial Advisory Services Agreement between Eagleford Energy Inc. and GarWood Securities, LLC dated June 10, 2010 (6)
4.14	Amended Stock Option Plan, February 24, 2011 (7)
4.15	Amendment dated December 31, 2011 to Secured Promissory Note between Eagleford Energy Inc. and Benchmark Enterprises LLC (8)
4.16	Consent of Sproule Associates Limited dated February 16, 2012 (9)
4.17	Evaluation of P&NG Reserves of Eagleford Energy Inc., at August 31, 2011 (11)
4.18	Amended Stock Option Plan, February 24, 2012 (8)
4.19	By-Law No. 1, February 24, 2012 (8)
4.20	Articles of Amendment, effective March 16, 2012 (10)
4.21	2nd Amendment dated June 30, 2012 to Secured Promissory Note between Eagleford Energy Inc. and Benchmark Enterprises LLC (12)
4.22	Evaluation of P&NG Reserves of Eagleford Energy Inc., at August 31, 2012 (12)
4.23	Consent of Sproule Associates Limited dated (12)
4.24	Financial Advisory Agreement between Eagleford Energy Inc. and The PrinceRidge Group LLC dated June 1, 2012 (12)
4.25	Amendment dated April 13, 2012 to Placement Agency Agreement dated March 12, 2012 between Eagleford Energy Inc. and Gottbetter Capital Markets, LLC (12)
4.26	Amendment No. 2 dated July 17, 2012 to Placement Agency Agreement dated March 12, 2012 between Eagleford Energy Inc. and Gottbetter Capital Markets, LLC (12)
4.27	Amendment No. 3 dated August 14, 2012 to Placement Agency Agreement dated March 12, 2012 between Eagleford Energy Inc. and Gottbetter Capital Markets, LLC (12)
4.28	Amendment No. 4 dated August 31, 2012 to Placement Agency Agreement dated March 12, 2012 between Eagleford Energy Inc. and Gottbetter Capital Markets, LLC (12)
4.29	3rd Amendment dated November 23, 2012 to Secured Promissory Note between Eagleford Energy Inc. and Benchmark Enterprises LLC (12)
8.1	Subsidiaries of Eagleford Energy Inc. (12)

12.1/12.2	Section 302 Certification of Chief Executive and Financial Officer (12)
13.1/13.2	Section 906 Certification of Chief Executive and Financial Officer (12)

Reference #	**Incorporated by Reference**
(1)	Previously filed on April 29, 2009 by Registrant as part of Registration Statement on Form 20-F (SEC File No. 0-53646)
(2)	Previously Filed by Registrant as part of Amendment #2 to Registration Statement on Form 20F/A on July 14, 2009
(3)	Previously Filed by Registrant on Form 6 K on December 1, 2009
(4)	Previously filed by Registrant on Form 20F/A on March 12, 2010
(5)	Previously filed by Registrant on Form 6-K on September 16, 2010
(6)	Previously Filed by Registrant on Form 20F on February 11, 2011
(7)	Previously filed by Registrant on Form 6-K on January 27, 2011
(8)	Previously filed by Registrant on Form 6-K on February 1, 2012
(9)	Previously filed by Registrant on Form 20F on February 16, 2012
(10)	Previously filed by Registrant on Form 6-K on March 9, 2012
(11)	Previously filed by Registrant on Form 20F/A on April 26, 2012
(12)	Filed as an Exhibit hereto

2nd AMENDMENT TO 6% SECURED PROMISSORY NOTE
PRINCIPAL AMOUNT $960,000DATED AUGUST 31, 2010

WHEREAS, on August 31, 2010 Eagleford Energy, Inc., an Ontario corporation (the "Obligor"), issued a 6% Secured Promissory Note (the "Note") due December 31, 2011 (the "Original Maturity Date") in the principal amount of $960,000 in favor of Benchmark Enterprises LLC, a Nevis limited liability corporation (the "Payee"); and

WHEREAS, on the 31st day of December, 2011, the Obligor and the Payee amended the terms of the Note, to extend the Original Maturity Date by six months and to provide for the continued accrual of interest on the outstanding principal amount of the Note during such extension at the new rate of 10% per annum such that interest is accrued at 6% during the period from August 31, 2010 through and including December 31, 2011 and at 10% during the period from January 1, 2012 through the New Maturity Date, as such term is defined below and as such may be accelerated under the terms of the Note.

WHEREAS the Obligor and the Payee wish to again amend the terms of the Note, to extend the New Maturity Date by four months and to provide for the continued accrual of interest on the outstanding principal amount of the Note during such extension at the amended rate of 10% per annum through the New Amended Maturity Date, as such term is defined below and as such may be accelerated under the terms of the Note.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the Obligor and the Payee hereby agree that: (i) the unpaid principal balance of the Note shall be due and payable on November 30, 2012 (the "New Amended Maturity Date"), and (ii) interest shall continue to accrue on the unpaid principal balance of the Note at an annual rate of 10%, from the New Maturity Date until the New Amended Maturity Date, and shall be paid in full, together with all previously accrued interest, on the New Amended Maturity Date. All other terms and conditions of the Note remain unchanged.

IN WITNESS WHEREOF, this Amendment has been duly executed by the Obligor and acknowledged by the Payee as of the 30th day of June, 2012.

EAGLEFORD ENERGY, INC.

By: /s/ James Cassina
Name: James Cassina
Title: President

BENCHMARK ENTERPRISES LLC

By: /s/ Andrew Godfrey
Name: Andrew Godfrey
Title: President

EXHIBIT 4.22

Ref.: 3391.18806

October 11, 2012

Eagleford Energy Inc.
c/o Mr. James Cassina, President
Suite 1505, 1 King Street West
Toronto, ON M5H 1A1

Re: Evaluation of the P&NG Reserves of Eagleford Energy Inc.
(As of August 31, 2012) using Constant Prices and Costs

Dear Sir:

As requested, Sproule Associates Limited has prepared this letter report for Eagleford Energy Inc. which consists of an evaluation of the P&NG reserves of Eagleford Energy (As of August 31, 2012) using Constant Prices and Costs.

The constant price used in this report complies with the Securities & Exchange Commission's (SEC) regulations. It was calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period.

Table C-1, on the following page, summarizes our evaluation, based on constant prices and costs, before income taxes, of the P&NG reserves of Eagleford Energy Inc., as of August 31, 2012. The table presents summaries of the P&NG reserves for the various reserves categories valuation.

Table C-2 is also included and summarizes the reserves and values by property for the constant price case, before income taxes. Tables C-3 through C-3B show the cash flow forecasts for the constant price case for the various reserves categories.

The constant price used in this report is as follows:

Natural Gas:
AECO-C Spot 2.57 $/MMbtu
Exchange Rate 0.99 $US/Cdn

Appropriate adjustments have been made to the natural gas price to account for quality and transportation, and to reflect actual historical prices received for each property. This blending of constant prices may result in the appearance of varying constant prices in the Corporate cash flows.

The remaining assumptions relating to the calculation and evaluation of the reserves are the same as those presented in the detailed evaluation.

It is important to note that the estimate of the reserves to be recovered from a gas field is the sum of all the cumulative production until an economic limit is reached. The economic limit is a function of the production forecast, future prices and operating costs (including royalties and taxes) to maintain production.Consequently, when estimates of future prices and costs are changed, economic limits are also altered. In the evaluation process, production forecasts are truncated at the economic limits and thus, reserves estimates vary with price and cost sensitivities, as is the case between forecast and constant prices and cost forecasts.

Also, some entities may have reserves assigned to them under one price and cost scenario, but under less favourable price and cost projections, the net present values of the hydrocarbons that could be recovered may not be sufficient to offset the capital investment. Those entities whose undiscounted net present value became negative under less favourable price and cost projections were not included in the summary tables.

The values of the reserves presented in this constant price and cost evaluation should not be taken out of context, as they were prepared to comply with the Securities & Exchange Commission's (SEC) regulations; therefore, they do not reflect our opinion of the market value of these reserves.

Table C-4 presents the summary of pricing assumptions for constant prices and costs.

Should you have any questions regarding this letter report, please do not hesitate to contact us.

Sincerely,
SPROULE ASSOCIATES LIMITED

/s/ Attila A. Szabo

Attila A. Szabo, P.Eng.
Manager, Engineering and Partner

/s/ Cameron P. Six

Cameron P. Six, P.Eng.
Vice-President, Engineering and Partner

Enclosure
AAS:smr
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Toll-Free: 1-877-777-6135
info@sproule.com www.Sproule.com

Table C-1
Eagleford Energy Inc.
Consolidation
SUMMARY OF THE EVALUATION OF THE P.&N.G. RESERVES
(As of Date: 2012-08-31)

	Remaining Reserves			Net Present Values Before Income Taxes				
	Gross	Company						
	100%	Gross	Net	@0%	@5%	@10%	@15%	@20%
				M$	M$	M$	M$	M$
Non-Assoc, Assoc Gas (MMcf)								
Proved Developed Producing	2233	116	100	3	4	4	3	3
Probable Developed Producing	783	41	35	2	2	2	1	1
Total Proved + Probable	3016	157	135	6	6	5	5	4
Grand Total (Mboe)								
Proved Developed Producing	372.1	19.3	16.6	3	4	4	3	3
Probable Developed Producing	130.5	6.8	5.8	2	2	2	1	1
Total Proved + Probable	502.6	26.1	22.4	6	6	6	5	4

Table C-2
Eagleford Energy Inc.
SAL X120831 Constant-0
SUMMARY OF THE EVALUATION OF THE P.&N.G. RESERVES
(As of Date: 2012-08-31)

	Lt, Med, Heavy Oil			Non-Assoc., Assoc. Gas/ Solution Gas			Natural Gas Liquids/Sulphur			Net Present Values Before Income Taxes			
	Remaining Reserves	Company Reserves		Remaining Reserves	Company Reserves		Remaining Reserves	Company Reserves					
		Gross	Net		Gross	Net		Gross	Net	@0%	@5%	@10%	@15%
	Mbbl	Mbbl	Mbbl	MMcf MMcf	MMcf MMcf	MMcf MMcf	Mbbl MLt	Mbbl MLt	Mbbl MLt	M$	M$	M$	M$
Eagleford Energy Inc.													
PDP				2233	116	100				3	4	4	3
TP				2233	116	100				3	4	4	3
PBDP				783	41	35				2	2	2	1
TPP				3016	157	135				6	6	5	5
Botha													
PDP				2233	116	100				3	4	4	3
TP				2233	116	100				3	4	4	3
PBDP				783	41	35				2	2	2	1
TPP				3016	157	135				6	6	5	5

Table C-3

Proved + Probable

Eagleford Energy Inc.
Prod. Start: 2012-09-01
SUMMARY OF RESERVES AND NET PRESENT VALUE
(As of Date: 2012-08-31)

	Reserves										
	Lt Med Oil	Heavy Oil	Solution Gas	Non-Assoc Assoc Gas	Ethane	Propane	Butane	Pentanes Plus	Total NGL	Sulphur	Equiv Oil
	Mbbl	Mbbl	MMcf	MMcf	Mbbl	Mbbl	Mbbl	Mbbl	Mbbl	MLt	Mboe
Gross	0.0	0.0	0	3016	0.0	0.0	0.0	0.0	0.0	0.0	502.6
Co Grs	0.0	0.0	0	157	0.0	0.0	0.0	0.0	0.0	0.0	26.1
Co Net	0.0	0.0	0	135	0.0	0.0	0.0	0.0	0.0	0.0	22.4

Net Present Value

Discount Rate	Total Net Capital	Before Tax Net Rev	ARTC Cap GCA	Aband Cost	SK Tax Overhead	Before Tax Cash Flow
%	M$	M$	M$	M$	M$	M$
0.0	0	9	0	3	0	6
5.0	0	7	0	2	0	6
8.0	0	7	0	1	0	5
10.0	0	6	0	1	0	5
12.0	0	6	0	1	0	5
15.0	0	5	0	1	0	5
20.0	0	5	0	0	0	4
25.0	0	4	0	0	0	4

Reserve Life = 13.8 yrs Reserve Half Life = 4.8 yrs BOE Reserve Index = 8.5

YEARLY SUMMARY OF RESERVES AND NET PRESENT VALUE

Proved + Probable

(As of Date: 2012-08-31)

Year	Oil Comp Grs	Gas Comp Grs	BOE Comp Grs	Oil Rev	Gas Rev	Other Rev	Total Crown	Non-Crown	Lease Expen	Other Expen	Total Cap	Aband Etc	BTax Cash Flow
	Bb/d	Mcf/d	Boe/d	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2012	0	52	9	0	14	0	2	0	11	0	0	0	1
2013	0	49	8	0	41	0	7	0	33	0	0	0	1
2014	0	46	8	0	38	0	6	0	31	0	0	0	1
2015	0	43	7	0	36	0	5	0	29	0	0	0	1
2016	0	40	7	0	33	0	5	0	28	0	0	0	1
2017	0	37	6	0	31	0	4	0	26	0	0	0	1
2018	0	35	6	0	29	0	4	0	25	0	0	0	1
2019	0	32	5	0	27	0	3	0	23	0	0	0	1
2020	0	30	5	0	25	0	2	0	22	0	0	0	1
2021	0	28	5	0	23	0	2	0	21	0	0	2	1
2022	0	26	4	0	22	0	1	0	20	0	0	0	-1
2023	0	14	2	0	11	0	1	0	10	0	0	0	0
2024	0	13	2	0	11	0	1	0	10	0	0	0	0
2025	0	12	2	0	10	0	0	0	9	0	0	0	0
2026	0	11	2	0	5	0	0	0	5	0	0	2	-2
Total				0	356	0	44	0	303	0	0	3	6
Discounted	5%			0	278	0	36	0	235	0	0	2	6
Cash	10%			0	226	0	31	0	190	0	0	1	5
Stream	15%			0	190	0	27	0	158	0	0	1	5
	20%			0	163	0	23	0	135	0	0	0	4

Table C-3

Proved + Probable

Eagleford Energy Inc.
Prod. Start: 2012-09-01
PRODUCTION AND PRICE FORECAST
(As of Date: 2012-08-31)

Year	Gas Wells	Gas Daily Mcf/d	Gas Gross MMcf	Gas Co Gross MMcf	Gas Co Net MMcf	Gas Price $/Mcf
2012	2	993	121	6	5	2.27
2013	2	948	346	18	15	2.27
2014	2	884	323	17	14	2.27
2015	2	825	301	16	13	2.27
2016	2	769	282	15	12	2.27
2017	2	717	262	14	11	2.27
2018	2	669	244	13	11	2.27
2019	2	624	228	12	10	2.27
2020	2	583	213	11	10	2.27
2021	2	544	198	10	9	2.27
2022	2	507	185	10	9	2.27
2023	1	263	96	5	5	2.27
2024	1	248	91	5	4	2.27
2025	1	233	85	4	4	2.27
2026	1	218	40	2	2	2.27
Total			3016	157	135	

Table C-3

Proved + Probable

Eagleford Energy Inc.
Prod. Start: 2012-09-01
YEARLY SUMMARY OF RESERVES AND NET PRESENT VALUE
(As of Date: 2012-08-31)

	Revenue						Royalties						
Year	Oil M$	Gas M$	NGL M$	Sul M$	Roy M$	Other Income M$	Crown M$	Adjust M$	FH/ Indian M$	ORR M$	Min Taxes M$	Opex M$	NPI/ Other Expense M$
2012	0	14	0	0	0	0	3	0	0	0	0	11	0
2013	0	41	0	0	0	0	8	1	0	0	0	33	0
2014	0	38	0	0	0	0	7	1	0	0	0	31	0
2015	0	36	0	0	0	0	6	1	0	0	0	29	0
2016	0	33	0	0	0	0	5	1	0	0	0	28	0
2017	0	31	0	0	0	0	5	1	0	0	0	26	0
2018	0	29	0	0	0	0	4	0	0	0	0	25	0
2019	0	27	0	0	0	0	3	0	0	0	0	23	0
2020	0	25	0	0	0	0	3	0	0	0	0	22	0
2021	0	23	0	0	0	0	2	0	0	0	0	21	0
2022	0	22	0	0	0	0	2	0	0	0	0	20	0
2023	0	11	0	0	0	0	1	0	0	0	0	10	0
2024	0	11	0	0	0	0	1	0	0	0	0	10	0
2025	0	10	0	0	0	0	0	0	0	0	0	9	0
2026	0	5	0	0	0	0	0	0	0	0	0	5	0
Total		356	0	0	0	0	49	6	0	0	0	303	0

		Capital											
Year	Oper Inc M$	CEE M$	CDE M$	CCA M$	COGPE M$	Total Capital M$	Net Rev M$	Cum Net Revenue M$	ARTC M$	Aband Cost M$	SK Tax M$	Cash Flow M$	Cum Cash Flow M$
2012	1	0	0	0	0	0	1	1	0	0	0	1	1
2013	1	0	0	0	0	0	1	2	0	0	0	1	2
2014	1	0	0	0	0	0	1	3	0	0	0	1	3
2015	1	0	0	0	0	0	1	4	0	0	0	1	4
2016	1	0	0	0	0	0	1	5	0	0	0	1	5
2017	1	0	0	0	0	0	1	6	0	0	0	1	6
2018	1	0	0	0	0	0	1	6	0	0	0	1	6
2019	1	0	0	0	0	0	1	7	0	0	0	1	7
2020	1	0	0	0	0	0	1	7	0	0	0	1	7
2021	1	0	0	0	0	0	1	8	0	0	0	1	8
2022	0	0	0	0	0	0	0	8	0	2	0	-1	7
2023	0	0	0	0	0	0	0	9	0	0	0	0	7
2024	0	0	0	0	0	0	0	9	0	0	0	0	7
2025	0	0	0	0	0	0	0	9	0	0	0	0	7
2026	0	0	0	0	0	0	0	9	0	2	0	-2	6
Total	9	0	0	0	0	0	9		0	3	0	6	

Discounted Cash Streams NPV (M$)

discR%	5	10	12	15	18	20	25
BT Net	7	6	6	5	5	5	4
BT Cash Flow	6	5	5	5	4	4	4

Table C-3A

Proved Developed Producing

Eagleford Energy Inc.
Prod. Start: 2012-09-01
SUMMARY OF RESERVES AND NET PRESENT VALUE
(As of Date: 2012-08-31)

	Reserves										
	Lt Med Oil	Heavy Oil	Solution Gas	Non-Assoc Assoc Gas	Ethane	Propane	Butane	Pentanes Plus	Total NGL	Sulphur	Equiv Oil
	Mbbl	Mbbl	MMcf	MMcf	Mbbl	Mbbl	Mbbl	Mbbl	Mbbl	MLt	Mboe
Gross	0.0	0.0	0	2233	0.0	0.0	0.0	0.0	0.0	0.0	372.1
Co Grs	0.0	0.0	0	116	0.0	0.0	0.0	0.0	0.0	0.0	19.3
Co Net	0.0	0.0	0	100	0.0	0.0	0.0	0.0	0.0	0.0	16.6

Net Present Value

Discount Rate	Total Net Capital	Before Tax Net Rev	ARTC Cap GCA	Aband Cost	SK Tax Overhead	Before Tax Cash Flow
%	M$	M$	M$	M$	M$	M$
0.0	0	7	0	3	0	3
5.0	0	6	0	2	0	4
8.0	0	5	0	2	0	4
10.0	0	5	0	1	0	4
12.0	0	5	0	1	0	3
15.0	0	4	0	1	0	3
20.0	0	4	0	1	0	3
25.0	0	4	0	0	0	3

Reserve Life = 10.7 yrs   Reserve Half Life = 3.5 yrs   BOE Reserve Index = 6.4

YEARLY SUMMARY OF RESERVES AND NET PRESENT VALUE

Proved Developed Producing

(As of Date: 2012-08-31)

Year	Oil Comp Grs	Gas Comp Grs	BOE Comp Grs	Oil Rev	Gas Rev	Other Rev	Total Crown	Non-Crown	Lease Expen	Other Expen	Total Cap	Aband Etc	BTax Cash Flow
	Bb/d	Mcf/d	Boe/d	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2012	0	51	9	0	14	0	2	0	11	0	0	0	1
2013	0	48	8	0	40	0	7	0	32	0	0	0	1
2014	0	44	7	0	36	0	6	0	30	0	0	0	1
2015	0	40	7	0	33	0	5	0	27	0	0	0	1
2016	0	36	6	0	30	0	4	0	25	0	0	0	1
2017	0	33	5	0	27	0	3	0	24	0	0	0	1
2018	0	30	5	0	25	0	2	0	22	0	0	0	1
2019	0	26	4	0	22	0	2	0	20	0	0	2	-1
2020	0	14	2	0	12	0	1	0	11	0	0	0	0
2021	0	13	2	0	11	0	1	0	10	0	0	0	0
2022	0	12	2	0	10	0	0	0	9	0	0	0	0
2023	0	12	2	0	3	0	0	0	3	0	0	2	-2
Total				0	263	0	32	0	224	0	0	3	3
Discounted	5%			0	218	0	28	0	185	0	0	2	4
Cash	10%			0	186	0	25	0	156	0	0	1	4
Streams	15%			0	161	0	22	0	135	0	0	1	3
	20%			0	142	0	20	0	118	0	0	1	3

Table C-3A

Proved Developed Producing

Eagleford Energy Inc.
Prod. Start: 2012-09-01
PRODUCTION AND PRICE FORECAST
(As of Date: 2012-08-31)

Year	Gas Wells	Gas Daily Mcf/d	Gas Gross MMcf	Gas Co Gross MMcf	Gas Co Net MMcf	Gas Price $/Mcf
2012	2	987	120	6	5	2.27
2013	2	926	338	18	14	2.27
2014	2	842	307	16	13	2.27
2015	2	766	280	15	12	2.27
2016	2	697	255	13	11	2.27
2017	2	634	231	12	10	2.27
2018	2	577	211	11	10	2.27
2019	2	507	185	10	9	2.27
2020	1	274	100	5	5	2.27
2021	1	254	93	5	4	2.27
2022	1	235	86	4	4	2.27
2023	1	217	26	1	1	2.27
Total			2233	116	100	

Table C-3A

Proved Developed Producing

Eagleford Energy Inc.
Prod. Start: 2012-09-01
SUMMARY OF RESERVES AND NET PRESENT VALUE
(As of Date: 2012-08-31)

	Revenue						Royalties						
Year	Oil M$	Gas M$	NGL M$	Sul M$	Roy M$	Other Income M$	Crown M$	Adjust M$	FH/ Indian M$	ORR M$	Min Taxes M$	Opex M$	NPI/ Other Expense M$
2012	0	14	0	0	0	0	3	0	0	0	0	11	0
2013	0	40	0	0	0	0	7	1	0	0	0	32	0
2014	0	36	0	0	0	0	6	1	0	0	0	30	0
2015	0	33	0	0	0	0	5	1	0	0	0	27	0
2016	0	30	0	0	0	0	4	0	0	0	0	25	0
2017	0	27	0	0	0	0	3	0	0	0	0	24	0
2018	0	25	0	0	0	0	3	0	0	0	0	22	0
2019	0	22	0	0	0	0	2	0	0	0	0	20	0
2020	0	12	0	0	0	0	1	0	0	0	0	11	0
2021	0	11	0	0	0	0	1	0	0	0	0	10	0
2022	0	10	0	0	0	0	0	0	0	0	0	9	0
2023	0	3	0	0	0	0	0	0	0	0	0	3	0
Total		263	0	0	0	0	37	4	0	0	0	224	0

		Capital											
Year	Oper Inc M$	CEE M$	CDE M$	CCA M$	COGPE M$	Total Capital M$	Net Rev M$	Cum Net Revenue M$	ARTC M$	Aband Cost M$	SK Tax M$	Cash Flow M$	Cum Cash Flow M$
2012	1	0	0	0	0	0	1	1	0	0	0	1	1
2013	1	0	0	0	0	0	1	2	0	0	0	1	2
2014	1	0	0	0	0	0	1	3	0	0	0	1	3
2015	1	0	0	0	0	0	1	4	0	0	0	1	4
2016	1	0	0	0	0	0	1	4	0	0	0	1	4
2017	1	0	0	0	0	0	1	5	0	0	0	1	5
2018	1	0	0	0	0	0	1	6	0	0	0	1	6
2019	0	0	0	0	0	0	0	6	0	2	0	-1	4
2020	0	0	0	0	0	0	0	6	0	0	0	0	5
2021	0	0	0	0	0	0	0	6	0	0	0	0	5
2022	0	0	0	0	0	0	0	7	0	0	0	0	5
2023	0	0	0	0	0	0	0	7	0	2	0	-2	3
Total	7	0	0	0	0	0	7		0	3	0	6	

	Discounted Cash Streams NPV (M$)						
discR%	5	10	12	15	18	20	25
BT Net	6	5	5	4	4	4	4
BT Cash Flow	4	5	3	3	3	3	3

Table C-3B

Probable

Eagleford Energy Inc.
Prod. Start: 2012-09-01
SUMMARY OF RESERVES AND NET PRESENT VALUE
(As of Date: 2012-08-31)

	Reserves										
	Lt Med Oil	Heavy Oil	Solution Gas	Non-Assoc Assoc Gas	Ethane	Propane	Butane	Pentanes Plus	Total NGL	Sulphur	Equiv Oil
	Mbbl	Mbbl	MMcf	MMcf	Mbbl	Mbbl	Mbbl	Mbbl	Mbbl	MLt	Mboe
Gross	0.0	0.0	0	783	0.0	0.0	0.0	0.0	0.0	0.0	130.5
Co Grs	0.0	0.0	0	41	0.0	0.0	0.0	0.0	0.0	0.0	6.8
Co Net	0.0	0.0	0	35	0.0	0.0	0.0	0.0	0.0	0.0	5.8

Net Present Value

Discount Rate	Total Net Capital	Before Tax Net Rev	ARTC Cap GCA	Aband Cost	SK Tax Overhead	Before Tax Cash Flow
%	M$	M$	M$	M$	M$	M$
0.0	0	2	0	0	0	2
5.0	0	2	0	0	0	2
8.0	0	1	0	0	0	2
10.0	0	1	0	0	0	2
12.0	0	1	0	0	0	1
15.0	0	1	0	0	0	1
20.0	0	1	0	0	0	1
25.0	0	1	0	0	0	1

Reserve Life = 13.8 yrs Reserve Half Life = 9.2 yrs BOE Reserve Index = 150.4

YEARLY SUMMARY OF RESERVES AND NET PRESENT VALUE

Probable

(As of Date: 2012-08-31)

Year	Oil Comp Grs	Gas Comp Grs	BOE Comp Grs	Oil Rev	Gas Rev	Other Rev	Total Crown	Non-Crown	Lease Expen	Other Expen	Total Cap	Aband Etc	BTax Cash Flow
	Bb/d	Mcf/d	Boe/d	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2012	0	0	0	0	0	0	0	0	0	0	0	0	0
2013	0	1	0	0	1	0	0	0	1	0	0	0	0
2014	0	2	0	0	2	0	1	0	1	0	0	0	0
2015	0	3	1	0	3	0	1	0	2	0	0	0	0
2016	0	4	1	0	3	0	1	0	2	0	0	0	0
2017	0	4	1	0	4	0	1	0	2	0	0	0	0
2018	0	5	1	0	4	0	1	0	3	0	0	0	0
2019	0	6	1	0	5	0	1	0	4	0	0	-2	2
2020	0	16	3	0	13	0	1	0	12	0	0	0	0
2021	0	15	3	0	12	0	1	0	11	0	0	0	0
2022	0	14	2	0	12	0	1	0	11	0	0	2	-1
2023	0	10	2	0	8	0	1	0	7	0	0	-2	2
2024	0	13	2	0	11	0	1	0	10	0	0	0	0
2025	0	12	2	0	10	0	0	0	9	0	0	0	0
2026	0	11	2	0	5	0	0	0	5	0	0	2	-2
Total				0	92	0	11	0	79	0	0	0	2
Discounted	5%			0	60	0	8	0	50	0	0	0	2
Cash	10%			0	41	0	6	0	33	0	0	0	2
Stream	15%			0	29	0	5	0	23	0	0	0	1
	20%			0	21	0	4	0	17	0	0	0	1

Table C-3B

Probable

Eagleford Energy Inc.
Prod. Start: 2012-09-01
PRODUCTION AND PRICE FORECAST
(As of Date: 2012-08-31)

Year	Gas Wells	Gas Daily	Gas Gross	Gas Co Gross	Gas Co Net	Gas Price
		Mcf/d	MMcf	MMcf	MMcf	$/Mcf
2012	0	6	1	0	0	2.27
2013	0	22	8	0	0	2.27
2014	0	42	15	1	1	2.27
2015	0	59	21	1	1	2.27
2016	0	72	26	1	1	2.27
2017	0	83	30	2	1	2.27
2018	0	92	34	2	1	2.27
2019	0	118	43	2	2	2.27
2020	1	309	113	6	5	2.27
2021	1	290	106	6	5	2.27
2022	1	273	100	5	5	2.27
2023	0	191	70	4	3	2.27
2024	1	248	91	5	4	2.27
2025	1	233	85	4	4	2.27
2026	1	218	40	2	2	2.27
Total			783	41	35	

Table C-3B

Probable

Eagleford Energy Inc.
Prod. Start: 2012-09-01
SUMMARY OF RESERVES AND NET PRESENT VALUE
(As of Date: 2012-08-31)

	Revenue						Royalties						
Year	Oil	Gas	NGL	Sul	Roy	Other Income	Crown	Adjust	FH/ Indian	ORR	Min Taxes	Opex	NPI/ Other Expense
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2012	0	0	0	0	0	0	0	0	0	0	0	0	0
2013	0	1	0	0	0	0	0	0	0	0	0	1	0
2014	0	2	0	0	0	0	1	0	0	0	0	1	0
2015	0	3	0	0	0	0	1	0	0	0	0	2	0
2016	0	3	0	0	0	0	1	0	0	0	0	2	0
2017	0	4	0	0	0	0	1	0	0	0	0	2	0
2018	0	4	0	0	0	0	1	0	0	0	0	3	0
2019	0	5	0	0	0	0	2	0	0	0	0	4	0
2020	0	13	0	0	0	0	2	0	0	0	0	12	0
2021	0	12	0	0	0	0	1	0	0	0	0	11	0
2022	0	12	0	0	0	0	1	0	0	0	0	11	0
2023	0	8	0	0	0	0	1	0	0	0	0	7	0
2024	0	11	0	0	0	0	1	0	0	0	0	10	0
2025	0	10	0	0	0	0	0	0	0	0	0	9	0
2026	0	5	0	0	0	0	0	0	0	0	0	5	0
Total		92	0	0	0	0	13	1	0	0	0	79	0

		Capital											
Year	Oper Inc	CEE	CDE	CCA	COGPE	Total Capital	Net Rev	Cum Net Revenue	ARTC	Aband Cost	SK Tax	Cash Flow	Cum Cash Flow
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2012	0	0	0	0	0	0	0	0	0	0	0	0	0
2013	0	0	0	0	0	0	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	1	0	0	0	0	1
2017	0	0	0	0	0	0	0	1	0	0	0	0	1
2018	0	0	0	0	0	0	0	1	0	0	0	0	1
2019	0	0	0	0	0	0	0	1	0	-2	0	2	2
2020	0	0	0	0	0	0	0	1	0	0	0	0	3
2021	0	0	0	0	0	0	0	1	0	0	0	0	3
2022	0	0	0	0	0	0	0	2	0	2	0	-1	2
2023	0	0	0	0	0	0	0	2	0	-2	0	2	3
2024	0	0	0	0	0	0	0	2	0	0	0	0	4
2025	0	0	0	0	0	0	0	2	0	0	0	0	4
2026	0	0	0	0	0	0	0	2	0	2	0	-2	2
Total	2	0	0	0	0	0	2		0	0	0	2	

	Discounted Cash Streams NPV (M$)						
discR%	5	10	12	15	18	20	25
BT Net	2	1	1	1	1	1	1
BT Cash Flow	2	2	1	1	1	1	1

Table C4
NI 51-101
Summary of Pricing Assumptions
As of August 31, 2012
Constant Prices and Costs

	Oil			Gas	NGLs		
Year	WTI Cushing Oklahoma ($US/bbl)	Edmonton Par Price 40º API ($Cdn/bbl)	Cromer Medium 29.3º API ($Cdn/bbl)	Natural Gas (1) AECO Gas Prices ($Cdn/MMBtu)	Pentanes Plus F.O.B. Field Gate ($Cdn/bbl)	Butanes F.O.B. Field Gate ($Cdn/bbl)	Exchange Rate ($US/$Cdn)
Historical							
Aug. 31, 2005	68.95	87.14	57.68	11.09	81.36	47.48	0.842
Aug. 31, 2006	70.27	70.98	83.11	5.07	70.34	65.11	0.904
Aug. 31, 2007	74.04	76.44	73.52	4.65	79.19	63.52	0.947
Aug. 31, 2008	115.46	122.15	113.47	7.12	122.58	83.38	0.942
Aug. 31, 2009	69.96	73.41	67.48	2.34	73.90	57.97	0.913
Aug. 31, 2010	71.92	73.22	70.05	3.34	75.01	51.22	0.940
Aug. 31, 2011	96.20	90.95	87.74	3.77	96.73	69.59	1.010
Constant							
Aug. 31, 2012	94.28	90.56	84.78	2.57	104.64	67.35	0.99

(1) This summary table indentifies benchmark reference pricing schedules that might apply to a reporting issuer.

Notes: Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale

EXHIBIT 4.23

Sprout
Over 60 Years of Excellence

Ref.: 3391

December 31, 2012

Eagleford Energy Inc.
1505, 1 King Street West
Toronto, ON M5H 1A1

Re: Eagleford Energy Inc.
Annual Report on Form 20-F for the Year Ended August 31, 2012

Dear Sirs:

We refer to our reports entitled "Evaluation of the P&NG Reserves of Eagleford Energy Inc. (as of August 31, 2012)" dated October 11, 2012, "Evaluation of the P&NG Reserves of Eagleford Energy Inc. (as of August 31, 2011)" dated October 7, 2011, and "Evaluation of the P&NG Reserves of Eagleford Energy Inc. (as of August 31, 2010)" dated November 30, 2010 (collectively referred to as "the Reports").

We confirm that we have read Eagleford Energy Inc.'s Annual Report on Form 20-F for the year ended August 31, 2012 (the "Form 20-F") and have no reason to believe that there are any misrepresentations in the information contained in the Form 20-F that are derived from the Report or that are within our knowledge as a result of the services we performed in connection with our Report.

We hereby consent to the use of our name and references to excerpts from the Reports both in the Form 20-F and through incorporation by reference in the Form 20-F.

Sincerely,

SPROULE ASSOCIATES LIMITED

/s/ Attila A. Szabo, P.Eng.

Attila A. Szabo, P.Eng.
Manager, Engineering and Partner

AAS:smr
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EXHIBIT 4.24

PLACEMENT AGENCY AGREEMENT

March 12, 2012

Gottbetter Capital Markets, LLC
Mr. Julio A. Marquez, President
488 Madison Avenue
12th Floor
New York, New York 10022

Re: EAGLEFORD ENERGY INC.

Dear Mr. Marquez:

This Placement Agency Agreement ("Agreement") sets forth the terms upon which Gottbetter Capital Markets, LLC, a registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA"), (hereinafter referred to as the "Placement Agent" or "Markets"), shall be engaged by Eagleford Energy Inc., a publicly traded Ontario, Canada corporation, (hereinafter referred to as the "Company" or "EFRDF"), to act as a non-exclusive Placement Agent in connection with the private placement (the "Offering") of units ("Units") of securities of the Company.

The Offering will be made by the Placement Agent and selected dealers and consist of Units of the Company, with each Unit consisting of (i) one (1) share of the Company's Common Stock (the "Common Stock") and (ii) a three (3) year warrant (each, an "Investor Warrant" and collectively, the "Investor Warrants") to purchase one half (1/2) of one (1) share of Common Stock at an exercise price of Fifty Cents ($0.50 USD) per full share (the "Investor Warrant Shares"). The Offering Price for the Units will be Twenty Five Cents ($0.25 USD) per Unit. The Offering will consist of a minimum of Two Hundred Fifty Thousand United States Dollars ($250,000 USD) through the sale of One Million (1,000,000) Units and a maximum of Two Million Five Hundred Thousand United States Dollars ($2,500,000 USD) through the sale of Ten Million (10,000,000) Units (the "Maximum Amount"). In the event the Maximum Offering Amount is sold, the Company and the Placement Agent shall have the right to place an additional Four Million (4,000,000) Units for One Million United States Dollars ($1,000,000 USD) to cover the over-allotments (the "Over-allotment Option").

The Placement Agent shall accept subscriptions only from (i) persons or entities who qualify as "accredited investors," as such term is defined in Rule 501 of Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "SEC") under Section 4(2) of the Securities Act of 1933, as amended (the "Act") and (ii) persons or entities who are offered and purchase the Units in an Offshore Transaction (as such term is defined in Regulation S ("Regulation S") as promulgated by the SEC under the Act) and who are not U.S. Persons (as such term is defined in Regulation S) and are not acting for the account or benefit of a person in the United States or a U.S. Person. The Units will be offered until the earlier of the time that all Units offered in the Offering are sold or until May 31, 2012 ("Initial Offering Period"), which date may be extended by the Company and the Placement Agent in writing (this additional period and the Initial Offering Period shall be referred to as the "Offering Period"). The date on which the Offering is terminated shall be referred to as the "Termination Date."

With respect to the Offering, the Company shall provide the Placement Agent, on terms set forth herein, the right to offer and sell all of the available Units being offered during the Offering Period (subject to prior sale of some of the Units). It is understood that no sale shall be regarded as effective unless and until accepted by the Company. The Company may, in its sole discretion, accept or reject, in whole or in part, any prospective investment in the Units or allot to any prospective subscriber less than the number of Units that such subscriber desires to purchase. Purchases of Units may be made by the Placement Agent and its officers, directors, employees and affiliates and by the officers, directors, employees and affiliates of the Company for the Offering.

The Offering will be made by the Company pursuant to the Subscription Agreement and the Exhibits to the Subscription Agreement, including, but not limited to, the Warrant, and any documents, agreements, supplements and additions thereto ("Subscription Documents"), which at all times will be in form and substance reasonably acceptable to the Company and the Placement Agent and their respective counsel and contain such legends and other information as the Company and the Placement Agent and their respective counsel, may, from time to time, deem necessary and desirable to be set forth therein.

1. **Appointment of Placement Agent**. On the basis of the written and documented representations and warranties of the Company provided herein, and subject to the terms and conditions set forth herein, the Placement Agent is appointed as a non-exclusive Placement Agent of the Company during the Offering Period to assist the Company in finding qualified subscribers for the Offering. The Placement Agent may sell Units through other broker-dealers who are FINRA members and may reallow all or a portion of the Brokers' Fees (as defined in Section 3(a) below) it receives to such other broker-dealers or pay a finders or consultant fee as allowed by applicable law. On the basis of such representations and warranties and subject to such terms and conditions, the Placement Agent hereby accepts such appointment and agrees to perform its services hereunder diligently and in good faith and in a professional and businesslike manner and in compliance with applicable law and to use its best efforts to assist the Company in (A) finding subscribers of Units who either (i) qualify as "accredited investors," as such term is defined in Rule 501 of Regulation D, or (ii) are offered and purchase the Units outside the United States in an Offshore Transaction (as such term is defined in Regulation S) and who are not U.S. Persons (as such term is defined in Regulation S) and are not acting for the account or benefit of a person in the United States or a U.S. Person and (B) completing the Offering. The Placement Agent has no obligation to purchase any of the Units. Unless sooner terminated in accordance with this Agreement, the engagement of the Placement Agent hereunder shall continue until the later of the Termination Date or the Final Closing (as defined below).

2. **Representations, Warranties and Covenants**.

A. **Representations, Warranties and Covenants of the Company**. The representations and warranties of the Company contained in this Section 2A are true and correct as of the date of execution of this Agreement by the Company and the Company covenants as follows, as applicable.

(a) The Subscription Documents have been and/or will be prepared by the Company, in conformity with all applicable laws, and in compliance with Regulation D, Regulation S and/or Section 4(2) of the Act and the requirements of all other rules and regulations (the "Regulations") of the SEC relating to offerings of the type contemplated by the Offering, and the applicable securities laws and the rules and regulations of those jurisdictions wherein the Placement Agent notifies the Company that the Units are to be offered and sold excluding any foreign jurisdictions. The Units will be offered and sold pursuant to the registration exemption provided by Regulation D, Regulation S and/or Section 4(2) of the Act as a transaction not involving a public offering and the requirements of any other applicable state securities laws and the respective rules and regulations thereunder in those United States jurisdictions in which the Placement Agent notifies the Company that the Units are being offered for sale. None of the Company, its affiliates, or any person acting on its or their behalf (other than the Placement Agent, its affiliates or any person acting on its behalf, in respect of which no representation is made) has taken nor will it take any action that conflicts with the conditions and requirements of, or that would make unavailable with respect to the Offering, the exemption(s) from registration available pursuant to Rule 506 of Regulation D, Rule 903 of Regulation S and/or Section 4(2) of the Act, or knows of any reason why any such exemption would be otherwise unavailable to it (including, without limitation, any Directed Selling Efforts (as such term is defined in Regulation S)). None of the Company, its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failing to comply with Section 503 of Regulation D. The Company has not, for a period of six months prior to the commencement of the offering of Units, sold, offered for sale or solicited any offer to buy any of its securities in a manner that would cause the exemption from registration set forth in Rule 506 of Regulation D to become unavailable with respect to the offer and sale of the Units pursuant to this Agreement in the United States or to, by or for the benefit or account of, U.S. Persons, or would cause the exclusion from registration provided by Rule 903 of Regulation S to become unavailable for offers and sales of the Units pursuant to this Agreement outside the United States to non-U.S. Persons.

(b) As to the Company, the Subscription Documents will not and do not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading: provided, however, the foregoing does not apply to any statements or omissions made solely in reliance on and in conformity with written information furnished to the Company by the Placement Agent specifically for use in the preparation thereof. To the knowledge of the Company, none of the statements, documents, certificates or other items made, prepared or supplied by the Company with respect to the transactions contemplated hereby contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein not misleading in light of the circumstances in which they were made. There is no fact which the Company has not disclosed in the Subscription Documents or which is not disclosed in the filings (the “SEC Filings”) that the Company makes with the US Securities and Exchange Commission (the “SEC”) and of which the Company is aware that materially adversely affects or that could reasonably be expected to have a material adverse effect on the (i) assets, liabilities, results of operations, condition (financial or otherwise), business or business prospects of the Company or (ii) ability of the Company to perform its obligations under this Agreement (“Company Material Adverse Effect”). Notwithstanding anything to the contrary herein, the Company makes no representation or warranty with respect to any estimates, projections and other forecasts and plans (including the reasonableness of the assumptions underlying such estimates, projections and other forecasts and plans) that may have been delivered to the Placement Agent or its representatives, except that such estimates, projections and other forecasts and plans have been prepared in good faith on the basis of assumptions stated therein, which assumptions were believed to be reasonable at the time of such preparation.

(c) The Company is a corporation duly organized, validly existing and in good standing under the laws of Ontario, Canada and is qualified and in good standing as a foreign corporation in each jurisdiction in which the nature of the business conducted by the Company or the property owned or leased by the Company requires such qualification. The Company has all requisite corporate power and authority to conduct its business as presently conducted and as proposed to be conducted (as described in the Subscription Documents and/or the SEC Filings), has all the necessary and requisite documents and approvals from all state authorities, has all requisite corporate power and authority to enter into and perform its obligations under this Agreement, the Subscription Agreement substantially in the form made part of the Subscription Documents (the “Subscription Agreement”) and the other agreements contemplated hereby (this Agreement, Subscription Agreement and the other agreements contemplated hereby that the Company is required to execute and deliver are collectively referred to herein as the “Company Transaction Documents”) and subject to necessary Board and stockholder approvals, to issue, sell and deliver the Units, the shares of Common Stock underlying the Units, and the shares of Common Stock issuable upon exercise of the Warrants (the “Warrant Shares”) and to make the representations in this Agreement accurate and not misleading. Prior to the First Closing, as defined herein, each of the Company Transaction Documents will have been duly authorized. This Agreement has been duly authorized, executed and delivered and constitutes, and each of the other Company Transaction Documents, upon due execution and delivery, will constitute, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms (i) except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect related to laws affecting creditors’ rights generally, including the effect of statutory and other laws regarding fraudulent conveyances and preferential transfers, and except that no representation is made herein regarding the enforceability of the Company’s obligations to provide indemnification and contribution remedies under the securities laws and (ii) subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(d) None of the execution and delivery of or performance by the Company under this Agreement or any of the other Company Transaction Documents or the consummation of the transactions herein or therein contemplated conflicts with or violates, or will result in the creation or imposition of, any lien, charge or other encumbrance upon any of the assets of the Company under any agreement or other instrument to which the Company is a party or by which the Company or its assets may be bound, or any term of the certificate of incorporation or by-laws of the Company, or any license, permit, judgment, decree, order, statute, rule or regulation applicable to the Company or any of its assets, except in the case of a conflict, violation, lien, charge or other encumbrance (except with respect to the Company’s certificate of incorporation or by-laws) which would not, or could not reasonably be expected to, have a Company Material Adverse Effect.

(e) The Company's financial statements, together with the related notes, if any, included in the Company's SEC Filings, present fairly, in all material respects, the financial position of the Company as of the dates specified and the results of operations for the periods covered thereby. Such financial statements and related notes were prepared in accordance with Canadian generally accepted accounting principles applied on a consistent basis throughout the periods up to fiscal year ending August 31, 2011 and International Financial Reporting Standards (IFRS) thereafter including the first quarter ending November 30, 2011, except that the unaudited financial statements omit full notes, and except for normal year end adjustments. During the period of engagement of the Company's independent certified public accountants, there have been no disagreements between the accounting firm and the Company on any matters of accounting principles or practices, financial statement disclosure or auditing scope or procedures. The Company has made and kept books and records and accounts which are in reasonable detail and which fairly and accurately reflect the activities of the Company in all material respects, subject only to year-end adjustments. Except as set forth in such financial statements or otherwise disclosed in the Subscription Documents, the Company's senior management has no knowledge of any material liabilities of any kind, whether accrued, absolute or contingent, or otherwise, and subsequent to the date of the Subscription Documents and prior to the date of the First Closing it shall not enter into any material transactions or commitments without promptly thereafter notifying the Placement Agent in writing of any such material transaction or commitment. The other financial and statistical information with respect to the Company and any pro forma information and related notes included in the SEC Filings present fairly the information shown therein on a basis consistent with the financial statements of the Company included in the SEC Filings. Except as disclosed in the Subscription Documents, the Company does not know of any facts, circumstances or conditions which could materially adversely affect its operations, earnings or prospects that have not been fully disclosed in the financial statements appearing in the SEC Filings.

(f) Immediately prior to the First Closing, the shares of Common Stock underlying the Units and the Warrants will have been duly authorized and, when issued and delivered against payment therefor as provided in the Company Transaction Documents, will be validly issued, fully paid and nonassessable. No holder of any of the shares of Common Stock underlying the Units, and the Warrants will be subject to personal liability solely by reason of being such a holder, and except as described in the Subscription Documents, none of the shares of Common Stock underlying the Units and the Warrants will be subject to preemptive or similar rights of any stockholder or security holder of the Company or an adjustment under the antidilution or exercise rights of any holders of any outstanding shares of capital stock, options, warrants or other rights to acquire any securities of the Company.

(g) Except as described in the Subscription Documents and/or the Company's SEC Filings, the Company has no subsidiaries and does not own any equity interest and has not made any loans or advances to or guarantees of indebtedness to any person, corporation, partnership or other entity. The conduct of business by the Company as presently and proposed to be conducted is not subject to continuing oversight, supervision, regulation or examination by any governmental official or body of the United States, or any other jurisdiction wherein the Company conducts or proposes to conduct such business, except as described in the Company's SEC Filings and except as such regulation is applicable to foreign private issuers. The Company has obtained all material licenses, permits and other governmental authorizations necessary to conduct its business as presently conducted. The Company has not received any notice of any violation of, or noncompliance with, any federal, state, local or foreign laws, ordinances, regulations and orders (including, without limitation, those relating to environmental protection, occupational safety and health, securities laws, equal employment opportunity, consumer protection, credit reporting, "truth-in-lending", and warranties and trade practices) applicable to its business, the violation of, or noncompliance with, would have a Company Material Adverse Effect, and the Company knows of no facts or set of circumstances which could give rise to such a notice.

(h) Except as described in the Subscription Documents and/or the Company's SEC Filings, no default by the Company or, to the knowledge of the Company, any other party, exists in the due performance under any material agreement to which the Company is a party or to which any of its assets is subject (collectively, the "Company Agreements"). The Company Agreements, if any, disclosed in the Subscription Documents and/or the Company's SEC Filings are the only material agreements to which the Company is bound or by which its assets are subject, are accurately described in the Subscription Documents and/or the Company's SEC Filings and are in full force and effect in accordance with their respective terms, subject to any applicable bankruptcy, insolvency or other laws affecting the rights of creditors generally and to general equitable principles and the availability of specific performance.

(i) Subsequent to the respective dates as of which information is given in the Subscription Documents, the Company has operated its business in the ordinary course and, except as may otherwise be set forth in the Subscription Documents or the Company's SEC Filings, there has been no: (i) Company Material Adverse Effect; (ii) material transaction otherwise than in the ordinary course of business consistent with past practice; (iii) damage, loss or destruction, whether or not covered by insurance, with respect to any material asset or property of the Company; or (iv) agreement to permit any of the foregoing.

(j) Except as set forth in the Subscription Documents and/or the Company's SEC Filings, there are no actions, suits, claims, hearings or proceedings pending before any court or governmental authority or, to the knowledge of the Company, threatened, against the Company, or involving its assets or any of its officers or directors (in their capacity as such) which, if determined adversely to the Company or such officer or director, could reasonably be expected to have a Company Material Adverse Effect or adversely affect the transactions contemplated by this Agreement or the enforceability hereof.

(k) The Company is not: (i) in violation of its Certificate of Incorporation or By-laws; (ii) in default of any contract, indenture, mortgage, deed of trust, note, loan agreement, security agreement, lease, alliance agreement, joint venture agreement or other agreement, license, permit, consent, approval or instrument to which the Company is a party or by which it is or may be bound or to which any of its assets may be subject, the default of which could reasonably be expected to have a Company Material Adverse Effect; (iii) in violation of any statute, rule or regulation applicable to the Company, the violation of which would have a Company Material Adverse Effect; or (iv) in violation of any judgment, decree or order of any court or governmental body having jurisdiction over the Company and specifically naming the Company, which violation or violations individually, or in the aggregate, could reasonably be expected to have a Company Material Adverse Effect.

(l) Except as disclosed in the Subscription Documents and/or the Company's SEC Filings, as of the date of this Agreement, no current or former stockholder, director, officer or employee of the Company, nor, to the knowledge of the Company, any affiliate of any such person is presently, directly or indirectly through his/her affiliation with any other person or entity, a party to any loan from the Company or any other transaction (other than as an employee) with the Company providing for the furnishing of services by, or rental of any personal property from, or otherwise requiring cash payments to any such person.

(m) The Company is not obligated to pay, and has not obligated the Placement Agent to pay, a finder's or origination fee in connection with the Offering (other than to the Placement Agent), and hereby agrees to indemnify the Placement Agent from any such claim made by any other person as more fully set forth in Section 8 hereof. The Company has not offered for sale or solicited offers to purchase the Units except for negotiations with the designated Placement Agent (s). Except as set forth in the Subscription Documents, no other person has any right to participate in any offer, sale or distribution of the Company's securities to which the Placement Agent's rights, described herein, shall apply.

(n) Until the earlier of (i) the Termination Date or (ii) the Final Closing (as hereinafter defined), the Company will not issue any press release, grant any interview, or otherwise communicate with the media in any manner whatsoever with respect to the Offering without the Placement Agent's prior written consent, which consent will not unreasonably be withheld or delayed.

(o) No representation or warranty contained in Section 2A of this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein not misleading in the context of such representations and warranties. The Placement Agent shall be entitled to rely on such representations and warranties.

(p) No consent, authorization or filing of or with any court or governmental authority is required in connection with the issuance or the consummation of the transactions contemplated herein or in the other Company Transaction Documents, except for required filings with the SEC and the applicable state securities commissions relating specifically to the Offering (all of which filings will be duly made by, or on behalf of, the Company),and those which are required to be made after the First Closing (all of which will be duly made on a timely basis).

(q) The Company acknowledges that Adam S. Gottbetter is the owner of Gottbetter Capital Group, Inc., Gottbetter & Partners, LLP and Gottbetter Capital Markets, LLC. Gottbetter Capital Group owns shares of the Company. Gottbetter & Partners, LLP is counsel to the company and has represented the company in the proposed transaction for which it will receive legal fees in accordance with an executed retainer agreement. Gottbetter Capital Markets, LLC is a placement agent for the private placement offering in the proposed transaction for which it may receive placement agent fees in accordance with an executed placement agent agreement.

(r) Neither the sale of the Units by the Company nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, nor any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto. Without limiting the foregoing, the Company is not (a) a person whose property or interests in property are blocked pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) or (b) a person who engages in any dealings or transactions, or be otherwise associated, with any such person. To the best of its knowledge the Company and its subsidiaries, if any, are in compliance, in all material respects, with the USA Patriot Act of 2001 (signed into law October 26, 2001).

2B. Representations, Warranties and Covenants of Placement Agent. The Placement Agent hereby represents and warrants to the Company that the following representations and warranties are true and correct as of the date of this Agreement:

(a) The Placement Agent is a limited liability company duly organized, validly existing and in good standing under the laws of the State of New York and has all requisite corporate power and authority to enter into this Agreement and to carry out and perform its obligations under the terms of this Agreement.

(b) This Agreement has been duly authorized, executed and delivered by the Placement Agent, and upon due execution and delivery by the Company, this Agreement will be a valid and binding agreement of the Placement Agent enforceable against it in accordance with its terms, except as may be limited by principles of public policy and, as to enforceability, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditor's rights from time to time in effect and subject to general equity principles.

(c) The Placement Agent is a member of FINRA and is registered as a broker-dealer under the Exchange Act (as defined below), and under the securities acts of each state into which it is making offers or sales of the Units. None of the Placement Agent or its affiliates, or any person acting on behalf of the foregoing (other than the Company, its or their affiliates or any person acting on its or their behalf, in respect of which no representation is made) has taken nor will it take any action that conflicts with the conditions and requirements of, or that would make unavailable with respect to the Offering, the exemption(s) from registration available pursuant to Rule 506 of Regulation D, Rule 903 of Regulation S or Section 4(2) of the Act, or knows of any reason why any such exemption would be otherwise unavailable to it. The Placement Agent will conduct the Offering in compliance with all applicable securities laws.

(d) None of the Placement Agent or its affiliates, or any person acting on behalf of the foregoing, has engaged or will engage in any Directed Selling Efforts (as such term is defined in Regulation S).

(e) Any offer or solicitation of an offer to buy Units made by the Placement Agent or its affiliates, or any person acting on behalf of the foregoing, in reliance on Rule 903 of Regulation S and in reliance upon similar exemptions from registration available under applicable state securities laws, will be made outside of the United States exclusively to persons or entities that are, and will be at the time of the delivery of the Units, not a U.S. Person (as such term is defined in Regulation S) and were, and are at the time of the delivery of the Units, not acting for the account or benefit of a person in the United States or a U.S. Person.

(f) Adam S. Gottbetter is the owner of Gottbetter Capital Group, Inc., Gottbetter & Partners, LLP and Gottbetter Capital Markets, LLC. Gottbetter Capital Group owns shares of the Company. Gottbetter & Partners, LLP is counsel to the company and has represented the company in the proposed transaction for which it will receive legal fees in accordance with an executed retainer agreement. Gottbetter Capital Markets, LLC is a placement agent for the private placement offering in the proposed transaction for which it may receive placement agent fees in accordance with an executed placement agent agreement.

3. Placement Agent Compensation.

(a) In connection with the Offering, the Company will pay a cash fee (the "Agent Cash Fee") to the Placement Agent at each Closing equal to Eight Percent (8%) of the gross sales price from the sale of the Units. Additionally, the Company will deliver to the Placement Agent warrants exercisable for a period of three (3) years from the Closing Date, to purchase a number of shares of Common Stock equaling Eight Percent (8%) of the number of Units sold with an exercise price per share of $0.25 ("Broker Warrants) ("Agent Cash Fee" and "Broker Warrants" are sometimes referred to collectively as "Brokers' Fees").

(b) The Company shall also pay to the Placement Agent the Brokers' Fees calculated according to the percentages set forth in Sections 3(a) of this Agreement, if any person or entity initially contacted by the Placement Agent concerning the Company invests in the Company (the "Post-Closing Investors") at any time prior to the date that is twelve (12) months after the Termination Date or the Final Closing, whichever is applicable, regardless of whether such Post-Closing Investor purchased Units in the Offering.

(c) To the extent there is more than one Closing, payment of the proportional amount of the Brokers' Fees will be made out of the proceeds of subscriptions for the Units sold at each Closing.

4. Subscription and Closing Procedures.

(a) The Company shall cause to be delivered to the Placement Agent copies of the Subscription Documents and has consented, and hereby consents, to the use of such copies for the purposes permitted by the Act and applicable securities laws and in accordance with the terms and conditions of this Agreement, and hereby authorizes the Placement Agent and its agents and employees to use the Subscription Documents in connection with the sale of the Units until the earlier of (i) the Termination Date or (ii) the Final Closing, and no person or entity is or will be authorized to give any information or make any representations other than those contained in the Subscription Documents or to use any offering materials other than those contained in the Subscription Documents in connection with the sale of the Units, unless the Company first provides the Placement Agent with notification of such information, representations or offering materials.

(b) The Company shall make available to the Placement Agent and its representatives such information, including, but not limited to, financial information, and other information regarding the Company (the "Information"), as may be reasonably requested in making a reasonable investigation of the Company and its affairs. The Company shall provide access to the officers, directors, employees, independent accountants, legal counsel and other advisors and consultants of the Company as shall be reasonably requested by the Placement Agent. The Company recognizes and agrees that the Placement Agent (i) will use and rely primarily on the Information and generally available information from recognized public sources in performing the services contemplated by this Agreement without independently verifying the Information or such other information, (ii) does not assume responsibility for the accuracy of the Information or such other information, and (iii) will not make an appraisal of any assets or liabilities owned or controlled by the Company or its market competitors.

(c) Each prospective purchaser will be required to complete and execute the Subscription Documents, Anti-Money Laundering Form and other documents (the "Subscription Documents") which will be forwarded or delivered to the Placement Agent at the Placement Agent's offices at the address set forth in Section 12 hereof.

(d) Simultaneously with the delivery to the Placement Agent of the Subscription Documents, the subscriber's check or other good funds will be forwarded directly by the subscriber to the escrow agent and deposited into a non interest bearing escrow account (the "Escrow Account") established for such purpose (the "Escrow Agent"). All such funds for subscriptions will be held in the Escrow Account pursuant to the terms of an escrow agreement among the Company, the Placement Agent and the Escrow Agent. The Company will pay all fees related to the establishment and maintenance of the Escrow Account. Subject to the receipt of subscriptions for the amount for Closing, the Company will either accept or reject, for any or no reason, the Subscription Documents in a timely fashion and at each Closing will countersign the Subscription Documents and provide duplicate copies of such documents to the Placement Agent for distribution to the subscribers. The acceptance of any Subscription Documents will be subject to the reasonable approval of the Company. The Company will give notice to the Placement Agent of its acceptance of each subscription. The Company, or the Placement Agent on the Company's behalf, will promptly return to subscribers incomplete, improperly completed, improperly executed and rejected subscriptions and give written notice thereof to the Placement Agent upon such return.

(e) If subscriptions for a Closing have been accepted prior to the Termination Date, the funds therefor have been collected by the Escrow Agent and all of the conditions set forth elsewhere in this Agreement are fulfilled, a closing shall be held promptly with respect to Units sold (the "First Closing"). Thereafter, the remaining Units will continue to be offered and sold until the Termination Date. Additional closings ("Closings") may from time to time be conducted at times mutually agreed to between the Placement Agent and the Company with respect to additional Units sold, with the final closing ("Final Closing") to occur within 10 days after the earlier of the Termination Date and the date on which the Maximum Amount has been subscribed for. Delivery of payment for the accepted subscriptions for Units from the funds held in the Escrow Account will be made at each Closing at the Placement Agent's offices against delivery of the Units by the Company at the address set forth in Section 12 hereof (or at such other place as may be mutually agreed upon between the Company and the Placement Agent), net of amounts due to the Placement Agent and its Blue Sky counsel as of such Closing. Executed certificates for the shares of Common Stock and Investor Warrants constituting the Units and the Brokers' Warrants will be in such authorized denominations and registered in such names as the Placement Agent may request on or before the date of each Closing ("Closing Date"). The certificates will be forwarded to the subscriber directly by the transfer agent or the Company's designated agent at each Closing. The Company will issue the certificates for the Common Stock, Investor Warrants and Brokers' Warrants within twenty (20) days of each Closing.

(f) If Subscription Documents for the Minimum Amount for Closing have not been received and accepted by the Company on or before the Termination Date for any reason, the Offering will be terminated, no Units will be sold, and the Escrow Agent will, at the request of the Placement Agent, cause all monies received from subscribers for the Units to be promptly returned to such subscribers without interest, penalty, expense or deduction.

5. <u>Further Covenants</u>.

The Company hereby covenants and agrees that:

(a) Except upon prior written notice to the Placement Agent, the Company shall not, at any time prior to the Final Closing, knowingly take any action which would cause any of the representations and warranties made by it in this Agreement not to be complete and correct in all material respects on and as of each Closing Date with the same force and effect as if such representations and warranties had been made on and as of each such date (except to the extent any representation or warranty relates to an earlier date).

(b) If, at any time prior to the Final Closing, any event shall occur that causes a Company Material Adverse Effect which as a result it becomes necessary to amend or supplement the Subscription Documents so that the representations and warranties herein remain true and correct in all material respects, or in case it shall be necessary to amend or supplement the Subscription Documents to comply with Regulation D or any other applicable securities laws or regulations, the Company will promptly notify the Placement Agent and shall, at its sole cost, prepare and furnish to the Placement Agent copies of appropriate amendments and/or supplements in such quantities as the Placement Agent may reasonably request. The Company will not at any time before the Final Closing prepare or use any amendment or supplement to the Subscription Documents of which the Placement Agent will not previously have been advised and furnished with a copy, or which is not in compliance in all material respects with the Act and other applicable securities laws. As soon as the Company is advised thereof, the Company will advise the Placement Agent and its counsel, and confirm the advice in writing, of any order preventing or suspending the use of the Subscription Documents, or the suspension of any exemption for such qualification or registration thereof for offering in any jurisdiction, or of the institution or threatened institution of any proceedings for any of such purposes, and the Company will use their best efforts to prevent the issuance of any such order and, if issued, to obtain as soon as reasonably possible the lifting thereof.

(c) The Company shall comply with the Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder, all applicable state securities laws and the rules and regulations thereunder in the states in which Placement Agent's Blue Sky counsel has advised the Placement Agent and/or the Company that the Units are qualified or registered for sale or exempt from such qualification or registration, so as to permit the continuance of the sales of the Units, and will file or cause to be filed with the SEC, and shall promptly thereafter forward or cause to be forwarded to the Placement Agent, any and all reports on Form D as are required. The Company will pay the attorney's fee and out of pocket expenses related to the filings for registrations of sale or exemption from such qualifications with any state securities commissions and any other regulatory agencies. Such fees will be paid at the time of invoicing, or at the time of Closing, if known, and if not yet invoiced, funds will remain in escrow to cover the estimated invoice.

(d) The Company shall use best efforts to qualify the Units for sale under the securities laws of such jurisdictions in the United States as may be mutually agreed to by the Company and the Placement Agent, and the Company will make or cause to be made such applications and furnish information as may be required for such purposes, provided that the Company will not be required to qualify as a foreign corporation in any jurisdiction or execute a general consent to service of process. The Company will, from time to time, prepare and file such statements and reports as are or may be required to continue such qualifications in effect for so long a period as the Placement Agent may reasonably request with respect to the Offering.

(e) The Company shall place a legend on the certificates representing the Shares and the Warrants that the securities evidenced thereby have not been registered under the Act or applicable state securities laws, setting forth or referring to the applicable restrictions on transferability and sale of such securities under the Act and applicable state laws.

(f) The Company shall apply the net proceeds from the sale of the Units for the purposes substantially as described under the "Use of Proceeds" section of the Subscription Documents. Except as set forth in the Subscription Documents, the Company shall not use any of the net proceeds of the Offering to repay indebtedness to officers (other than accrued salaries incurred in the ordinary course of business), or directors of the Company without the prior written consent of the Placement Agent.

(g) During the Offering Period, the Company shall afford each prospective purchaser of Units the opportunity to ask questions of and receive answers from an officer of the Company concerning the terms and conditions of the Offering and the opportunity to obtain such other additional information necessary to verify the accuracy of the Subscription Documents to the extent the Company possesses such information or can acquire it without unreasonable expense.

(h) Except with the prior written consent of the Placement Agent, which will not be unreasonably withheld, and excluding disclosures made as of the date of the execution of this Agreement, the Company shall not, at any time prior to the earlier of the Final Closing or the Termination Date, except as contemplated by the Subscription Documents (i) engage in or commit to engage in any transaction outside the ordinary course of business as described in the Subscription Documents, (ii) issue, agree to issue or set aside for issuance any securities (debt or equity) or any rights to acquire any such securities, (iii) incur, outside the ordinary course of business, any material indebtedness, (iv) dispose of any material assets, (v) make any material acquisition or (vi) change its business or operations in any material respect.

(i) The Company shall pay all reasonable expenses incurred in connection with the preparation and printing of all necessary offering documents and instruments related to the Offering and the issuance of the Shares and the Warrants and will also pay for the Company's expenses for accounting fees, legal fees, printing costs, and other costs involved with the Offering. The Company will provide at its own expense such quantities of the Subscription Documents and other documents and instruments relating to the Offering as the Placement Agent may reasonably request. The Company will pay at its own expense in connection with the creation, authorization, issuance, transfer and delivery of the Units, including, without limitation, fees and expenses of any transfer agent or registrar; the fees and expenses of the Escrow Agent; all fees and expenses of legal, accounting and other advisers to the Company; the registration or qualification of the Units for offer and sale under the securities or Blue Sky laws of such jurisdictions, payable within five (5) days of being invoiced; and at the First Closing, or, if there is no Closing, within ten (10) days after written request therefore following the Termination Date, legal fees up to $25,000 and expenses of the Placement Agent's counsel, and provided that such limitation shall in no way affect the obligations of the Company with respect to indemnification and contribution as set forth in Sections 8 and 9 herein.

6. **Conditions of Placement Agent's Obligations**.

The obligations of the Placement Agent hereunder to affect a Closing are subject to the fulfillment, at or before each Closing, of the following additional conditions:

(a) Each of the representations and warranties made by the Company qualified as to materiality shall be true and correct on each Closing Date, except to the extent any such representation or warranty expressly speaks as of an earlier date, in which case such representation or warranty shall be true and correct as of such earlier date, and the representations and warranties made by the Company not qualified as to materiality shall be true and correct in all material respects on each Closing Date, except to the extent any such representation or warranty expressly speaks as of an earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date.

(b) The Company shall have performed and complied in all material respects with all agreements, covenants and conditions required to be performed, and complied with by it at or before the Closing.

(c) The Subscription Documents do not, and as of the date of any amendment or supplement thereto will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) No order suspending the use of the Subscription Documents or enjoining the Offering or sale of the Units shall have been issued, and no proceedings for that purpose or a similar purpose shall have been initiated or pending, or, to the best of the Company's knowledge, be contemplated or threatened.

(e) The Placement Agent shall have received a certificate of the Chief Executive Officer of the Company, dated as of the Closing Date, certifying, as to the fulfillment of the conditions set forth in subparagraphs (a), (b), (c) and (d) above.

(f) The Company shall have delivered to the Placement Agent: (i) a good standing certificate dated as of a date within 10 days prior to the Closing Date from the secretary of state of its jurisdiction of incorporation and (ii) resolutions of the Company's Board of Directors approving this Agreement and the transactions and agreements contemplated by this Agreement, and the Subscription Documents, all as certified by the Chief Executive Officer of the Company.

(g) At each Closing, the Company shall pay and/or issue to the Placement Agent the Brokers' Fees earned in such Closing.

(h) All proceedings taken at or prior to the Closing in connection with the authorization, issuance and sale of the Shares and the Warrants will be reasonably satisfactory in form and substance to the Placement Agent and its counsel, and such counsel shall have been furnished with all such documents, certificates and opinions as it may reasonably request upon reasonable prior notice in connection with the transactions contemplated hereby.

7. **Conditions of the Company's Obligations**.

The obligations of the Company hereunder are subject to the satisfaction of each of the following conditions:

a. The satisfaction or waiver of all conditions to closing as set forth herein.
b. As of each Closing, each of the representations and warranties made by Placement Agent herein being true and correct as of the Closing Date for such Closing.
c. At each Closing, the Company shall have received the proceeds from the sale of the Units that are part of such Closing less applicable Broker Fees.

7A. Mutual Condition. The obligations of the Placement Agent and the Company hereunder are subject to the execution by each investor of a Subscription Agreement in form and substance acceptable to the Placement Agent and the Company and deposit by such investor with the escrow agent of all funds required to be so deposited by such investor.

8. Indemnification.

(a) The Company will: (i) indemnify and hold harmless the Placement Agent, its agents and their respective officers, directors, employees, selected dealers and each person, if any, who controls the Placement Agent within the meaning of the Act and such agents (each an "Indemnitee" or a "Placement Agent Party") against, and pay or reimburse each Indemnitee for, any and all losses, claims, damages, liabilities or expenses whatsoever (or actions or proceedings or investigations in respect thereof), severally (which will, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees, including appeals), to which any Indemnitee may become subject (a) under the Act or otherwise, in connection with the offer and sale of the Units and (b) as a result of the breach of any representation, warranty or covenant made by the Company herein, regardless of whether such losses, claims, damages, liabilities or expenses shall result from any claim by any Indemnitee or by any third party; and (ii) reimburse each Indemnitee for any legal or other expenses reasonably incurred in connection with investigating or defending against any such loss, claim, action, proceeding or investigation; provided, however, the Company will not be liable in any such case to the extent that any such claim, damage or liability is finally judicially determined to have resulted from (A) an untrue statement or alleged untrue statement of a material fact made in the Subscription Documents, or an omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, made solely in reliance upon and in conformity with written information furnished to the Company by the Placement Agent specifically for use in the Subscription Documents or (B) any violations by the Placement Agent of the Act or state securities laws which does not result from a violation thereof by the Company or any of their respective affiliates or (C) due to the intentional or negligent misrepresentation and / or malfeasance of the Placement Agent. In addition to the foregoing agreement to indemnify and reimburse, the Company will indemnify and hold harmless each Indemnitee against any and all losses, claims, damages, liabilities or expenses whatsoever (or actions or proceedings or investigations in respect thereof), joint or several (which shall, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees, including appeals) to which any Indemnitee may become subject insofar as such costs, expenses, losses, claims, damages or liabilities arise out of or are based upon the claim of any person or entity that he or it is entitled to broker's or finder's fees from any Indemnitee in connection with the Offering as a result of the Company obligating itself or any Indemnitee to pay such a fee, other than fees due to the Placement Agent, its dealers, sub-agents or finders. The foregoing indemnity agreements will be in addition to any liability the Company may otherwise have.

(b) The Placement Agent will indemnify and hold harmless the Company, its subsidiaries, and their respective officers, directors, and each person, if any, who controls such entity within the meaning of the Act (collectively, the "Company Indemnitees") against, and pay or reimburse any such person for, any and all losses, claims, damages, liabilities or expenses whatsoever (or actions, proceedings or investigations in respect thereof) to which the Company or any such person may become subject under the Act or otherwise, whether such losses, claims, damages, liabilities or expenses shall result from any claim of the Company or any such person who controls the Company within the meaning of the Act or by any third party, but only to the extent that such losses, claims, damages or liabilities are based upon any violations by the Placement Agent of the Act or state securities laws which does not result from a violation thereof by the Company or any of their respective affiliates, any untrue statement or alleged untrue statement of any material fact contained in the Subscription Documents made in reliance upon and in conformity with information contained in the Subscription Documents relating to the Placement Agent, or an omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in either case, if made or omitted in reliance upon and in conformity with written information furnished to the Company by the Placement Agent, specifically for use in the preparation thereof or due to the intentional or negligent misrepresentation and / or malfeasance of the Placement Agent. The Placement Agent will reimburse the Company or any such person for any legal or other expenses reasonably incurred in connection with investigating or defending against any such loss, claim, damage, liability or action, proceeding or investigation to which such indemnity obligation applies. In addition to the foregoing agreement to indemnify and reimburse, the Placement Agent will indemnify and hold harmless each Company Indemnitee against any and all losses, claims, damages, liabilities or expenses whatsoever (or actions or proceedings or investigations in respect thereof), joint or several (which shall, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees, including appeals) to which any Company Indemnitee may become subject insofar as such costs, expenses, losses, claims, damages or liabilities arise out of or are based upon the claim of any person or entity that he or it is entitled to broker's or finder's fees from any Company Indemnitee in connection with the Offering as a result of the Placement Agent obligating itself or any Company Indemnitee to pay such a fee. The foregoing indemnity agreements are in addition to any liability which the Placement Agent may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, claim, proceeding or investigation (the "Action"), such indemnified party, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, will notify the indemnifying party of the commencement thereof, but the omission to so notify the indemnifying party will not relieve it from any liability that it may have to any indemnified party under this Section 8 unless the indemnifying party has been substantially prejudiced by such omission. The indemnifying party will be entitled to participate in and, to the extent that it may wish, jointly with any other indemnifying party, to assume the defense thereof subject to the provisions herein stated, with counsel reasonably satisfactory to such indemnified party. The indemnified party will have the right to employ separate counsel in any such Action and to participate in the defense thereof, but the fees and expenses of such counsel will not be at the expense of the indemnifying party if the indemnifying party has assumed the defense of the Action with counsel reasonably satisfactory to the indemnified party, provided, however, that if the indemnified party shall be requested by the indemnifying party to participate in the defense thereof or shall have concluded in good faith and specifically notified the indemnifying party either that there may be specific defenses available to it that are different from or additional to those available to the indemnifying party or that such Action involves or could have a material adverse effect upon it with respect to matters beyond the scope of the indemnity agreements contained in this Agreement, then the counsel representing it, to the extent made necessary by such defenses, shall have the right to direct such defenses of such Action on its behalf and in such case the reasonable fees and expenses of such counsel in connection with any such participation or defenses shall be paid by the indemnifying party. No settlement of any Action against an indemnified party will be made without the consent of the indemnifying party and the indemnified party, which consent shall not be unreasonably withheld or delayed in light of all factors of importance to such party, and no indemnifying party shall be liable to indemnify any person for any settlement of any such claim effected without such indemnifying party's consent.

9. <u>Contribution</u>.

To provide for just and equitable contribution, if: (i) an indemnified party makes a claim for indemnification pursuant to Section 8 hereof and it is finally determined, by a judgment, order or decree not subject to further appeal that such claims for indemnification may not be enforced, even though this Agreement expressly provides for indemnification in such case; or (ii) any indemnified or indemnifying party seeks contribution under the Act, the Exchange Act, or otherwise, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Placement Agent on the other in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Placement Agent on the other shall be deemed to be in the same proportion as the total net proceeds from the Offering (before deducting expenses) received by the Company bear to the total Brokers' Fees received by the Placement Agent. The relative fault, in the case of an untrue statement, alleged untrue statement, omission or alleged omission will be determined by, among other things, whether such statement, alleged statement, omission or alleged omission relates to information supplied by the Company or by the Placement Agent, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement, alleged statement, omission or alleged omission. The Company and the Placement Agent agree that it would be unjust and inequitable if the respective obligations of the Company and the Placement Agent for contribution were determined by pro rata allocation of the aggregate losses, liabilities, claims, damages and expenses or by any other method or allocation that does not reflect the equitable considerations referred to in this Section 9. No person guilty of a fraudulent misrepresentation (within the meaning of Section 10(f) of the Act) will be entitled to contribution from any person who is not guilty of such fraudulent misrepresentation. For purposes of this Section 9, each person, if any, who controls the Placement Agent within the meaning of the Act will have the same rights to contribution as the Placement Agent, and each person, if any, who controls the Company within the meaning of the Act will have the same rights to contribution as the Company, subject in each case to the provisions of this Section 9. Anything in this Section 9 to the contrary notwithstanding, no party will be liable for contribution with respect to the settlement of any claim or action effected without its written consent. This Section 9 is intended to supersede, to the extent permitted by law, any right to contribution under the Act, the Exchange Act or otherwise available.

10. Termination.

(a) The Offering may be terminated by the Placement Agent at any time prior to the expiration of the Offering Period in the event that: (i) any of the representations, warranties or covenants of the Company contained herein or in the Subscription Documents shall prove to have been false or misleading in any material respect when actually made; (ii) the Company shall have failed to perform any of its material obligations hereunder or under any other Company Transaction Document or any other transaction document; (iii) there shall occur any event, within the control of the Company that is reasonably likely to materially and adversely affect the transactions contemplated hereunder or the ability of the Company to perform hereunder; or (iv) the Placement Agent determines that it is reasonably likely that any of the conditions to Closing to be fulfilled by the Company set forth herein will not, or cannot, be satisfied.

(b) The Offering may be terminated by the Company at any time prior to the expiration of the Offering Period (i) in the event that the Placement Agent shall have failed to perform any of its material obligations hereunder, or (ii) on account of the Placement Agent's fraud, illegal or willful misconduct or gross negligence or (iii) a material breach of this Agreement by the Placement Agent. In the event of any such termination by the Company, the Placement Agent shall not be entitled to any amounts whatsoever except (i) as may be due under any indemnity or contribution obligation provided herein or in any other Company Transaction Document, at law or otherwise and (ii) it shall retain any Brokers' Fees received for Closings that occurred prior to the Termination Date.

(c) This Offering may be terminated upon mutual agreement of the Company and the Placement Agent at any time prior to the expiration of the Offering Period.

(d) Before any termination by the Placement Agent under Section 10(a) or by the Company under Section 10(b) shall become effective, the terminating party shall give five (5) days prior written notice to the other party of its intention to terminate the Offering (the "Termination Notice"). The Termination Notice shall specify the grounds for the proposed termination. If the specified grounds for termination, or their resulting adverse effect on the transactions contemplated hereby, are curable, then the other party shall have three (3) days from the Termination Notice within which to remove such grounds or to eliminate all of their material adverse effects on the transactions contemplated hereby; otherwise, the Offering shall terminate.

(e) Upon any termination pursuant to this Section 10, the Placement Agent and the Company will instruct the Escrow Agent to cause all monies received with respect to the subscriptions for Units not accepted by the Company to be promptly returned to such subscribers without interest, penalty or deduction.

11. Survival.

(a) The obligations of the parties to pay any costs and expenses hereunder and to provide indemnification and contribution as provided herein shall survive any termination hereunder. In addition, the provisions of Sections 3, and 10 through 17 shall survive the sale of the Units or any termination of the Offering hereunder.

(b) The respective indemnities, covenants, representations, warranties and other statements of the Company and the Placement Agent set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of, and regardless of any access to information by the Company or the Placement Agent, or any of their officers or directors or any controlling person thereof, and will survive the sale of the Units or any termination of the Offering hereunder. Notwithstanding the foregoing, if either party effects a Closing with knowledge that one or more of the other party's representations and warranties has become untrue or inaccurate in any material respect or that such other party has failed to comply or satisfy in any material respect a covenant, condition or agreement of it or them, the party so effecting the Closing shall be deemed to have waived any claim based on the breach of such inaccurate representation and warranty or the failure to have complied with the specific covenant or condition.

12. Notices.

All communications hereunder will be in writing and, except as otherwise expressly provided herein or after notice by one party to the other of a change of address, if sent to the Placement Agent, will be mailed, sent by overnight courier or telefaxed and confirmed to Gottbetter Capital Markets, LLC 488 Madison Avenue, 12th Floor, New York, New York 10022, Attention: Mr. Julio A. Marquez, President, telefax number (212) 400-6999, with a copy to: Law Offices of Barbara J. Glenns, Esq. 30 Waterside Plaza, Suite 25G, New York, New York 10010, Attn: Barbara J. Glenns, Esq., telefax number (212) 689-6578, if sent to Eagleford Energy Inc. will be mailed, sent by overnight courier, or certified mail, return receipt requested and confirmed to Eagleford Energy Inc., 1 King Street West, Suite 1505, Toronto, Ontario, Canada M5H 1A1, Attn: James Cassina, President telefax number (416) 364-8244 with a copy to: Gottbetter & Partners, LLP 488 Madison Avenue, 12th Floor, New York, NY 10022 telefax: 212-400-6901 Attn: Scott Rapfogel, Esq.

13. Governing Law, Jurisdiction.

This Agreement shall be deemed to have been made and delivered in New York City and shall be governed as to validity, interpretation, construction, effect and in all other respects by the internal laws of the State of New York without regard to principles of conflicts of law thereof.

THE PARTIES HERETO AGREE TO SUBMIT ALL CONTROVERSIES TO THE EXCLUSIVE JURISDICTION OF FINRA ARBITRATION IN ACCORDANCE WITH THE PROVISIONS SET FORTH BELOW AND UNDERSTAND THAT (A) ARBITRATION IS FINAL AND BINDING ON THE PARTIES, (B) THE PARTIES ARE WAIVING THEIR RIGHTS TO SEEK REMEDIES IN COURT, INCLUDING THE RIGHT TO A JURY TRIAL, (C) PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED AND DIFFERENT FROM COURT PROCEEDINGS, (D) THE ARBITRATOR'S AWARD IS NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING AND ANY PARTY'S RIGHT TO APPEAL OR TO SEEK MODIFICATION OF RULES BY ARBITRATORS IS STRICTLY LIMITED, (E) THE PANEL OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC. ("FINRA") ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY, AND (F) ALL CONTROVERSIES WHICH MAY ARISE BETWEEN THE PARTIES CONCERNING THIS AGREEMENT SHALL BE DETERMINED BY ARBITRATION PURSUANT TO THE RULES THEN PERTAINING TO FINRA. ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. JUDGMENT ON ANY AWARD OF ANY SUCH ARBITRATION MAY BE ENTERED IN THE SUPREME COURT OF THE STATE OF NEW YORK OR IN ANY OTHER COURT HAVING JURISDICTION OVER THE PERSON OR PERSONS AGAINST WHOM SUCH AWARD IS RENDERED. THE PARTIES AGREE THAT THE DETERMINATION OF THE ARBITRATORS SHALL BE BINDING AND CONCLUSIVE UPON THEM. THE PREVAILING PARTY, AS DETERMINED BY SUCH ARBITRATORS, IN A LEGAL PROCEEDING SHALL BE ENTITLED TO COLLECT ANY COSTS, DISBURSEMENTS AND REASONABLE ATTORNEY'S FEES FROM THE OTHER PARTY. PRIOR TO FILING AN ARBITRATION, THE PARTIES HEREBY AGREE THAT THEY WILL ATTEMPT TO RESOLVE THEIR DIFFERENCES FIRST BY SUBMITTING THE MATTER FOR RESOLUTION TO A MEDIATOR, ACCEPTABLE TO ALL PARTIES, AND WHOSE EXPENSES WILL BE BORNE EQUALLY BY ALL PARTIES. THE MEDIATION WILL BE HELD IN THE COUNTY OF NEW YORK, STATE OF NEW YORK, ON AN EXPEDITED BASIS. IF THE PARTIES CANNOT SUCCESSFULLY RESOLVE THEIR DIFFERENCES THROUGH MEDIATION, THE MATTER WILL BE RESOLVED BY ARBITRATION. THE ARBITRATION SHALL TAKE PLACE IN THE COUNTY OF NEW YORK, THE STATE OF NEW YORK, ON AN EXPEDITED BASIS.

14. Miscellaneous.

A. No provision of this Agreement may be changed or terminated except by a writing signed by the party or parties to be charged therewith. Unless expressly so provided, no party to this Agreement will be liable for the performance of any other party's obligations hereunder. Either party hereto may waive compliance by the other with any of the terms, provisions and conditions set forth herein; provided, however, that any such waiver shall be in writing specifically setting forth those provisions waived thereby. No such waiver shall be deemed to constitute or imply waiver of any other term, provision or condition of this Agreement. Neither party may assign its rights or obligations under this Agreement to any other person or entity without the prior written consent of the other party.

B. Each party shall, without payment of any additional consideration by any other party, at any time on or after the date of any Closings, take such further action and execute such other and further documents and instruments as the other party may reasonably request in order to provide the other party with the benefits of this Agreement.

C. The Parties to this Agreement each hereby confirm that they will cooperate with each other to the extent that it may become necessary to enter into any revisions or amendments to this Agreement, in the future to conform to any federal or state regulations as long as such revisions or amendments do not materially alter the obligations or benefits of either party under this Agreement.

15. Entire Agreement; Severability.

This Agreement together with any other agreement referred to herein supersedes all prior understandings and written or oral agreements between the parties with respect to the Offering and the subject matter hereof. If any portion of this Agreement shall be held invalid or unenforceable, then so far as is reasonable and possible (i) the remainder of this Agreement shall be considered valid and enforceable and (ii) effect shall be given to the intent manifested by the portion held invalid or unenforceable.

16. Counterparts.

This Agreement may be executed in multiple counterparts, each of which may be executed by less than all of the parties and shall be deemed to be an original instrument which shall be enforceable against the parties actually executing such counterparts and all of which together shall constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile transmission or in pdf format shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or in pdf format shall be deemed to be their original signatures for all purposes.

17. Confidentiality.

(a) The Placement Agent will maintain the confidentiality of the Information and, unless and until such information shall have been made publicly available by the Company or by others without breach of a confidentiality agreement, shall disclose the Information only as authorized by the Company or as required by law or by order of a governmental authority or court of competent jurisdiction. In the event the Placement Agent is legally required to make disclosure of any of the Information, the Placement Agent will give prompt notice to the Company prior to such disclosure, to the extent the Placement Agent can practically do so.

(b) The foregoing paragraph shall not apply to information that:

(i) at the time of disclosure by the Company, is or thereafter becomes, generally available to the public or within the industries in which the Company conducts business, other than as a result of a breach by the Placement Agent of its obligations under this Agreement;

(ii) prior to or at the time of disclosure by the Company, was already in the possession of, the Placement Agent or any of its affiliates, or could have been developed by them from information then lawfully in their possession, by the application of other information or techniques in their possession, generally available to the public; at the time of disclosure by the Company thereafter, is obtained by the Placement Agent or any of its affiliates from a third party who the Placement Agent reasonably believes to be in possession of the information not in violation of any contractual, legal or fiduciary obligation to the Company with respect to that information; or is independently developed by the Placement Agent or its affiliates.

The exclusions set forth in sub-section (b) above shall not apply to pro forma financial information of EFRDF or the Company, which pro forma Information shall in all events be subject to sub-section (a) above.

(c) Nothing in this Agreement shall be construed to limit the ability of the Placement Agent or its affiliates to pursue, investigate, analyze, invest in, or engage in investment banking, financial advisory or any other business relationship with entities other than the Company, notwithstanding that such entities may be engaged in a business which is similar to or competitive with the business of the Company, and notwithstanding that such entities may have actual or potential operations, products, services, plans, ideas, customers or supplies similar or identical to the Company's, or may have been identified by the Company as potential merger or acquisition targets or potential candidates for some other business combination, cooperation or relationship. The Company expressly acknowledges and agrees that they do not claim any proprietary interest in the identity of any other entity in its industry or otherwise, and that the identity of any such entity is not confidential information.

[Signatures on following page.]

If the foregoing is in accordance with your understanding of the agreement between the Company and the Placement Agent, kindly sign and return this Agreement, whereupon it will become a binding agreement as provided herein, between the Company and the Placement Agent in accordance with its terms.

EAGLEFORD ENERGY INC.

/s/ James Cassina

By: ______________________________

James Cassina
President
1 King Street West
Suite 1505
Toronto, Ontario, Canada M5H 1A1
Tel: 416-364-4039 Fax: 416-364-8244

Accepted and agreed to this
12th day of March 2012:

GOTTBETTER CAPITAL MARKETS, LLC

/s/ Julio A. Marquez

By: ______________________________

Julio A. Marquez
President

EXHIBIT4.25

AMENDMENT

This Amendment ("Amendment") is entered into as of the 13th day of April 2012, by and between Eagleford Energy, Inc ("Company") and Gottbetter Capital markets, LLC ("Placement Agent") and amends the Placement Agency Agreement ("Agreement") dated March 12, 2012.

The Parties to the Agreement hereby amend Paragraph 3(a) Placement Compensation as follows:

(a) In connection with the Offering, the Company will pay a cash fee (the "Agent Cash Fee") to the Placement Agent at each Closing equal to Eight Percent (8%) of the gross sales price from the sale from the sale of the Units sold to investors introduced by the Placement Agent, ("Markets Clients") and Four Percent (4%) of the gross sales prices from the sale of Units sold to investors referred by the Issuer ("Issuer Referrals"). Additionally, the Company will deliver to the Placement Agent warrants exercisable for a period of three (3) years from the Closing Date, to purchase a number of shares of Common Stock equaling Eight Percent (8%) of the number of Units sold to both Markets Clients and Issuer Referrals with an exercise price per share of $0.25 ("Broker Warrants) for ("Agent Cash Fee" and "Broker Warrants" are sometimes referred to collectively as "Brokers' Fees"). The Brokers Warrants issued as compensation to the Placement Agent will be issued as per the instructions of the Placement Agent.

This Amendment may be executed in multiple counterparts, each of which may be executed by less than all of the parties and shall be deemed to be an original instrument which shall be enforceable against the parties actually executing such counterparts and al of which together shall constitute one and the same instruments. The exchange of copies of this Amendment and of signature pages by facsimile transmission or in a pdf format shall constitute effective execution and delivery of this Amendment as to the parties and may be used in lieu of the original Amendment for all purposes. Signatures of the parties transmitted by facsimile or in pdf format shall be deemed to be their original signature for all purposes.

This Amendment is hereby made part of and incorporated into the Placement Agency Agreement, with all the terms and conditions of the Agreement remaining in full force and effect, except to the extent modified hereby. The Parties agree for and on behalf of their respective party this 13th day of April 2012.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties have duly executed this Amendment to the Agreement as of the date first set forth above.

EAGLEFORD ENERGY INC.

/s/ James Cassina

By: ______________________________
James Cassina
President

GOTTBETTER CAPITAL MARKETS, LLC

/s/ Julio A. Marquez

By: ______________________________
Julio A. Marquez
President

EXHIBIT4.26

AMENDMENT NO. 2 TO
PLACEMENT AGENCY AGREEMENT

This Amendment No. 2 to the Placement Agency Agreement ("Second Amendment") is entered into as of the 17th day of July 2012, by and between Eagleford Energy Inc., an Ontario, Canada corporation (the "Company"), and Gottbetter Capital Markets, LLC ("Markets"), and amends that certain Placement Agency Agreement, dated as of March 12, 2012, as amended on April 13, 2012 (hereinafter collectively referred to as the "PAA"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the PAA.

1. The Parties to the PAA hereby amend and restate in its entirety the third paragraph of the PAA to read as follows:

> The Placement Agent shall accept subscriptions only from (i) persons or entities who qualify as "accredited investors" as such term is defined in Rule 51 of Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "SEC") under Section 4(2) of the Securities Act of 1933, as amended (the "Act") and (ii) persons or entities who are offered and purchase the Units in an Offshore Transaction (as such term is defined in Regulation S ("Regulation S") as promulgated by the Sec under the Act) and who are not U.S. Persons (as such term is defined in Regulation S) and are not acting for the account or benefit of a person in the United States or a U.S. Person. The Units will be offered until the earlier of the time that all Units offered in the Offering are sold or until August 15, 2012 ("Initial Offering Period"), which date may be extended by the Company and the Placement Agent in writing (this additional period and the Initial Offering Period shall be referred to as the "Offering Period"). The date on which the Offering is terminated shall be referred to as the "Termination Date".

2. This Second Amendment is hereby made part of an incorporated into the PPA, with all terms and conditions of the PPA remaining in full force and effect, except to the extent modified hereby.

3. This Second Amendment may be executed in multiple counterparts, each of which may be executed by less than all of the parties and shall be deemed to be an original instrument which shall be enforceable against the parties actually executing such counterparts and all of which together shall constitute one and the same instrument. The exchange of copies of this Second Amendment and of signature pages by facsimile transmission or in pdf format shall constitute effective execution and delivery of this Second Amendment as to the parties and may be used in lieu of the original Second Amendment for all purposes. Signatures of the parties transmitted by facsimile or in pdf format shall be deemed to be their original signatures for all purposes.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed, or caused to be executed on their behalf by an agent thereunto duly authorized, this Amendment No. 2 to Placement Agency Agreement as of the date first above written.

EAGLEFORD ENERGY INC.

/s/ James Cassina

By: ______________________________
Name: James Cassina
Title: President

GOTTBETTER CAPITAL MARKETS, LLC

/s/ Julio A. Marquez

By: ______________________________
Name: Julio A. Marquez
Title: President

EXHIBIT 4.27

AMENDMENT NO. 3 TO
PLACEMENT AGENCY AGREEMENT

This Amendment No. 3 to the Placement Agency Agreement ("Third Amendment") is entered into as of the 14th day of August 2012, by and between Eagleford Energy Inc., an Ontario, Canada corporation (the "Company"), and Gottbetter Capital Markets, LLC ("Markets"), and amends that certain Placement Agency Agreement, dated as of March 12, 2012, as previously amended on April 13, 2012 and July 17, 2012 (hereinafter collectively referred to as the "PAA"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the PAA.

1. The Parties to the PAA hereby amend and restate in its entirety the second paragraph of the PAA to read as follows:

> The Offering will be made by the Placement Agent and selected dealers and consist of Units of the Company, with each Unit consisting of (i) one (1) share of the Company's Common Stock (the "Common Stock") and (ii) a three (3) year warrant (each, an "Investor Warrant" and collectively, the "investor Warrants") to purchase one half (1/2) of one (1) share of Common Stock at an exercise price of Fifty Cents ($0.50 USD) per full share (the "Investor Warrant Shares"). The Offering Price for the Units will be Twenty Cents ($0.20 USD) per Unit. The Offering will consist of a minimum of Two Hundred Fifty Thousand United States Dollars ($250,000 USD) through the sale of One Million Two Hundred Fifty Thousand (1,250,000) Units and a maximum of Two Million Five Hundred Thousand United States Dollars ($2,500,000 USD) through the sale of Twelve Million Five hundred Thousand (12,500,000) units (the "Maximum Offering Amount"). In the event the Maximum Offering Amount is sold, the Company and the Placement Agent shall have the right to place an additional Five Million (5,000,000) Units for One Million United States Dollars ($1,000,000 USD) to cover the over-allotments (the "Over-allotment Option").

2. The Parties to the PAA hereby amend and restate in its entirety the third paragraph of the PAA to read as follows:

> "The Placement Agent shall accept subscriptions only from (i) persons or entities who qualify as "accredited investors," as such term is defined in Rule 501 of Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "SEC") under Section 4 (2) of the Securities Act of 1933, as amended (the "Act") and (ii) persons or entities who are offered and purchase the Units in an Offshore Transaction (as such term is defined in Regulation S ("Regulation S") as promulgated by the SEC under the Act) and who are not U.S. Persons (as such term is defined in Regulation S) and are not acting for the account or benefit of a person in the United States or a U.S. Person. The Units will be offered until the earlier of the time that all Units offered in the Offering are sold or until August 31, 2012 ("Initial Offering Period"), which date may be extended by the Company and the Placement Agent in writing (this additional period and the Initial Offering Period shall be referred to as the "Offering Period"). The date on which the Offering is terminated shall be referred to as the "Termination Date."

3. This Third Amendment is hereby made part of and incorporated into the PAA, with all the terms and conditions of the PAA remaining in full force and effect, except to the extent modified hereby.

4. This Third Amendment may be executed in multiple counterparts, each of which may be executed by less than all of the parties and shall be deemed to be an original instrument which shall be enforceable against the parties actually executing such counterparts and all of which together shall constitute one and the same instrument. The exchange of copies of this Third Amendment and of signature pages by facsimile transmission or in pdf format shall constitute effective execution and delivery of this Third Amendment as to the parties and may be used in lieu of the original Second Amendment for all purposes. Signatures of the parties transmitted by facsimile or in pdf format shall be deemed to be their original signatures for all purposes.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed, or caused to be executed on their behalf by an agent thereunto duly authorized, this Amendment No. 3 to Placement Agency Agreement as of the date first above written.

EAGLEFORD ENERGY INC.

/s/ James Cassina

By: ______________________________
Name: James Cassina
Title: President

GOTTBETTER CAPITAL MARKETS, LLC

/s/ Julio A. Marquez

By: ______________________________
Name: Julio A. Marquez
Title: President

EXHIBIT 4.28

AMENDMENT NO. 4 TO
PLACEMENT AGENCY AGREEMENT

This Amendment No. 4 to the Placement Agency Agreement ("Forth Amendment") is entered into as of the 31st day of August 2012, by and between Eagleford Energy Inc., an Ontario, Canada corporation (the "Company"), and Gottbetter Capital Markets, LLC ("Markets"), and amends that certain Placement Agency Agreement, dated as of March 12, 2012, as previously amended on April 13, 2012 and July 17, 2012 and August 14, 2012 (hereinafter collectively referred to as the "PAA"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the PAA.

1. The Parties to the PAA hereby amend and restate in its entirety the third paragraph of the PAA to read as follows:

> "The Placement Agent shall accept subscriptions only from (i) persons or entities who qualify as "accredited investors," as such term is defined in Rule 501 of Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "SEC") under Section 4 (2) of the Securities Act of 1933, as amended (the "Act") and (ii) persons or entities who are offered and purchase the Units in an Offshore Transaction (as such term is defined in Regulation S ("Regulation S") as promulgated by the SEC under the Act) and who are not U.S. Persons (as such term is defined in Regulation S) and are not acting for the account or benefit of a person in the United States or a U.S. Person. The Units will be offered until the earlier of the time that all Units offered in the Offering are sold or until September 30, 2012 ("Initial Offering Period"), which date may be extended by the Company and the Placement Agent in writing (this additional period and the Initial Offering Period shall be referred to as the "Offering Period"). The date on which the Offering is terminated shall be referred to as the "Termination Date."

3. This Forth Amendment is hereby made part of and incorporated into the PAA, with all the terms and conditions of the PAA remaining in full force and effect, except to the extent modified hereby.

4. This Forth Amendment may be executed in multiple counterparts, each of which may be executed by less than all of the parties and shall be deemed to be an original instrument which shall be enforceable against the parties actually executing such counterparts and all of which together shall constitute one and the same instrument. The exchange of copies of this Forth Amendment and of signature pages by facsimile transmission or in pdf format shall constitute effective execution and delivery of this Forth Amendment as to the parties and may be used in lieu of the original Forth Amendment for all purposes. Signatures of the parties transmitted by facsimile or in pdf format shall be deemed to be their original signatures for all purposes.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed, or caused to be executed on their behalf by an agent thereunto duly authorized, this Amendment No. 4 to Placement Agency Agreement as of the date first above written.

EAGLEFORD ENERGY INC.

/s/ James Cassina

By: ______________________________
Name: James Cassina
Title: President

GOTTBETTER CAPITAL MARKETS, LLC

/s/ Julio A. Marquez

By: ______________________________
Name: Julio A. Marquez
Title: President

EXHIBIT 4.29

**3rd AMENDMENT TO 6% SECURED PROMISSORY NOTE
PRINCIPAL AMOUNT $960,000DATED AUGUST 31, 2010**

WHEREAS, on August 31, 2010 Eagleford Energy, Inc., an Ontario corporation (the "Obligor"), issued a 6% Secured Promissory Note (the "Note") due December 31, 2011 (the "Original Maturity Date") in the principal amount of $960,000 in favor of Benchmark Enterprises LLC, a Nevis limited liability corporation (the "Payee"); and

WHEREAS, on the 31st day of December, 2011, the Obligor and the Payee amended the terms of the Note, to extend the Original Maturity Date by six months and to provide for the continued accrual of interest on the outstanding principal amount of the Note during such extension at the new rate of 10% per annum such that interest is accrued at 6% during the period from August 31, 2010 through and including December 31, 2011 and at 10% during the period from January 1, 2012 through November 30, 2012, and as such may be accelerated under the terms of the Note.

WHEREAS, on June 30, 2012, the Obligor and the Payee again amended the terms of the Note, to extend the New Maturity Date by four months and to provide for the continued accrual of interest on the outstanding principal amount of the Note during such extension at the amended rate of 10% per annum through the New Amended Maturity Date of November 30, 2012, and as such may be accelerated under the terms of the Note.

WHEREAS the Obligor and the Payee wish to again amend the terms of the Note, to extend the Maturity Date by another three months and to provide for the continued accrual of interest on the outstanding principal amount of the Note during such extension at the rate of 10% per annum through the Re Amended Maturity Date, as such term is defined below and as such may be accelerated under the terms of the Note.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the Obligor and the Payee hereby agree that: (i) the unpaid principal balance of the Note shall be due and payable on March 1, 2013 (the "Re Amended Maturity Date"), and (ii) interest shall continue to accrue on the unpaid principal balance of the Note at an annual rate of 10%, and shall be paid in full, together with all previously accrued interest, on the Re Amended Maturity Date. All other terms and conditions of the Note remain unchanged.

IN WITNESS WHEREOF, this Amendment has been duly executed by the Obligor and acknowledged by the Payee as of the 23rd day of November, 2012.

EAGLEFORD ENERGY, INC.

/s/ James Cassina

By: ____________________________
Name: James Cassina, President

BENCHMARK ENTERPRISES LLC

/s/ Andrew Godfrey

By: ____________________________
Name: Andrew Godfrey
Title: President

EXHIBIT 8.1

SUBSIDIARIES OF EAGLEFORD ENERGY INC.

1354166 Alberta Ltd., an Alberta corporation

Dyami Energy LLC, a Texas limited liability company

EXHIBIT 12.1 / 12.2

CERTIFICATIONS

I, James Cassina, certify that:

1. I have reviewed this annual report on Form 20-F of Eagleford Energy Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: December 31, 2012

By: /s/ James Cassina
James Cassina
Chief Executive and Financial Officer

EXHIBIT 13.1 / 13.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Eagleford Energy Inc. (the "Company") on Form 20-F for the year ended August 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Cassina, Chief Executive and Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that;

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ James Cassina

Name: James Cassina
Title: Chief Executive and Financial Officer
Date: December 31, 2012