EAGLEFORD ENERGY CORP
(Formerly: Eagleford Energy Inc.)

Management's Discussion and Analysis
For the Three and Six Months Ended
February 28, 2015

1 King Street West, Suite 1505, Toronto, ON, Canada Telephone: 416 364 4039, Facsimile: 416 364-8244

OVERVIEW

Eagleford Energy Corp. (“Eagleford” or the “Company”) is amalgamated under the laws of the Province of Ontario. The Company's 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. The Company’s oil and gas interests are located in Alberta, Canada and Zavala County, Texas. 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 balance sheets at $Nil. The Company filed Articles of Amendment effective August 25, 2014 consolidating its common shares on the basis of one (1) common share for every ten (10) common shares and changed its name to Eagleford Energy Corp. The address of the registered office is 1 King Street West, Suite 1505, Toronto, Ontario, M5H 1A1. Eagleford’s common shares trade on the OTC Markets (OTCQB) under the symbol EGFDF.

The Company’s Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended February 28, 2015 and 2014 include the accounts of Eagleford, the legal parent, together with its wholly-owned subsidiaries, 1354166 Alberta Ltd. an Alberta operating company (“1354166 Alberta”) and Eagleford Energy, Zavala Inc. a Nevada company (“Zavala Inc.”). All Intercompany balances and transactions have been eliminated on consolidation. On March 6, 2014, the Company filed a Certificate of Termination of a Domestic Entity with the Secretary of State, Texas for its wholly-owned subsidiary Dyami Energy and Dyami Energy was dissolved effective April 3, 2014. The Company’s investment in Dyami Energy was deconsolidated from the Company’s Unaudited Interim Condensed Consolidated Financial Statements as at the effective date.

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 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.

The following Management’s Discussion and Analysis of Eagleford should be read in conjunction with the Company’s Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended February 28, 2015 and notes thereto.

The Company’s Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended February 28, 2015 were prepared using the same accounting policies and methods of computation as those described in our Consolidated Financial Statements for the year ended August 31, 2014. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending August 31, 2015 could result in restatement of the unaudited condensed interim consolidated financial statements

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations issued by IFRIC.

The Unaudited Interim Condensed Consolidated Financial Statements should be read in conjunction with our Consolidated Financial Statements for the year ended August 31, 2014. All amounts herein are presented in Canadian dollars, unless otherwise noted.

This Management’s Discussion and Analysis is dated April 13, 2015 and has been approved by the Board of Directors of the Company.

FORWARD LOOKING STATEMENTS

This Management’s Discussion and Analysis contains certain forward-looking statements, including management’s assessment of future plans and operations, and capital expenditures and the timing thereof, that involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company’s control. Such risks and uncertainties include, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the impact of general economic conditions in Canada, the United States and overseas, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced *transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that the Company will derive there from. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this Management Discussion and Analysis are made as at the date of this Management Discussion and Analysis and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

Non-IFRS Measurements – *Certain measures in this Management's 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.*

GLOSSARY OF ABBREVIATIONS

Bbl	barrel
Bbl/d	barrels per day
Boe	barrels of oil equivalent (1)
Boe/d	barrels of oil equivalent per day
Mcf	1,000 cubic feet of natural gas
Mcf/d	1,000 cubic feet of natural gas per day

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

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	6.292
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

OVERALL PERFORMANCE

Natural gas sales, net of royalties for the six months ended February 28, 2015 increased by $2,002 to $25,359 compared to $23,357 for the six month period ended February 28, 2014. Net loss for the six months ended February 28, 2015 was $419,919 compared to a net loss of $513,761 for the six months ended February 28, 2014. The decrease in net loss during 2015 was primarily related to a gain on derivative liabilities of $487,951 compared to a loss on derivative liabilities of $97,786 in 2014. The gain on derivative liabilities during 2015, was primarily attributed to the conversion feature of the secured convertible note which terms meet the definition of an embedded derivative liability that requires fair value measurement at each reporting period. In addition, 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 derivative liability and the fair value movement during the period is recognized in the profit or loss. During the six month period in 2015, the Company recorded an increase in accretion of the convertible secured note in the amount of $147,962 compared to $Nil in the prior six month period in 2014, an increase in loss on foreign exchange of $125,587 to $289,011 compared to $163,424 in 2014 and an increase in stock based compensation of $112,693 compared to $Nil in 2014.

For the six months ended February 28, 2015, the Company recorded additions of $257,379 to exploration and evaluation assets.

During the six months ended February 28, 2015 the Company received US$121,000 and $47,000 and issued 10% per annum, due on demand notes.

As part of the Company's oil and gas development program, management of the Company anticipates further development expenditures to define reserves and extract hydrocarbons. Amounts expended on future exploration and development is dependent on the nature of future opportunities evaluated by the Company and cash calls from joint venture participants. 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.

RISK AND UNCERTAINTIES

There have been no material changes during the six months ended February 28, 2015 to the risks and uncertainties as identified in the Management Discussion and Analysis for the year ended August 31, 2014.

Contractual maturities:
The following table illustrates the contractual maturities of financial liabilities:

February 28, 2015	**Payments Due by Period**				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	$1,747,811	$1,747,811	-	-	-
Shareholders' loans (1)	1,141,038	1,141,038	-	-	-
Loans Payable (1)	188,344	188,344			
Total	$3,077,193	$3,077,193	-	-	-

August 31, 2014	**Payments Due by Period**				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	$1,483,775	$1,483,775	-	-	-
Shareholders' loans (1)	981,834	981,834	-	-	-
Total	$2,465,609	$2,465,609	-	-	-

(1) Translated at current exchange rate.

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 and joint venture arrangements. Due to long lead cycles of the Company's exploration and development 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 obtain additional farm-in arrangements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, availability of capital 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 lease include seeking debt or equity financing or seeking additional farm-in arrangements.

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 favorable market conditions to sustain future development of the business. As at February 28, 2015 and August 31, 2014 and 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 plan during the period ended February 28, 2015. The Company is not subject to any externally imposed restrictions on its capital requirements.

RESULTS OF OPERATIONS

Historical Production	For the Three Months Ended February 28,		For the Six Months Ended February 28,	
	2015	2014	2015	2014
Natural gas – mcf/d	47	41	49	47
Historical Prices				
Natural Gas - $/mcf	$3.52	$3.94	$3.84	$3.42
Royalties costs - $/mcf	$0.71	$0.88	$0.98	$0.53
Production costs - $/mcf	$1.52	$1.37	$1.13	$0.82
Net back - $/mcf	$1.29	$1.69	$1.73	$2.07
Operations				
Revenue, net of royalties	$11,794	$9,754	$23,359	$23,357
Net income (loss)	$256,686	$(401,602)	$(419,919)	$(513,761)
Income (loss) per share, basic	$0.009	$(0.032)	$(0.015)	$(0.042)
Income (loss) per share, diluted	$0.004	$(0.032)	$(0.015)	$(0.042)

Production Volume
For the three months ended February 28, 2015 average natural gas sales volumes were up slightly to 47 mcf/d compared to 41 mcf/d for the same period in 2014. Total production volume for the three months ended February 28, 2015 was 4,202 mcf compared to 3,645 mcf for the same three month period in 2014.

For the six months ended February 28, 2015 average natural gas sales volumes were up slightly to 49 mcf/d compared to 47 mcf/d for the same period in 2014. Total production volume for the six months ended February 28, 2015 was 8,872 mcf compared to 8,549 mcf for the same three month period in 2014.

Commodity Prices
For the three months ended February 28, 2015 average natural gas prices received per mcf decreased by 11% to $3.52 compared to $3.94 for the three months ended February 28, 2014.

For the six months ended February 28, 2015 average natural gas prices received per mcf increased to $3.84 compared to $3.42 for the six months ended February 28, 2014.

The increase or decrease in average natural gas prices received for the three and six month periods was attributed to changes in commodity prices.

Natural Gas Sales, Net of Royalties	For the Three Months Ended February 28,		For the Six Months Ended February 28,	
	2015	2014	2015	2014
Natural gas sales	$14,792	$14,352	$34,052	$29,259
Royalties	(2,998)	(4,598)	(8,693)	(5,902)
Revenue, net of royalties	$11,794	$9,754	$25,359	$23,357

Natural gas sales for the three months ended February 28, 2015, increased slightly by $440 to $14,792 compared to $14,352 for the three months ended February 28, 2014 as a result of higher production volume.

Natural gas sales for the six months ended February 28, 2015, was also up by $4,793 to $34,052 compared to $29,259 for the six months ended February 28, 2014. The increase in sales during the six month period in 2015 was primarily attributed to higher commodity prices and production volume.

Royalties for the three months ended February 28, 2015 were $2,998 versus $4,598 for the comparable three month period in 2014.

Royalties for the six months ended February 28, 2015 were $8,693 versus $5,902 for the comparable six month period in 2014. The changes in royalties for the three and six months ended February 28, 2015 compared to those periods in 2014 is attributed to changes in production volume and commodity prices.

Natural gas sales, net of royalties for the three months ended February 28, 2015 increased by $2,040 to $11,794 compared to $9,754 for the same three month period in 2014.

Natural gas sales, net of royalties for the six months ended February 28, 2015 increased by $2,002 to $25,359 compared to $23,357 for the six month period ended February 28, 2014.

Operating Costs
For three months ended February 28, 2015 operating costs were $2,466 up to $6,377 compared to operating costs of $3,911 for the three months ended February 28, 2014.

For six months ended February 28, 2015 operating costs increased by $4,169 to $10,057 compared to operating costs of $5,888 for the six months ended February 28, 2014.

The increase in operating costs for the three and six months ended February 28, 2015 was attributed to increases in gas processing charges and higher maintenance costs.

Depletion and Accretion
Depletion and accretion for the three months ended February 28, 2015 decreased by $557 to $231 compared to $788 for the three months ended February 28, 2014.

Depletion and accretion for the six months ended February 28, 2015 decreased by $1,171 to $468 compared to $1,639 for the six months ended February 28, 2014.

The decrease in depletion and accretion for the three and six months ended February 28, 2015 was primarily attributed to the partial disposition of the Matthews Lease, Texas.

General and Administrative	**For the Three Months Ended February 28,**		**For the Six Months Ended February 28,**	
	2015	**2014**	**2015**	**2014**
Professional fees	$55,998	$27,197	$76,708	$55,654
Head office costs	25,500	26,925	51,000	52,425
Management fees	37,500	18,750	75,000	37,500
Transfer and registrar costs	744	1,759	2,531	3,433
Shareholders information	32,998	23,307	34,187	26,000
Office and general costs	1,561	1,808	3,163	2,740
Directors fees	1,700	1,900	2,000	1,900
Total	$156,001	$101,646	$244,589	$179,652

General and administrative expenses for the three months ended February 28, 2015 were $54,355 higher at $156,001 compared to $101,646 for the three months ended February 28, 2014. The increase in expenses during 2015 was primarily attributed to an increase in professional fees of $28,801 to $55,998 compared to $27,197 for the same three month period in 2014, an increase in management fees of $18,750 to $37,500 compared to $18,750 for the same three month period in 2014 and an increase in shareholders information of $9,691 to $32,998 compared to $23,307 in 2014. These expense increases were partially offset by lower transfer and registrar cost of $1,015 to $744 versus $1,759 for the comparable three month period ended February 28, 2014.

General and administrative expenses for the six months ended February 28, 2015 were $64,937 higher at $244,589 compared to $179,652 for the six months ended February 28, 2014. The increase in expenses during 2015 was primarily attributed to an increase in management fees of $37,500 to $75,000 compared to $37,500 in the comparable period in 2014 an increase in professional fees of $21,054 to $76,708 compared to $55,654 for the six months ended February 28, 2014 and an increase in shareholders information of $8,187 to $34,187 compared to $26,000 in 2014.

Interest Expense
For the three months ended February 28, 2015, the Company incurred interest costs of $32,427 versus interest costs of $69,197 for the three months ended February 28, 2014. The decrease in interest costs for the three months ended February 28, 2015 compared to the prior period in 2014 was attributed to a reduction in shareholders' loans payable.

For the six months ended February 28, 2015, the Company incurred interest costs of $128,449 versus interest costs of $88,729 for the comparable six month period in 2014. The increase in interest costs during the six months ended February 28, 2015, was primarily attributed to decreases in borrowing costs capitalized, as a result of the impairment loss recorded on exploration and evaluation assets during fiscal 2014.

Accretion of Convertible Secured Note
For the three months ended February 28, 2015, the Company recorded accretion on the secured convertible note in the amount of $104,015 compared to $Nil in the three month period in 2014.

For the six months ended February 28, 2015, the Company recorded accretion on the secured convertible note in the amount of $147,962 compared to $Nil for the six months ended February 28, 2014.

At, February 28, 2015, the Company had a secured convertible note payable with a face value of US$1,216,175 (August 31, 2014: US$1,216,175) (the "Note"). The Note will be accreted up to its face value over the life of Note based on an effective interest rate.

Gain (loss) on Derivative Liabilities
For the three and six months ended February 28, 2015, the Company recorded a gain on derivative liabilities of $751,502 and $487,951 respectively compared to a loss on derivative liabilities of $89,169 and $97,786 for the three and six months ended February 28, 2014 respectively as follows:

Derivative Warrant Liabilities
For the three months ended February 28, 2015, the Company recorded a loss on derivative warrant liabilities of $135,241 compared to a loss of $89,169 for the three months ended February 28, 2014.

For the six months ended February 28, 2015, the Company recorded a loss on derivative warrant liabilities of $201,397 compared to a loss of $97,786 for the six months ended February 28, 2014.

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 consolidated statement of operations.

Derivative Unit Liabilities
For the three months ended February 28, 2015, the Company recorded a gain on derivative unit liabilities of $886,743 compared to $Nil for the three months ended February 28, 2014.

For the six months ended February 28, 2015, the Company recorded a gain on derivative unit liabilities of $689,348 compared to $Nil for the six months ended February 28, 2014.

At, February 28, 2015, the Company had a secured convertible note payable with a face value of US$1,216,175 (August 31, 2014: US$1,216,175) (the “Note”). The Note has a conversion option at any time to convert any unpaid principal and accrued interest into conversion units. A conversion unit is comprised of one (1) common share and one (1) common share purchase warrant entitling the holder to acquire a common share of the Company at a price equal to a 15% premium to the price of the common share acquired under the conversion unit (the “Conversion Unit”). Since both components of the Conversion Unit (the common share component and warrant component) contain a variable exercise/conversion price, the Conversion Unit meets the definition of a financial liability that requires fair value measurement each period.

Loss on Foreign Exchange
For the three months ended February 28, 2015 the Company recorded a loss on foreign exchange of $207,559 compared to a loss of $146,645 for the same three month period in 2014.

For the six months ended February 28, 2015, the Company recorded a loss on foreign exchange of $289,011 compared to a loss of $163,424 for the same six month period ended February 28, 2014.

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.

Stock Based Compensation
For the three months ended February 28, 2015, the Company recorded stock based compensation of $Nil compared to $Nil for the same period in 2014.

For the six months ended February 28, 2015, the Company recorded stock based compensation of $84,520 compared to $Nil for the same six month period in 2014.

On November 12, 2014, the Company granted options to purchase 750,000 common shares to directors of the Company. These options are exercisable at $0.12 per share, vest immediately and expire on November 11, 2019. The Company recorded non-cash stock based compensation expense of $84,520.

Stock Based Compensation-Non Employees
For the three months ended February 28, 2015 the Company recorded stock based compensation for non-employees of $Nil compared to $Nil for the same period in 2014.

For the six months ended February 28, 2015, the Company recorded stock based compensation for non-employees of $28,173 compared to $Nil for the same six month period in 2014.

On November 12, 2014, the Company granted options to purchase 250,000 common shares to a consultant of the Company. These options are exercisable at $0.12 per share, vest immediately and expire on November 11, 2019. The Company recorded non-cash stock based compensation expense of $28,173.

Net Income (Loss)
Net income for the three months ended February 28, 2015, was $256,686, compared to a net loss of $401,602 for the three months ended February 28, 2014. The decrease in net loss during the three month period in 2015 was primarily related to a gain on derivative liabilities of $751,502 versus a loss on derivative liabilities of $89,169 in 2014. These gains were partially offset by an increase in accretion of secured convertible note in the amount of $104,015 compared to $Nil in 2014, an increase of $60,914 to $207,559 in loss on foreign exchange compared to $146,645 in 2014 and an increase of $54,355 in general and administrative expenses to $156,001 compared to $101,646 for the same three month period in 2014.

Net loss for the six months ended February 28, 2015, was $419,919 compared to a net loss of $513,761 for the six months ended February 28, 2014. The decrease in net loss during the six month period ended 2015 was primarily related to a gain on derivative liabilities of $487,951 compared to a loss on derivative liabilities of $97,786 in 2014. In addition for the six months ended February 28, 2015 the Company recorded increases to accretion on the secured convertible note in the amount of $147,962 compared to $Nil for the six months ended February 28, 2014, a loss on foreign exchange of $289,011 compared to a loss of $163,424 for the same six month period ended February 28, 2014 and stock based compensation totaling $112,693 compared to $Nil for the same six month period in 2014.

Foreign Currency Translation
For the three months ended February 28, 2015, the Company incurred a gain on foreign currency translation of $494,757 versus a loss of $101,504 for the same three month period in 2014.

For the six months ended February 28, 2015, the Company incurred a gain on foreign currency translation of $708,442 versus a gain of $111,623 for the same six month period ended February 28, 2014.

These gains and losses are related to translation differences between Zavala Inc.'s and 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.

Net Income (Loss) and Comprehensive Income (Loss)
Comprehensive income for the three months ended February 28, 2015 was $751,442 compared to a comprehensive loss of $503,106 for the three months ended February 28, 2014.

Comprehensive income for the six months ended February 28, 2015 was $288,523 compared to a comprehensive loss of $402,138 for the six months ended February 28, 2014.

Income (Loss) per Share, Basic
Basic income per share for the three months ended February 28, 2015 was $0.009 compared to basic loss per share of $0.032 for the same three month period ended February 28, 2014.

Basic loss per share for the six months ended February 28, 2015 was $0.015 compared to basic loss per share of $0.042 for the same six month period ended February 28, 2014.

Income (Loss) per Share, Diluted
Diluted income per share for the three months ended February 28, 2015 was $0.004 compared to basic and diluted loss per share of $0.032 for the same three month period ended February 28, 2014.

Diluted loss per share for the six months ended February 28, 2015 was $0.015 compared to a diluted loss per share of $0.042 for the same six month period ended February 28, 2014.

SUMMARY OF QUARTERLY RESULTS

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

For the quarter ending	2015 February	2014 November 30	2014 August 31	2014 May 31
Revenue, net of royalties	$11,794	$13,565	$19,551	$22,116
Income (loss) for the period	$256,686	$(676,605)	$(4,332,092)	$(1,269,732)
Income (loss) per share, basic	$0.009	$(0.024)	$(0.327)	$(0.098)
Income (loss) per share, diluted	$0.004	$(0.024)	$(0.327)	$(0.098)

Revenue, net of royalties for the four quarters fluctuated as a result of changes in production volume and commodity prices. For the three month period February 28, 2015, the Company record a gain on derivative liabilities of $751,502. During the quarter ended November 30, 2014, the Company recorded a loss on derivative liabilities of $263,551 and stock based compensation expense of $112,693. During the quarter ended August 31, 2014, the company recorded a loss on derivative liabilities of $2,676,655 and loss on settlement of debt in the amount of $1,335,935 upon the settlement of shareholders loans and interest due, in the aggregate amount of $1,180,570 through the issuance of a total of 14,757,102 units in the capital of the Company at a price of $0.08 per unit. During the quarter ended May 31, 2014, the Company recorded an impairment loss on exploration and evaluation assets. Other changes in net loss during the quarters were primarily related to gain or loss on foreign exchange and the fair value movement of derivative liabilities during the respective periods.

For the quarter ending	2014 February 29		2013 November 30		2013 August 31		2013 May 31
Revenue, net of royalties	$9,754	$	13,603	$	171	$	10,206
Loss for the period	$(401,602)	$	(112,159)	$	(3,557,922)	$	(116,520)
Loss per share, basic and diluted	$(0.032)	$	(0.009)	$	(0.034)	$	(0.001)

Revenue, net of royalties for the four quarters fluctuated as a result of changes in production volume and commodity prices. During the three months ended February 2014, the Company recorded a loss on foreign exchange of $146,645. During the quarter ended August 31, 2013, the Company recorded an impairment of exploration and evaluation assets in the amount of $2,690,568, an impairment of property and equipment of $168,954 and a loss on settlement of debt in the amount of $402,264. Other changes in net loss during the quarters were primarily related to gain or loss on foreign exchange and the fair value movement of derivative liabilities during the respective periods.

CAPITAL EXPENDITURES

For the six months ended February 28, 2015, the Company recorded net additions to exploration and evaluation assets of $257,379 on its Lease located in Zavala County, Texas (year ended August 31, 2014: $113,578).

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 six months ended February 28, 2015, the Company received US$121,000 and $47,000 and issued 10% per annum notes due on demand. During the year ended August 31, 2014, the Company issued 14,757,102 common shares as full settlement of shareholders' loans and interest in the aggregate amount of $1,180,570).

LIQUIDITY AND CAPITAL RESOURCES

Cash as of February 28, 2015 was $31,545 (August 31, 2014: $103,215). The Company entered into Joint Development Agreements on the Matthews Lease and for the six months ended February 28, 2015 had received payments of certain obligations under the Matthews Lease of $83,954 (August 31, 2014: $340,811 cash and payments of certain obligations).

For the year six months ended February 28, 2015, the primary use of funds was related to exploration and evaluation asset expenditures incurred on the Company's Matthews lease located in Zavala County, Texas and administrative expenses. The Company's working capital deficiency at February 28, 2015 was $8,309,101 (August 31, 2014: $3,489,237).

Our current assets of $54,733 as at February 28, 2015, ($260,336 as of August 31, 2014) include the following items: cash $31,545 ($103,215 as of August 31, 2014) and trade and other receivables $23,188 ($157,121 as of August 31, 2014).

Our current liabilities of $8,363,834 as of February 28, 2015 ($3,749,573 as of August 31, 2014) include the following items: trade and other payables $1,747,811 ($1,483,775 as of August 31, 2014); shareholders' loans $1,141,038 ($981,834 as of August 31, 2014); loans payable of $188,344 ($Nil as of August 31, 2014); secured convertible note of $147,962 ($Nil as of August 31, 2014); derivative liabilities of $4,837,456 ($1,094,392 as of August 31, 2014); deferred revenue of $289,976 ($177,804 as of August 31, 2014); and provisions of $11,247 ($11,768 as of August 31, 2014).

At February 28, 2015, the Company had outstanding the following common share purchase warrants: 7,378,560 warrants exercisable at $0.10 per share; 641,240 warrants exercisable at US$5.00 per share; and 102,598 warrants exercisable at US$2.50. If any of these common share purchase warrants are exercised it would generate additional capital for us.

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

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. If the Company issued additional common shares from treasury it would cause the current shareholders of the Company 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.

PROVISIONS	Decommissioning Provisions (Note a)	Other Provisions (Note b)	Total Provisions
Balance, August 31, 2013	$119,742	$178,553	$298,295
Accretion expense	961	-	961
Change in estimate	7,225	-	7,225
Disposals	(26,426)	-	(26,426)
Reductions	-	(169,196)	(169,196)
Dissolution of subsidiary (see Note 16)	(58,589)		(58,589)
Foreign exchange	4,630	(9,357)	(4,727)
Balance, August 31, 2014	47,543	-	47,543
Accretion expense	468	-	468
Change in estimate	3,092	-	3,092
Disposals	(521)	-	(521)
Foreign exchange	5,495	-	5,495
Balance, February 28, 2015	**$56,077**	**$ -**	**$56,077**

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 $56,077 ($11,247 current and $44,830 long term) at February 28, 2015 (August 31, 2014: $11,768 current and $35,775 long term) based on an undiscounted total future liability of $67,533 (August 31, 2014: $60,629). These payments are expected to be incurred between 2015 and 2031. The discount factor, being the risk free rate related to the liability is 1.95% (August 31, 2014: 2.57%).

b) Other Provisions

On January 28, 2014 a vendor of Dyami Energy received a summary judgment against Dyami Energy in the amount of $169,196 plus interest at a rate of 18% per annum from September 17, 2012 until paid and legal fees of $21,178 and interest at a rate of 5% per annum from the date of judgment until paid (District Court of Zavala County, Texas Case No. 13-02-12941-ZCV). During 2013 full amount of the provision had been recorded together with legal fees and interest and transferred to trade and other payables.

SECURED NOTE PAYABLE AND SHAREHOLDER LOANS

Secured Note Payable

At August 31, 2014, the Company exchanged a secured note payable to Benchmark with a carrying value of $1,322,347 (US$1,216,175) for a secured convertible note payable to Benchmark with a face value of $1,322,347 (US$1,216,175) (the "Note"). The Note has an interest rate of 10% and is due on the earliest to occur of: (a) August 31, 2015; (b) the closing of any subsequent financing or series of financings by the Company that results in gross proceeds of an aggregate amount equal to or greater than US$4,400,000, excluding conversion of any existing debt into equity; (c) the date of a sale by the Company of all of the shares in the capital stock of Zavala Inc. held by the Company from time to time; (d) the closing of a merger, reorganization, take-over or other business combination which results in a change of control of the Company or Zavala Inc.; or (e) an event of default.

In the event that the Company closes any subsequent financing or series of financings that results in gross proceeds to the Company of an aggregate amount equal to or greater than US$2,000,000, excluding conversion of any existing debt into equity of the Company, the Company shall allocate US$0.50 of every US$1.00 exceeding the US$2,000,000 raised from such financing to repay the Note. The Note is secured by all of the assets of the Company and Zavala Inc. The Company may, in its sole discretion, prepay any portion of the principal amount upon seven days' notice. Benchmark has the option at any time while the Note is outstanding to convert any unpaid principal and accrued interest into conversion units. A conversion unit is comprised of one (1) common share and one (1) common share purchase warrant entitling the holder to acquire a common share of the Company at a price equal to a 15% premium to the price of the common share acquired under the conversion unit. The price of the conversion unit is the lessor of a price equal to the 30-day VWAP of the Company as of the date of conversion, less 20% (as adjusted for any stock splits, combinations or similar events) or eight United States Cents (US$0.08) per share the ("Conversion Unit").

Accounting Considerations
The Company has accounted for this transaction as an exchange of debt instruments. Under IAS 39 "Financial Instruments: Recognition and Measurement", an exchange between an existing borrower and lender of debt instruments with substantially different terms or substantial modification of the terms of an existing financial liability of part thereof is accounted for as an extinguishment. Since the new debt instrument has a conversion option, the terms are considered substantially different and therefore gives rise to extinguishment accounting. Further, the Company analyzed the conversion unit under IAS 39 and determined that it meets the definition of an embedded derivative. Since both components of the Conversion Unit (the common share component and warrant component) contain a variable exercise/conversion price, the Conversion Unit meets the definition of a financial liability under IAS 32 "Financial Instruments: Presentation". As a result, the Conversion Unit is a derivative liability that requires fair value measurement each period.

Based on the previous conclusions, the Company allocated the old note first to the derivative component at its fair value with the residual allocated to the host debt contract, as follows:

		Allocation
Promissory note (old debt instrument)	$	1,322,247
Derivative liability (conversion unit)		(4,000,100)
Loss on exchange of debt instruments		2,677,753
	$	-

The Note will be accreted up to its face value of $1,322,347 (US$1,216,175) over the life of Note based on an effective interest rate. For the six months ended February 28, 2015, the Company recorded accretion on the note in the amount of $147,962. The carrying value of the note as at February 28, 2015 is $147,962. For the six months ended February 28, 2015, the Company recorded interest on the Note of $72,157 (see Note 11 to the Unaudited Interim Condensed Consolidated Financial Statements).

Shareholder Loans
Effective August 30, 2014, the Company converted shareholders' loans and interest due in the aggregate amount of $1,180,570 through the issuance of a total of 14,757,102 units in the capital of the Company at a price of $0.08 per unit. Each unit is comprised of one (1) common share and one half of one (1/2) common share purchase warrant. Each full warrant entitles the holder to purchase one (1) common share at an exercise price of CDN$0.10 until August 30, 2017. The fair value of the units ($2,516,505) was allocated to common shares $1,715,426 and warrants $801,079 based on their relative fair values and $1,335,935 was recorded as loss on settlement of debt. The original terms of the debt did not include settlement by the issuance of equity instruments.

Accounting Considerations
The Company has accounted for this transaction as an extinguishment of debt instruments for equity instruments under the guidance of IFRIC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments". IFRIC 19 addresses the accounting of when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It states that if a debtor issues equity instruments to a creditor to extinguish all or part of a financial liability, those equity instruments are 'consideration paid' in accordance with IAS 39.41. Accordingly, the debtor should derecognise the financial liability fully or partly. IFRIC 19 further states that the debtor recognises in profit or loss the difference between the carrying amount of the financial liability (or part) extinguished and the fair value of the equity instruments issued. As result, the Company recorded a loss on extinguishment in the amount of $1,335,935 in profit and loss which is the difference of the fair value of the equity instruments ($2,516,505) and the carrying value of the debt instruments ($1,180,570).

The warrant component was valued using a Binomial Lattice model whereas the fair value of the common share component was based on the current market value of the company's stock. The fair value of the conversion unit ($2,516,505) was allocated to the common stock component ($1,715,426) and warrant component ($801,079) based on their relative fair values. Significant assumptions utilized in the Binomial Lattice process are as follows for the warrant component of the conversion unit as of August 30, 2014:

	August 30, 2014
Market value on valuation date	$0.16
Contractual exercise rate	$0.092
Term (years)	5.00 Years
Expected market volatility	196.97%
Risk free rate using zero coupon US Treasury Security rate	0.94%

DERIVATIVE LIABILITIES

For the three and six months ended February 28, 2015, the Company recorded a gain on derivative liabilities of $751,502 and $487,951, respectively compared to a loss on derivative liabilities of $89,169 and $97,786 for the three and six months ended February 28, 2014.

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 profit or loss. The Company recorded a loss on derivative warrant liabilities of $135,241 for the three months ended February 28, 2015 (February 28, 2014: $89,169). For the six months ended February 28, 2015, the Company recorded a loss on derivative warrant liabilities of $201,397 (February 28, 2014: $97,786).

The following table set out the changes in derivative warrant liabilities during the respective periods:

	Number of Warrants*	Fair Value Assigned $	Average Exercise Price US $
As at August 31, 2013	914,761	1,976,883	4.06
Warrants expired	(170,923)	(709,299)	5.00
Change in fair value estimates	-	57,723	-
As at August 31, 2014	743,838	1,325,307	4.06
Change in fair value estimates	-	201,397	
As at February 28, 2015	**743,838**	**1,526,704**	**5.82**

* Reflects the August 25, 2014 one-for-ten consolidation

On August 31, 2014, 170,923 warrants exercisable at US$5.00 expired and the fair value measured using the Black-Scholes option pricing model of $709,299 was recorded as an increase to contributed surplus.

The following tables set out the number of derivative warrant liabilities outstanding at February 28, 2015 and August 31, 2014 respectively:

Number of Warrants*	Exercise Price US ($)*	Expiry Date	Weighted Average Remaining Life (Years)	Fair Value CDN ($)
187,500	5.00	April 13, 2015 (1)	0.12	421,012
30,000	2.50	April 13, 2015(1)	0.12	114,530
91,250	5.00	July 20, 2015(1)	0.39	153,707
14,600	2.50	July 20, 2015(1)	0.39	41,373
250,000	5.00	August 7, 2015(1)	0.44	421,577
40,000	2.50	August 7, 2015(1)	0.44	108,501
112,490	5.00	September 25, 2015(1)	0.57	208,710
17,998	2.50	September 25, 2015(1)	0.57	57,294
743,838			**0.36**	**1,526,704**

* Reflects the August 25, 2014 one-for-ten consolidation
(1) Current

Number of Warrants*	Exercise Price US ($)*	Expiry Date	Weighted Average Remaining Life (Years)	Fair Value CDN ($)
187,500	5.00	April 13, 2015 (1)	0.62	365,474
30,000	2.50	April 13, 2015(1)	0.62	99,420
91,250	5.00	July 20, 2015(1)	0.88	133,431
14,600	2.50	July 20, 2015(1)	0.88	35,915
250,000	5.00	August 7, 2015(1)	0.93	365,964
40,000	2.50	August 7, 2015(1)	0.93	94,188
112,490	5.00	September 25, 2015	1.07	181,178
17,998	2.50	September 25, 2015	1.07	49,737
743,838			**0.70**	**1,325,307**

* Reflects the August 25, 2014 one-for-ten consolidation
(1) Current

Derivative Unit Liabilities
The following tables summarize the components of the Company's derivative unit liabilities and linked common shares as at February 28, 2015 and August 31, 2014:

	February 28, 2015		August 31, 2014	
The financings giving rise to derivative unit liabilities:	Indexed Shares	Fair Values	Indexed Shares	Fair Values
Conversion unit (1 common share and 1 common share purchase warrant)	18,176,592	$(3,310,752)	15,202,188	$(4,000,100)

The following table summarizes the effects on our gain (loss) associated with changes in the fair values of our derivative units liabilities for the periods ended February 28, 2015:

The financings giving rise to derivative unit liabilities:	Three Months Ended February 28, 2015	Six Months Ended February 28, 2015
Conversion unit (1 common share and 1 common share purchase warrant)	$886,743	$689,348

At August 31, 2014 the Company issued a Secured Convertible Note with a face value $1,322,347 (US$1,216,175) which gave rise to a derivative financial instrument. The Note embodied certain terms and conditions that were not clearly and closely related to the host debt agreement in terms of economic risks and characteristics. Additionally these features met the definition of a financial liability under IAS 32 “Financial Instruments: Presentation”. These terms and features consist of the Conversion Unit which is comprised of one (1) common share and one (1) common share purchase warrant entitling the holder to acquire a common share of the Company at a price equal to a 15% premium to the price of the common share acquired under the Conversion Unit (see Note 10 to the Unaudited Interim Condensed Consolidated Financial Statements).

Current accounting principles that are provided in IAS 32 and IAS 39 require derivative financial instruments to be classified in liabilities and carried at fair value with changes recorded in profit and loss. The Company has selected the Monte Carlo Simulations valuation technique to fair value the common share component of the conversion unit because it believes that this technique is reflective of all significant assumption types, and ranges of assumption inputs, that market participants would likely consider in transactions involving common share components. Such assumptions include, among other inputs, interest risk assumptions, credit risk assumptions and redemption behaviors in addition to traditional inputs for option models such as market trading volatility and risk free rates.

The Company has selected Binomial Lattice to fair value the warrant component of the conversion unit because it believes this technique is reflective of all significant assumption types market participants would likely consider in transactions involving warrants. Significant inputs and results arising from the Monte Carlo Simulations process are as follows for the common share component contained in the conversion unit as at February 28, 2015 and August 31, 2014:

	February 28, 2015	August 31, 2014
Underlying price on valuation date*	$0.2137	$0.3090
Contractual conversion rate	$0.07	$0.08
Contractual term to maturity	0.50 Years	1.00 Years
Implied expected term to maturity	0.443 Years	0.613 Years
Market volatility:		
Range of volatilities	250.00% - 348.34%	78.41% - 269.09%
Equivalent volatility	308.60%	181.25%
Contractual interest rate	10.0%	10.0%
Equivalent market risk adjusted interest rate	10.00%	10.00%
Equivalent credit risk adjusted yield	4.25%	3.45%

*The underlying price of the common share component of the conversion unit is the sum of the market price on the valuation date and the fair value of the warrant component derived from the binomial lattice model.

Significant assumptions utilized in the Binomial Lattice process are as follows for the warrant component of the conversion unit as at February 28, 2015 and August 31, 2014:

	February 28, 2015	August 31, 2014
Market value on valuation date	$0.11	$0.16
Contractual exercise rate	$0.092	$0.092
Term (years)	4.51 Years	5.00 Years
Expected market volatility	178.46%	179.21%
Risk free rate using zero coupon US Treasury Security rate	1.50%	1.63%

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

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.

	Three Months Ended			Six Months Ended		
February 28, 2015	**Canada**	**United States**	**Total**	**Canada**	**United States**	**Total**
Net revenue	$11,794	-	$11,794	$25,359	-	$25,359
Net (income) loss	$(274,942)	18,256	$(256,686)	$401,387	18,532	$419,919

	Three Months Ended			Six Months Ended		
February 28, 2014	**Canada**	**United States**	**Total**	**Canada**	**United States**	**Total**
Net revenue	$9,754	-	$9,754	$23,357	-	$23,357
Net loss	$327,890	73,712	$401,602	$407,906	105,855	$513,761

As at February 28, 2015	Canada	United States	Total
Total Assets	$54,733	6,035,712	$6,090,445
Total Liabilities	$8,073,858	334,806	$8,408,664

As at August 31, 2014	Canada	United States	Total
Total Assets	$179,888	5,117,040	$5,296,928
Total Liabilities	$6,991,287	1,025,076	$8,016,363

SEASONALITY AND TREND INFORMATION

The Company's 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 the Company's oil and gas properties is the primary determinant for the volume of sales during the year.

The level of activity in the oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and gas properties are located in areas that are inaccessible except during the winter months because of swampy terrain and other areas are inaccessible during certain months of year due to deer hunting season. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for the goods and services of the Company.

The impact on the oil and gas industry from commodity price volatility is significant. 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. During periods of high prices, producers conduct active exploration programs. 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.

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 or decreases in the value of the Canadian dollar may impact production revenues from Canadian producers. Such increases or decreases may also impact the future value of such entities' reserves as determined by independent evaluators.

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 periods set out were as follows:

	Three Months Ended February 28,		Six Months Ended February 28,	
	2015	2014	**2015**	2014
Short term employee benefits (1)	$37,500	$18,750	$75,000	$37,500
Stock based compensation expense (2)	-	-	84,520	-
	$37,500	$18,750	$159,250	$37,500

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

	February 28, 2015	August 31, 2014
Short term employee benefits (1)	$356,250	$281,250

(1) The Company accrues management fees for the President of the Company at a rate of $12,500 per month commencing September 1, 2014.

(2) On November 12, 2014, the Company granted options to purchase 750,000 common shares to three directors of the Company. These options are exercisable at $0.12 per share, vest immediately and expire on November 11, 2019 (see Note 8 (d) to the Unaudited Interim Condensed Consolidated Financial Statements).

At February 28, 2015, the amount of directors' fees included in trade and other payables was $21,100 (August 31, 2014: $19,200).

At February 28, 2015, the Company had a promissory note payable to the President of the Company of $10,000 (August 31, 2014: $Nil). For the period ended February 28, 2015, the Company recorded interest on the promissory note of $334 (February 28, 2014: $17,527). At February 28, 2015, included in trade and other payables is interest payable of $104,929 (August 31, 2014: $91,727). The note is due on demand and bears interest at 10% per annum. Interest is payable annually on the anniversary date of the note. Effective February 27, 2014, 651,904 common share purchase warrants expiring February 27, 2014, were exercised by the President of the Company at $0.35, for settlement of cash advances of $228,167). On August 30, 2014 the Company issued 1,628,700 units at $0.08 per unit as full settlement of a promissory note payable to the President of US$120,000 (see Note 8 (b) (a) (c) and Note 10 to the Unaudited Interim Condensed Consolidated Financial Statements).

At February 28, 2015, the Company had a note payable to Core Energy Enterprises Inc. ("Core") of US$249,250 (August 31, 2014: US$249,250). For the period ended February 28, 2015, the Company recorded interest on the promissory note of $14,793 (February 28, 2014: $Nil). At February 28, 2015, included in trade and other payables, is interest of $15,545 (August 31, 2014: $Nil). The President of the Company is a major shareholder, officer and a director of Core.

At February 28, 2015, the Company had shareholders' loans payable of US$655,000. (August 31, 2014: US $655,000). For the period ended February 28, 2015, the Company recorded interest of $36,399(February 28, 2014: $89,348) on the shareholders' loans payable. At February 28, 2015, included in trade and other payables, is interest of $37,725 (August 31, 2014: $269). The notes are payable on demand and bear interest at 10% per annum. Interest is payable annually on the anniversary date of the notes. On August 30, 2014, the Company issued 13,128,420 units at $0.08 per unit as full settlement of promissory notes payable of US$529,250, $250,000 and interest payable of $225,614 (see Note 8 (b) (c) to the Unaudited Interim Condensed Consolidated Financial Statements).

At February 28, 2015, the Company had, loans payable of US$121,000 and $37,000 to 1288131 Alberta Ltd. (August 31, 2014: $Nil). During the period ended February 28, 2015 the Company recorded interest on the loans payable of $4,291. At February 28, 2015, included in trade and other payables, is interest of $4,291 (August 31, 2014: $Nil). The loans are payable on demand and bear interest at 10% per annum. Colin McNeil a director of the Company is also an officer, director and shareholder of 1288131 Alberta Ltd.

At February 28, 2015, the Company had a 10% per annum, secured convertible note payable to Benchmark Enterprises LLC ("Benchmark") with a face value of US$1,216,175. (August 31, 2014: US$1,216,175) (the "Note"). Benchmark is a shareholder of the Company. For the six months ended February 28, 2015, the Company recorded interest on the Note of $72,157 (February 28, 2014: $25,368). At February 28, 2015 included in trade and other payables is interest of $75,434 (August 31, 2014: $Nil) (see Note 10 and 11 to the Unaudited Interim Condensed Consolidated Financial Statements).

SIGNIFICANT ACCOUNTING POLICIES

The Unaudited Interim Condensed Consolidated Financial Statements were prepared using the same accounting policies and methods as those described in our consolidated financial statements for the year ended August 31, 2014.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's management made assumptions, estimates and judgments in the preparation of the Unaudited Condensed Interim Consolidated Financial Statements. Actual results may differ from those estimates, and those differences may be material. There has been no material changes in the three months ended February 28, 2015 to the critical accounting estimates and judgments

RECENT ACCOUNTING PRONOUNCEMENTS AND RECENT ADOPTED ACCOUNTING STANDARDS

Recent Issued Accounting Pronouncements

The following standards, amendments and interpretations, which may be relevant to the Company have been introduced or revised by the IASB:

(i) On July 24, 2014, the IASB issued the complete IFRS 9 (IFRS 9 (2014). In November 2009, the IASB issued the first version of IFRS 9, Financial Instruments (IFRS 9 (2009) and subsequently issued various amendments in October 2010, (IFRS 9 Financial Instruments (2010) and November 2013 (IFRS 9 Financial Instruments (2013). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The Company intends to adopt IFRS 9 effective September 1, 2018.

(ii) In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The Company intends to adopt IFRS 15 effective September 1, 2017.

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements.

Recent Adopted Accounting Standards
The following standards, amendments and interpretations have been adopted by the Company as of September 1, 2014. There were no material impacts on the consolidated financial statements as a result of the adoption of these standards, amendments and interpretations: (i) IFRIC 21 Levies.

SHARE CAPITAL AND RESERVES

The Company filed Articles of Amendment effective August 25, 2014 consolidating the common shares of Eagleford Energy Inc., on the basis of one (1) common share for every ten (10) common shares and changing its name to Eagleford Energy Corp. The stock consolidation has been applied retrospectively for all periods presented.

Share Capital

Authorized:
Unlimited number of common shares at no par value
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 August 31, 2013	12,262,517	7,050,350
Warrants exercised (Note (a))	651,904	306,405
Debt settlement (Note (c))	14,757,120	1,715,426
Balance August 31, 2014 and February 28, 2015	**27,671,541**	**$9,072,181**

* Reflects the August 25, 2014 one-for-ten stock consolidation

Share Purchase Warrants

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

	February 28, 2015		**August 31, 2014**	
Warrants	**Number of Warrants***	**Weighted Average Price***	**Number of Warrants***	**Weighted Average Price***
Outstanding, beginning of period	9,293,560	$0.18	4,020,095	$0.40
Warrants exercised (Note (a))	-		(651,904)	$0.35
Warrants expired (Note (b))	-		(1,453,191)	$0.35
Warrants issued (Note (c))	-		7,378,560	$0.10
Warrants expired (Note (d))	(1,915,000)	$0.50	-	-
Balance, end of period	**7,378,560**	**$0.10**	**9,293,560**	**$0.18**

* Reflects the August 25, 2014 one-for-ten stock consolidation

(a) Effective February 27, 2014, 651,904 common share purchase warrants were exercised at $0.35 expiring February 27, 2014 for settlement of cash advances of $228,167. The amount allocated to warrants based on relative fair value using the Black-Scholes option pricing model was $78,238 (see Note 9 to the Unaudited Interim Condensed Consolidated Financial Statements).

(b) On February 5, 2014, 200,000 common share purchase warrants exercisable at $0.35 expired. The amount allocated to warrants based on relative fair value using the Black-Scholes option pricing model was $24,000 with a corresponding increase to contributed surplus. On February 25, 2014, 80,052 common share purchase warrants exercisable at $0.35 expired. The amount allocated to warrants based on relative fair value using the Black-Scholes option pricing model was $9,606 with a corresponding increase to contributed surplus. On February 27, 2014, 1,173,139 common share purchase warrants exercisable at $0.35 expired. The amount allocated to warrants based on relative fair value using the Black-Scholes option pricing model was $140,793 with a corresponding increase to contributed surplus.

(c) Effective August 30, 2014, the Company converted shareholders' loans and interest due in the aggregate amount of $1,180,570 through the issuance of a total of 14,757,102 units in the capital of the Company at a price of $0.08 per unit. Each unit is comprised of one (1) common share and one half of one (1/2) common share purchase warrant. Each full warrant entitles the holder to purchase one (1) common share at an exercise price of CDN$0.10 until August 30, 2017.The fair value of the units ($2,516,505) was allocated to common shares $1,715,426 and warrants $801,079 based on their relative fair values and $1,335,935 was recorded as a loss on settlement of debt in the consolidated statement of operations and comprehensive loss. The warrant component was valued using a Binomial Lattice model whereas the fair value of the common share component was based on the current market value of the company's stock (see Note 10 and 11 to the Unaudited Interim Condensed Consolidated Financial Statements).

(d) On January 24, 2015, 600,000 common share purchase warrants exercisable at $0.50 expired. The amount allocated to warrants based on relative fair value using the Black-Scholes option pricing model was $507,038 with a corresponding increase to contributed surplus. On February 17, 2015, 1,315,000 common share purchase warrants exercisable at $0.50 expired. The amount allocated to warrants based on relative fair value using the Black-Scholes option pricing model was $662,851 with a corresponding increase to contributed surplus.

The following table summarizes the outstanding warrants as at February 28, 2015 and August 31, 2014, respectively:

Number of Warrants*	Exercise Price*	Expiry Date	Weighted Average Remaining Life (Years)	Warrant Value ($)
7,378,560	$0.10	August 30, 2017	2.50	**801,079**

Number of Warrants*	Exercise Price*	Expiry Date	Weighted Average Remaining Life (Years)	Warrant Value ($)
600,000	$0.50	January 24, 2015	0.40	$507,038
1,315,000	$0.50	February 17, 2015	0.47	662,851
7,378,560	$0.10	August 30, 2017	3.00	801,079
9,293,560	**$0.50**		**2.47**	**1,970,968**

* Reflects the August 25, 2014 one-for-ten stock consolidation

Weighted Average Shares Outstanding

	Three Months Ended February 28,		Six Months Ended February 28,	
	2015	2014 (1)	**2015** (1)	2014 (1)
Weighted Average Shares Outstanding Basic*	**27,671,541**	12,412,734	**27,671,541**	12,269,404
Weighted Average Shares Outstanding Basic and Diluted*	**60,878,902**	12,412,734	**27,671,541**	12,269,404

* Reflects the August 25, 2014 one-for-ten stock consolidation

(1) 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 and Stock Based Compensation

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, August 31, 2014 and 2013	105,000	$1.64
Granted	1,000,000	0.12
Expired	(5,000)	1.64
Balance, February 28, 2015	**1,100,000**	**$0.25**

* Reflects the August 25, 2014 one-for-ten stock consolidation

The following table is a summary of the Company's stock options outstanding and exercisable at February 28, 2015 and August 31, 2014, respectively:

	Options Outstanding			Options Exercisable	
Exercise Price	**Number of Options***	**Weighted Average Exercise Price**	**Weighted Average Remaining Life (Years)** (1)	**Number of Options***	**Weighted Average Exercise Price**
$ 1.60	100,000	$0.15	2.00	100,000	$0.15
$ 0.12	1,000,000	$0.11	4.70	1,000,000	$0.11
	1,100,000	**$0.25**	**4.46**	**1,100,000**	**$0.25**

	Options Outstanding			Options Exercisable	
Exercise Price	**Number of Options***	**Weighted Average Exercise Price**	**Weighted Average Remaining Life (Years)** (1)	**Number of Options***	**Weighted Average Exercise Price**
$ 1.60	100,000	$1.60	2.50	1,00,000	$1.60
$ 2.50	5,000	$2.50	0.16	5,000	$ 2.50
	105,000	**$1.64**	**2.39**	**105,000**	**$1.64**

* Reflects the August 25, 2014 one-for-ten stock consolidation
(1) In October 2012, the Optionee passed away and pursuant to the terms of the option agreement had a period of twelve (12) months after the date of such death before the expiry of the option.

Stock Based Compensation

On November 12, 2014, the Company granted options to purchase 750,000 common shares to directors of the Company. These options are exercisable at $0.12 per share, vest immediately and expire on November 11, 2019. The Company recorded non-cash stock based compensation expense of $84,520.

Stock Based Compensation – Non Employees

On November 12, 2014, the Company granted options to purchase 250,000 common shares to a consultant of the Company. These options are exercisable at $0.12 per share, vest immediately and expire on November 11, 2019. The Company recorded non-cash stock based compensation expense of $28,173.

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:

	November 12, 2014
Weighted average fair value per option	$0.12
Weighted average risk free interest rate	1.54%
Forfeiture rate	0%
Weighted average expected volatility	287.49%
Expected life (years)	5
Dividend yield	Nil

Contributed Surplus

Contributed surplus transactions for the respective periods are as follows:

	Amount
Balance, August 31, 2013	$506,200
Warrants expired	174,399
Derivative warrants expired	709,299
Balance, August 31, 2014	$1,389,898
Stock options expired	11,112
Warrants expired	1,169,889
Balance, February 28, 2015	**$2,570,899**

LITIGATION

On or about September 30, 2014, Stratex filed a petition against Zavala Inc. in the District Court of Zavala County, Texas seeking breach of contract and actual damages of US$152,293 (the “Purported Debt”) for Zavala Inc.’s alleged non-payment of its proportionate share of minimum royalties due under the Matthews Lease. Zavala Inc. disputes the claim citing $300,000 paid by the Company to be credited against the minimum royalties which Stratex has failed to do. Zavala Inc. paid the $152,293 under protest and filed a Response and Cross Notice of Default against Stratex (Cause No.: 14-09-13290-ZCV). Effective March 31, 2015, the Company entered into a settlement agreement with Stratex and Quadrant pursuant to which the Company is entitled to receive US$25,000 in cash and 1,333,333 common shares of Stratex and Stratex shall assign all of its rights, title and interest in and to the Matthews Lease and JDA to the Company and Quadrant and Quadrant shall be appointed as the operator.

On or about October 27, 2014, the Company filed a statement of claim in the Ontario Superior Court of Justice against Alan Gaines, a former director of the Company for breach of fiduciary duty to the Company relating to Gaines role in the Company contracting with Stratex (Court File No.: 65-14-514935). Effective March 25, 2015, the Company entered into a Settlement Agreement with Gaines under which Gaines will transfer to the Company 1,200,000 common shares and 1,200,000 common share purchase warrants exercisable at US$0.15 per expiring December 31, 2018 of Stratex.

SUBSEQUENT EVENTS

Subsequent to February 28, 2015, the Company received US$46,281 under the April 11, 2014, JDA 2 for the payment of certain obligations (see Note 6 to the Unaudited Interim Condensed Consolidated Financial Statements).