Intelligent Content Enterprises Inc.

(formerly: Eagleford Energy Corp.)

Management's Discussion and Analysis
For the Three and Six Months Ended
February 29, 2016

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OVERVIEW

Intelligent Content Enterprises Inc. (formerly: Eagleford Energy Corp.) ("ICE" or the "Company") was amalgamated under the Business Corporations Act (*Ontario)* on November 30, 2009. The Company filed articles of amendment effective February 1, 2016, and changed its name from Eagleford Energy Corp., to Intelligent Content Enterprises Inc., and consolidated its common shares on the basis of one (1) new share for every ten (10) old shares. The Company's registered office is 1 King Street West, Suite 1505, Toronto, Ontario, M5H 1A1. The Company's common shares trade on OTCQB under the symbol ICEIF.

DWF Technology
The Company entered into an asset purchase agreement pursuant to which effective February 29, 2016, the Company acquired the net assets of Digital Widget Factory Inc., (the "Acquired Assets") a Belize company (the "Vendor"), in an all-stock transaction by issuing 12,500,000 million common shares and 5,750,000 Series A preferred shares of ICE to the Vendor (the "Acquisition Agreement"). The Series A preferred shares are convertible into units of ICE with each unit comprised of 1 common share and 1 common share purchase warrant entitling the holder to acquire an additional common share of ICE for $0.35 for up to 3 years (the common shares and the preference shares are hereafter referred to as the "Purchase Price Shares"). All of the Purchase Price Shares are subject to the provisions of an Escrow Agreement and a Lock-up and Leak-out Agreement.

The essential component of the Acquired Assets is a proprietary intelligent content platform (the "Technology") developed by Digital Widget Factory Inc. and evidenced by an expanding portfolio of websites under the primary URL www.digiwidgy.com. A third party licence facilitates multi-language conversion of the content in the websites created by the Technology (the "DWF Technology"). The Company did not assume any of the liabilities of the Vendor in the transaction. The DWF Technology is comprised of a cloud based, global proprietary online content creation, management and advertising platform that powers online user and engagement programs globally in over 50 languages in real-time to desktop, mobile and portable devices. The DWF Technology delivers engagement in language of choice, determined by the user's system and location based opportunities determined by the user's location, creating potentially increased interaction and revenue opportunities over conventional single language programs. The Technology also provides increase economies of scale in the "production" of content, as it localizes the user experience on a technical, rather than a human process, increasing cost efficiencies and increasing speed to global markets.

The Company's business model is to create, source and secure commercial content, internally and externally and obtain commercial partner content programs, which would utilize the DWF Technology to funnel such content to the market place. The Company's revenue strategy is Content driven.

50% of the Purchase Price Shares (6,250,000 common shares and 2,875,000 Series A preferred shares are held in escrow as security until the earlier of (1) satisfaction by ICE of the Vendors indemnity obligations under of the Acquisition Agreement; (2) an order of a court of competent jurisdiction; or (3) termination date of Escrow Agreement on March 6, 2017 (the "Escrow Agreement").

The Vendor may not offer, sell, contract to sell, grant any option to purchase, hypothecate, pledge or otherwise dispose of or transfer title to any of the Purchase Price Shares during the period commencing on the March 4, 2016 and ending on December 4, 2016 (the "Lockup Period"). During the 12 month period following the Lockup Period, the Vendor shall be permitted to make sales of up to 25% of the Purchase Price Shares in each successive three month period. If the Vendors sales are less than 25% in any such three month period, the unsold portion shall carry forward into the next three month period (the "Lock-up and Leak-out Agreement").

The fair value of the transaction was estimated at approximately $9,530,250 and paid through the issuance by the Company of the Purchase Price Shares. In arriving at the estimated fair value of the Purchase Price Shares on the effective date of the acquisition, the Company discounted the market value of the Purchase Price Shares after factoring in certain provisions and conditions of the Lock-up and Leak-out Agreement, the Escrow Agreement, Rule 144 restrictions of the Securities Act of 1933 and the associated liquidity risk. The purchase price allocation to the fair value of the assets acquired as at February 29, 2016 was as follows:

Consideration:		
Fair Value of Issuance of 12,500,000 common shares	$	5,071,125
Fair Value of Issuance of 5,750,000 Series A Preferred Shares		4,459,125
Total consideration	$	9,530,250
Allocated to:		
Intangible assets	$	9,530,250
Transaction Costs:		
Financial advisory, legal and other expenses*	$	28,200

*Transaction costs were recorded as a reduction in share capital

The Company's Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended February 29, 2016, and February 28, 2015, include the accounts of ICE, the legal parent, together with its wholly-owned subsidiary, Digital Widget Factory Inc., (incorporated February 29, 2016 in the Province of Ontario) ("DWF Ontario") and DWF Ontario's three wholly-owned Florida subsidiaries Yadmark Inc., Yaffiliate Marketing Services Inc., and Langulas Inc. All Intercompany balances and transactions have been eliminated on consolidation (see Note 5 to the Unaudited Interim Condensed Consolidated Financial Statements).

Effective February 29, 2016, the Company disposed of its investment in 1354166 Alberta Ltd. ("1354166 Alberta") a company operating in the province of Alberta. The Company's former subsidiaries, Eagleford Energy, Zavala Inc. a Nevada company ("Zavala Inc.") and its wholly owned subsidiary EEZ Operating Inc. a Texas company ("EEZ Operating") were disposed of effective August 31, 2015. 1354166 Alberta and Zavala Inc., have been deconsolidated and presented as discontinued operations on the Unaudited Interim Condensed Consolidated Statements of Operations and Comprehensive Loss and the Unaudited Interim Condensed Consolidated Statements of Cash Flows. The Company's former Texas wholly-owned subsidiary Dyami Energy LLC was dissolved effective April 3, 2014 and the Company's investment in Dyami Energy was deconsolidated from the Company's Consolidated Financial Statements and presented as an impairment of the net assets and liabilities on dissolution of subsidiary (see Note 16 to the Unaudited Interim Condensed Consolidated Financial Statements).

The following Management's Discussion and Analysis of ICE should be read in conjunction with the Company's Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended February 29, 2016 and notes thereto. This Management's Discussion and Analysis is dated April 28, 2016, and has been approved by the Board of Directors of the Company.

The Company's Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended February 29, 2016, 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, 2015. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending August 31, 2016 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"). The 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, 2015. All amounts herein are presented in Canadian dollars, unless otherwise noted.

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.

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 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 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.

OVERALL PERFORMANCE

Net loss from continuing operations for the six months ended February 29, 2016, was $12,804,574, compared to a net loss of $416,495 for the six months ended February 28, 2015. The increase in net loss during 2016, was primarily related to an increase in loss on settlement of debt of $13,474,507 compared to $Nil in 2015. The increase in loss on settlement of debt during 2016, was primarily attributed to the conversion of debt through the issuance of capital of the Company at fair value and the issuance of 10,329,983 units in the capital of the Company at fair value pursuant to the anti-dilution provision of the August 30, 2014, debt conversion agreements.

On February 29, 2016, the Company entered into debt conversion agreements and converted debt in the aggregate amount of $451,557 through the issuance of 1,505,190 units in the capital of the Company. Each unit is comprised of one (1) common share and one (1) common share purchase warrant. Each full warrant entitles the holder to purchase one (1) common share at an exercise price of $0.35 until March 1, 2019.

On February 29, 2016, the Company completed a private placement for gross proceeds of $30,000 and issued 100,000 units in the capital of the Company at a purchase price of $0.30 per unit. Each unit is comprised of one (1) common share and one (1) common share purchase warrant. Each full warrant entitles the holder to purchase one (1) common share at an exercise price of $0.35 until March 1, 2019.

Effective November 18, 2015, the Company issued 500,000 common shares in the capital of the Company at a price of $0.10 per share for gross proceeds of $50,000.

Effective November 18, 2015, the Company entered into debt conversion agreements and converted loans and interest due in the aggregate amount of $1,262,453 through the issuance of 9,543,110 common shares in the capital of the Company.

Effective November 18, 2015, the Company issued 10,329,983 Units in the capital of the Company pursuant to the anti-dilution provision of the August 30, 2014, debt conversion agreements. Each unit was 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$1.00 until August 30, 2017.

The Company anticipates further expenditures to be made on 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.

RISK AND UNCERTAINTIES

There have been no material changes during the three months ended February 29, 2016 to the risks and uncertainties as identified in the Management Discussion and Analysis and the Annual Report on Form 20F for the year ended August 31, 2015.

The following table illustrates the contractual maturities of financial liabilities:

February 29, 2016	**Payments Due by Period**				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	171,384	-	-	-	-
Total	171,384	-	-	-	-

August 31, 2015	**Payments Due by Period**				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	$1,630,809	$1,630,809	-	-	-
Shareholders' loans (1)	339,588	339,588	-	-	-
Loans payable (1)	1,063,105	1,063,105	-	-	-
Total	$3,033,502	$3,033,502	-	-	-

(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 development opportunities. 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 or adjust capital spending.

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.

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 29, 2016 and August 31, 2015 the Company considered its capital structure to comprise of shareholders' equity.

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 29, 2016. The Company is not subject to any externally imposed restrictions on its capital requirements.

RESULTS OF OPERATIONS-CONTINUING OPERATIONS

General and Administrative Expenses

	Three Months Ended		**Six Months Ended**	
	February 29 2016	**February 28 2015**	**February 29 2016**	**February 28 2015**
Professional fees	$295	$38,039	$10,898	$58,749
Head office costs	25,500	25,500	51,000	51,000
Management fees	15,000	37,500	30,000	75,000
Transfer and registrar costs	1,655	744	3,472	2,531
Shareholders information	31,698	32,998	41,510	34,187
Office and general costs	839	1,481	1,682	2,864
Directors fees	1,200	1,700	1,200	2,000
Total	$76,187	$137,962	$139,762	$226,331

General and administrative expenses for the three months ended February 29, 2016 were $76,187 lower by $61,745 compared to $137,962 for the three months ended February 28, 2015. The decrease in expenses during the three month period in 2016, was primarily attributed to a decrease in management fees of $22,500 to $15,000 compared to $37,500 for the same period in 2015 as well as a decrease in professional fees during 2016 of $37,744 to $295 compared to $38,039 for the same three month period in 2015.

General and administrative expenses for the six months ended February 29, 2016, decreased by $86,569 to $139,762 compared to $226,331 for the six month period ended February 28, 2015. The decrease in 2016 was primarily attributed to a decrease in management fees of $45,000 to $30,000 compared to $75,000 for the six month period in 2015. During the six month period in 2016, professional fees were significantly lower by $47,851 to $10,898 compared to $58,749 for the same six month period in 2015. The lower professional fees during 2016 were primarily a result of the disposition Zavala Inc.

Interest Expense
For the three months ended February 29, 2016, the Company incurred interest costs of $5,194 versus interest costs of $32,427 for the three months ended February 28, 2015.

For the six months ended February 29, 2016, the Company incurred interest costs of $12,812 versus interest costs of $128,449 for the six months ended February 28, 2015.

The decrease in interest costs during the three and six months ended February 29, 2016 was primarily attributed to the extinguishment of a secured convertible note effective August 31, 2015, and the settlement of loans payable and shareholder loans payable.

Loss on Foreign Exchange
For the three months ended February 29, 2016, the Company recorded a loss on foreign exchange of $1,141 compared to a loss of $207,559 for the same three month period in 2015.

For the six months ended February 29, 2016, the Company recorded a loss on foreign exchange of $19,848 compared to a loss of $289,011 for the same six month period in 2015.

These foreign exchange losses are attributed to the translation of monetary assets and liabilities not denominated in the functional currency of the Company. The decrease in the loss on foreign exchange during 2016, is largely attributed to the disposition of Zavala Inc., whose functional currency was US dollars.

Loss on Settlement of Debt

For the three months ended February 29, 2016, the Company recorded a loss on settlement of debt in the amount of $488,431 compared to $Nil for the same three month period in 2015.

For the six months ended February 29, 2016, the Company recorded a loss on settlement of debt in the amount of $13,474,507 compared to $Nil for the same six month period in 2015. The losses are primarily related to the settlement of debt by the Company through the issuance of share capital.

On February 29, 2016, the Company entered into debt conversion agreements and converted debt in the aggregate amount of $451,557 through the issuance of 1,505,190 units in the capital of the Company. The fair value of the Units $1,220,709 was allocated to common shares in the amount of $638,295 and warrants in the amount of $582,414 based on their relative fair values and $769,157 was recognized as a loss on extinguishment of debt in the statement of operations.

Effective November 18, 2015, the Company entered into debt conversion agreements and converted loans and interest due in the aggregate amount of $1,262,453 through the issuance of 9,543,110 common shares in the capital of the Company. The fair value of the common shares $6,371,457 was allocated to common shares in the amount of $6,371,457 and $5,109,004 was recorded as loss on settlement of debt in the statement of operations.

Effective November 18, 2015, the Company issued 10,329,983 units in the capital of the Company pursuant to the anti-dilution provision of the August 30, 2014, debt conversion agreements. Each unit was 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$1.00 until August 30, 2017. The fair value of the units $7,882,072 was allocated to common shares in the amount of $4,542,981 and warrants in the amount of $3,339,091 based on their relative fair values and $7,882,072 was recognized as a loss on extinguishment of debt in the statement of operations.

Impairment Loss on Marketable Securities

For the three months ended February 29, 2016, the Company recorded an impairment loss on marketable securities in the amount of $Nil compared to $Nil for the same three month period in 2015.

For the six months ended February 29, 2016, the Company recorded an impairment loss on marketable securities in the amount of $120,124 compared to $Nil for the same three month period in 2015.

As at February 29, 2016, the Company held 1,200,000 common shares in a quoted company security that had been acquired as settlement of litigation. As at August 31, 2015, the Company recorded a change in the fair value of the securities in other comprehensive loss in the amount of $110,525. During the six months ended February 29, 2016, the Company re-classified the comprehensive loss of $110,525 to the statement of operations and recorded a further impairment of $9,599.

Gain on De-Recognition of Financial Liabilities

For the three months ended February 29, 2016, the Company recorded a gain on de-recognition of financial liabilities in the amount of $Nil compared to $Nil for the same three month period in 2015.

For the six months ended February 29, 2016, the Company recorded a gain on de-recognition of financial liabilities in the amount of $893,990 compared to $Nil for the same three month period in 2015.

Effective April 3, 2014, Dyami Energy's charter was dissolved by the Secretary of State, Texas. Accordingly, the Company's investment in Dyami Energy had been deconsolidated from the Company's Consolidated Financial Statements as at the effective date, and presented on the Consolidated Statements of Operations and Comprehensive Loss and the Consolidated Statements of Cash Flow as an impairment of the net assets and liabilities on dissolution of subsidiary. Prior obligations related to Dyami Energy, with respect to the Matthews and Murphy Leases of $893,990 expired and have been recorded as a gain on de-recognition of financial liabilities in the Unaudited Interim Condensed Consolidated Statements of Operations.

Gain on disposal of subsidiary

Concurrent with the purchase of DWF Technology, the Company entered into a Share Purchase and Debt Settlement Agreement with 1288131 Alberta Ltd. effective February 29, 2016, and disposed of its interest in 1354166 Alberta for the settlement of debt owed to 1288131 Alberta Ltd., in the amount of $62,867. The net assets and liabilities of 1354166 Alberta upon disposal were $(5,622) resulting in a gain of $68,489 for the three months ended February 29, 2016 compared to $Nil for the three months ended February 28, 2015.

For the six months ended February 29, 2016, the Company recorded a gain on disposal of subsidiary in the amount of $68,489 compared to $Nil for the six months ended February 28, 2015.

Gain on Derivative Liabilities
For the three and six months ended February 29, 2016, the Company had no 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 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.

For the six months ended February 28, 2015, the Company recorded a loss on derivative warrant liabilities of $201,397.

The Company had 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.

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

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

Accretion of Convertible Secured Note
For the three months ended February 29, 2016, the Company recorded accretion on the secured convertible note in the amount of $Nil compared to $104,015 in the three month period in 2015.

For the six months ended February 29, 2016, the Company recorded accretion on the secured convertible note in the amount of $Nil compared to $147,962 for the six months ended February 28, 2015.

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 was being accreted up to its face value over the life of Note based on an effective interest rate.

Stock Based Compensation Expense
For the three months ended February 29, 2016, the Company recorded stock based compensation of $Nil compared to $Nil for the same period in 2015.

For the six months ended February 29, 2016, the Company recorded stock based compensation of $Nil compared to $84,520 for the same period in 2015.

On November 12, 2014, the Company granted options to purchase 75,000 common shares to directors of the Company. These options are exercisable at $01.20 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 29, 2016 the Company recorded stock based compensation of $Nil compared to $Nil for the same period in 2015.

For the six months ended February 29, 2016, the Company recorded stock based compensation of $Nil compared to $28,173 for the same period in 2015.

On November 12, 2014, the Company granted options to purchase 25,000 common shares to a consultant of the Company. These options are exercisable at $1.20 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) from Continuing Operations
Net loss from continuing operations for the three months ended February 29, 2016, was $497,464, compared to a net income of $269,539 for the three months ended February 28, 2015. The increase in net loss during 2016, was primarily related to an increase in loss on settlement of debt of $483,431 compared to $Nil in 2015. During the three months ended

February 28, 2015, the Company recorded a gain on derivative liabilities of $751,502 versus $Nil in the current three month period in 2016.

Net loss from continuing operations for the six months ended February 29, 2016, was $12,804,574, compared to a net loss of $416,495 for the six months ended February 28, 2015. The increase in net loss during 2016 was primarily related to an increase in loss on settlement of debt of $13,474,507 compared to $Nil in 2015.

The increase in loss on settlement of debt during 2016, was primarily attributed to the conversion of debt through the issuance of capital of the Company at fair value, and the issuance of 10,329,983 units in the capital of the Company at fair value pursuant to the anti-dilution provision of the August 30, 2014, debt conversion agreements.

In addition, during the six month period ended February 29, 2016, the Company recorded an impairment of marketable securities in the amount of $120,124 compared to $Nil in 2015. The increase in net loss during 2016, was partially offset by a gain on de-recognition of financial liabilities of $893,990 compared to $Nil in 2015.

Net Income (Loss) from Discontinued Operations net of tax

Net income from discontinued operations net of tax for the three months ended February 29, 2016, was $3,324 compared to a loss from discontinued operations net of tax of $12,853 for the three months ended February 28, 2015.

Net income from discontinued operations net of tax for the six months ended February 29, 2016, was $4,829 compared to a loss from discontinued operations net of tax of $3,424 for the six months ended February 28, 2015.

The Company entered into a Share Purchase and Debt Settlement Agreement effective February 29, 2016, and disposed of its interest in 1354166 Alberta. Accordingly, the Company's investment in 1354166 Alberta had been deconsolidated from the Company's Consolidated Financial Statements as at February 29, 2016, and presented as discontinued operations.

The following table presents the statements of operations and comprehensive income of 1354166 Alberta for the periods set out:

	Three Months Ended		**Six Months Ended**	
	February 29, 2016	February 28, 2015	February 29, 2016	February 28, 2015
Revenue				
Natural gas sales, net of royalties	$5,035	$11,794	$13,998	$25,359
Expenses				
Operating costs	1,645	6,377	5,170	10,057
General and administrative	66	15	97	196
	(1,711)	(6,392)	(5,267)	10,252
Net income and comprehensive income from discontinued operations	$3,324	$5,402	$8,731	$15,107
Earnings per share basic from discontinued operations	$0.000	$0.002	$0.001	$0.005
Earnings per share diluted from discontinued operations	$0.000	$0.001	$0.001	$0.005

At August 31, 2015, the Company entered into a Settlement and Exercise of Security Agreement whereby effective August 31, 2015, the Company assigned and conveyed all of its rights, title and interest in and to Zavala Inc. Accordingly, the Company's investment in Zavala Inc. had been deconsolidated from the Company's Consolidated Financial Statements as at August 31, 2015 and presented as discontinued operations.

The following table presents the consolidated statements of operations and comprehensive income (loss) of Zavala Inc. for the periods set out:

	Three Months Ended		**Six Months Ended**	
	February 29, 2016	February 28, 2015	February 29, 2016	February 28, 2015
Expenses				
Accretion	$-	$231	$-	$468
General and administrative	-	18,024	3,902	18,063
Loss from discontinued operations	-	(18,255)	(3,902)	(18,531)
Foreign currency translation		494,756	-	708,442
Comprehensive income (loss) from discontinued operations	$-	$476,501	$(3,902)	$689,911
Loss per share basic and diluted from discontinued operations	$-	$(0.006)	$(0.000)	$(0.006)

Net Income (Loss)
Net loss for the three months ended February 29, 2016, was $494,140, compared to a net income of $256,686 for the three months ended February 28, 2015. The increase in loss during 2016 was primarily related to an increase in loss on settlement of debt of $483,431 compared to $Nil in 2015. During the three months ended February 28, 2015, the recorded a gain on derivative liabilities of $751,502 versus $Nil in the current three month period in 2016.

Net loss for the six months ended February 29, 2016, was $12,799,745, compared to a net loss of $419,919 for the six months ended February 28, 2015. The increase in net loss during 2016 was primarily related to an increase in loss on settlement of debt of $13,474,507 compared to $Nil in 2015.

The increase in loss on settlement of debt during 2016, was primarily attributed to the conversion of debt through the issuance of capital of the Company at fair value and the issuance of 10,329,983 units in the capital of the Company at fair value pursuant to the anti-dilution provision of the August 30, 2014, debt conversion agreements.

In addition, during the six month period ended February 29, 2016, the Company recorded an impairment of marketable securities in the amount of $120,124 compared to $Nil in 2015. The increase in net loss during 2016, was partially offset by a gain on de-recognition of financial liabilities of $893,990 compared to $Nil in 2015.

Other Comprehensive Income
Impairment Loss on Marketable Securities-Continuing Operations
For the three months ended February 29, 2016, the Company reclassified an unrealized loss on marketable securities of $Nil to an impairment loss on marketable securities on the consolidated statement of operations (February 28, 2015 $Nil).

For the six months ended February 29, 2016, the Company reclassified an unrealized loss on marketable securities of $110,525 to an impairment loss on marketable securities on the consolidated statement of operations (February 28, 2015 $Nil).

Foreign Currency Translation-Discontinued Operations
For the three months ended February 29, 2016, the Company incurred a gain on foreign currency translation of $Nil versus a gain of $494,756 for the same three month period in 2015.

For the six months ended February 29, 2016, the Company incurred a gain on foreign currency translation of $Nil versus a gain of $708,442 for the same six month period in 2015.

The gains during 2015 were related to translation differences between Zavala Inc.'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.

Total Other Comprehensive Income
Total other comprehensive income for the three months ended February 29, 2016, was $Nil compared to $494,756 for the three months ended February 28, 2015.

Total other comprehensive income for the six months ended February 29, 2016, was $110,525 compared to $708,442 for the three months ended February 28, 2015.

Net Income (Loss) and Comprehensive Income (Loss)
Total loss and comprehensive loss for the three months ended February 29, 2016, was $494,140 compared to $751,442 for the three months ended February 28, 2015.

Total loss and comprehensive loss for the six months ended February 29, 2016, was $12,689,220 compared to $288,523 for the six months ended February 28, 2015.

Earnings (Loss) per Share, Basic
Basic loss per share from continuing operations for the three months ended February 29, 2016, was $0.020 compared to basic income per share of $0.097 for the same three month period in 2015.

Basic loss per share from discontinued operations for the three months ended February 29, 2016, was $0.000 compared to basic loss per share of $0.005 for the same three month period in 2015.

Basic loss per share from continuing operations for the six months ended February 29, 2016, was $0.833 compared to basic loss per share of $0.150 for the same six month period in 2015.

Basic loss per share from discontinued operations for the six months ended February 29, 2016, was $0.000 compared to basic loss per share of $0.001 for the same six month period in 2015.

Total Earnings (Loss) per Share, Basic
Total basic loss per share from for the three months ended February 29, 2016 was $0.020 compared to total basic earnings per share of $0.093 for the same three month period in 2015.

Total basic loss per share from for the six months ended February 29, 2016 was $0.833 compared to total basic loss per share of $0.152 for the same six month period in 2015.

Earnings (Loss) per Share, Diluted
Diluted loss per share from continuing operations for the three months ended February 29, 2016, was $0.016 compared to diluted income per share of $0.044 for the same three month period in 2015.

Diluted loss per share from discontinued operations for the three months ended February 29, 2016, was $0.000 compared to diluted loss per share of $0.002 for the same three month period in 2015.

Diluted loss per share from continuing operations for the six months ended February 29, 2016, was $0.833 compared to diluted loss per share of $0.150 for the same six month period in 2015.

Diluted loss per share from discontinued operations for the six months ended February 29, 2016, was $0.000 compared to diluted loss per share of $0.001 for the same six month period in 2015.

Total Earnings (Loss) per Share, Basic
Total diluted loss per share for the three months ended February 29, 2016, was $0.016 compared to total diluted earnings per share of $0.042 for the same three month period in 2015.

Total diluted loss per share for the six months ended February 29, 2016, was $0.833 compared to total diluted loss per share of $0.152 for the same six month period in 2015.

SUMMARY OF QUARTERLY RESULTS-CONTINUING OPERATIONS

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

	2016	**2015**	**2015**	**2015**
For the quarter ending	**February 29**	**November 30**	**August 31**	**May 31**
Net income (loss) for the period	$(497,464)	$(12,307,110)	$3,519,182	$(1,063,054)
Earnings (loss) per share, basic	$(0.020)	$(1.907)	$0.960	$(0.384)
Earnings (loss) per share, diluted	$(0.020)	$(1.907)	$0.937	$(0.384)

For the three months ended February 29, 2016, the Company recorded a loss on settlement of debt in the amount of $483,431. For the three months ended November 30, 2015, the Company recorded a loss on settlement of debt in the amount of $12,991,076. For the three month period ended August 31, 2015, the Company recorded gain on derivative liabilities of $2,653,591, and a gain on disposal of subsidiary of $615,881. For the three month period ended May 31, 2015, the Company recorded a loss on derivative financial liabilities of $738,652 and accretion of $327,793 on a secured convertible note.

	2015	**2014**	**2014**	**2014**
For the quarter ending	**February 28**	**November 30**	**August 31**	**May 31**
Net income (loss) for the period	$269,539	$(686,033)	$(4,326,068)	$(1,289,666)
Earnings (loss) per share, basic	$0.097	$(0.248)	$(2.821)	$(0.999)
Earnings (loss) per share, diluted	$0.044	$(0.248)	$(2.821)	$(0.999)

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. During the quarter ended May 31, 2014, the Company recorded a net impairment loss on exploration and evaluation assets in the amount of $1,315,276. Other changes in net loss during the quarters were 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.

CAPITAL EXPENDITURES

For the six months ended February 29, 2016, the Company recorded net additions to exploration and evaluation assets of $Nil (August 31, 2015: $109,874)

The Company expects that capital expenditures will increase in future reporting periods as the Company seeks further opportunities and ventures of merit.

FINANCING ACTIVITIES

On February 29, 2016, the Company completed a private placement for gross proceeds of $30,000 and issued 100,000 units in the capital of the Company at a purchase price of $0.30 per unit.

Effective November 18, 2015, the Company completed a private placement for gross proceeds of $50,000 and issued 500,000 common shares in the capital of the Company at a purchase price of $0.10 per share.

During the six months ended February 29, 2016, the Company entered into debt conversion agreements and converted debt in the aggregate amount of $1,714,010 through the issuance of share capital.

Effective November 18, 2015, the Company issued 10,329,983 Units in the capital of the Company pursuant to the anti-dilution provision of the August 30, 2014, debt conversion agreements.

LIQUIDITY AND CAPITAL RESOURCES

Cash as of February 29, 2016, was $33,919 (August 31, 2015: $32,192). During the six months ended February 29, 2016, the Company completed a private placements for gross proceeds of $80,000.

For the six months ended February 29, 2016, the primary use of funds was related to administrative expenses. The Company’s working capital deficiency at February 29, 2016 was $115,132 (August 31, 2015: $3,233,160). During the six months ended February 29, 2016, the Company converted debt in the aggregate amount of $1,714,010 through the issuance of share capital.

Our current assets of $56,252 as at February 29, 2016 ($93,115 as of August 31, 2015) include the following items: cash $33,919 ($32,192 as of August 31, 2015), trade and other receivables $22,332 ($51,323 as of August 31, 2015) and marketable securities of $1 ($9,600 as of August 31, 2015).

Our current liabilities of $171,384 as of February 29, 2016 ($3,326,275 as of August 31, 2015) include the following items: trade and other $171,384 ($1,630,809 as of August 31, 2015); shareholders’ loans $Nil ($339,588 as of August 31, 2015); loans payable of $Nil ($1,063,105 as of August 31, 2015); derivative liabilities of $Nil ($281,210 as of August 31, 2015); and provisions of $Nil ($11,563 as of August 31, 2015).

At February 29, 2016, the Company had outstanding 5,902,848 common share purchase warrants exercisable at $1.00 per share and 1,605,190 common share purchase warrants exercisable at $0.35. 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 meet its working capital requirements or fund additional opportunities or ventures of merit. The Company has liquidity risk which necessitates the Company to obtain debt financing or raise additional 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

We anticipate further expenditures to expand our current business plan. Amounts expended on future opportunities and ventures of merit is dependent on the nature of the 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 Obligations
Balance, August 31, 2014	$47,543
Accretion expense	1,498
Change in estimates	(11,253)
Additions	98,357
Obligations settled	(205)
Deconsolidation of Zavala Inc.(Note 16 a)	(102,143)
Foreign exchange	(22,234)
Balance, August 31, 2015	11,563
Deconsolidation of 1354166 Alberta.(Note 16 b)	(11,563)
Balance, February 29, 2016	$-

The Company's prior decommissioning obligations resulted from its ownership interests in petroleum and natural gas assets. The decommissioning obligation was 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 had no decommissioning obligations at February 29, 2016 (August 31, 2015: $11,563 based on an undiscounted total future liability of $11,563).

Secured Note Payable

As at August 31, 2014, the Company had a secured convertible promissory note payable to Benchmark Enterprises LLC. ("Benchmark") with a face value of $1,322,347 (US$1,216,175) with an interest rate of 10% (the "Note"). The Note was being accreted up to its face value over the life of Note, based on an effective interest rate. For the year ended August 31, 2015, the Company recorded interest on the Note of $154,179. The Note was 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. The Note was secured by all of the assets of the Company and Zavala Inc. Benchmark had the option at any time while the Note was outstanding to convert any unpaid principal and accrued interest into conversion units.

In accordance with the terms of the Note and the General Security Agreement (the "Loan Agreements") the Company had granted and conveyed to Benchmark a first priority security interest in the Company and Zavala Inc., prior and superior to the rights of all third parties existing on or arising after the date of such Loan Agreements, subject to the Permitted Liens.

At August 31, 2015, the Company was unable to pay the Note in the amount CDN$1,608,149 plus interest of CDN$154,179, totaling CDN$1,762,328, which constituted an event of default pursuant to the terms of the Loan Agreements. Benchmark, having made demand for payment of all amounts owed to it under the Note, gave notice to the Company that it intended to exercise its security on the Company's assets. In an effort to avoid further costs, the Company and Benchmark entered into a Settlement and Exercise of Security Agreement effective August 31, 2015, with the following terms:

1. Effective August 31, 2015, the Company assigns and conveys to Benchmark all of its rights, title and interest in and to Zavala Inc., including but not limited to all of the issued and outstanding common shares of Zavala Inc.; and
2. Issuance of 1,000,000 shares of common stock of the Company.

As a result the Company's extinguishment of the Note, the Company's investment in Zavala Inc. had been deconsolidated from the Company's Consolidated Financial Statements as at August 31, 2015. The following table presents the effect of the extinguishment of the Note on the consolidated financial statements of the Company:

	August 31, 2015
Secured note payable	$1,608,149
Interest payable	154,179
Net assets and liabilities of Zavala Inc. (Note 16 a)	(836,717)
Common shares (Note 13 a)	(925,611)
	$-

Shareholder Loans

As at February 29, 2016, the Company had shareholders' loans payable of $Nil (August 31, 2015: $339,588). For the period ended February 29, 2016, the Company recorded interest of $Nil on shareholders' loans (August 31, 2015: $86,611). As at February 29, 2016, included in trade and other payables, is interest on shareholders' loans of $Nil (August 31, 2015: $86,848).

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 1,475,712 units in the capital of the Company at a price of $0.80 per unit. Each unit was 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$1.00 until August 30, 2017 (the "Units"). 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 terms of the August 30, 2014, conversion agreements contained an anti-dilution provision such that if within 18 months of this the effective date, the Company issues additional common shares for a consideration per share or with an exercise or conversion price per share, less than CDN$0.80 (the "Adjusted Price") the Holder herein shall be entitled to receive from the Company (for no additional consideration) additional Units in an amount such that, when added to the number of Units acquired by Holder under this agreement will equal the number of Units that the Holder would otherwise be entitled to receive had this transaction occurred at the Adjusted Price.

Effective November 18, 2015, the Company issued a total of 10,329,983 Units in the capital of the Company pursuant to the Adjusted Price. 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 units of $7,882,072 was allocated to the common shares in the amount of $4,542,981 and warrants in the amount of $3,339,091 based on their relative fair values and $7,882,072 was recognized as a loss on extinguishment of debt in the statement of operations. Significant assumptions utilized in the Binomial Lattice process for the warrant component of the conversion were as follows:

	November 18, 2015*
Market value on valuation date	$1.12
Contractual exercise rate	$1.00
Term (years)	1.79 Years
Expected market volatility	209.66%
Risk free rate using zero coupon US Treasury Security rate	0.90%

*Reflects the February 1, 2016 one (1) for ten (10) consolidation

Loans Payable

As at February 29, 2016, the Company had loans payable of $Nil (August 31, 2015: $1,063,105). For the period ended February 29, 2016, the Company recorded interest on the loans payable of $4,945. As at February 29, 2016, included in trade and other payables, is interest of $Nil (August 31, 2015: $15,619). The loans were payable on demand with interest at 10% per annum. Effective November 18, 2015, the Company entered into shares for debt conversion agreements and converted loans and interest due in the aggregate amount of $899,660 through the issuance of 6,800,680 common shares in the capital of the Company. The fair value of the common shares $4,540,474 was allocated to common shares in the amount of $4,540,474 and $3,640,814 was recorded as loss on settlement of debt in the statement of operations.

On February 29, 2016, the Company entered into asset purchase and debt settlement agreement and converted loans and interest in the aggregate amount of $277,473 in exchange for the Company's 0.3% net smelter return royalty on 8 mining claim blocks located in Red Lake, Ontario which were carried on the consolidated statement of financial position at $Nil. Accordingly, the Company recorded a gain on settlement of debt for the full amount.

Debt Conversion

On February 29, 2016, the Company entered into shares for debt conversion agreements and converted debt in the aggregate amount of $451,557 through the issuance of 1,505,190 units in the capital of the Company. Each unit is comprised of one (1) common share and one (1) common share purchase warrant. Each full warrant entitles the holder to purchase one (1) common share at an exercise price of $0.35 until March 1, 2019. The fair value of the Units $1,220,709 was allocated to common shares in the amount of $638,295 and warrants in the amount of $582,414 based on their relative fair values and $769,157 was recognized as a loss on extinguishment of debt in the statement of operations The units are subject to the terms and conditions of a Lock up and Leak out agreement. Under the terms of Lock up and Leak out agreement the Holder may not offer, sell, contract to sell, grant any option to purchase, hypothecate, pledge or otherwise dispose of or transfer title to any of the Purchase Price Shares during the period commencing on the February 29, 2016 and ending on November 30, 2016 (the "Lockup Period"). During the 12 month period following the Lockup Period, if Holders sales are less than 25% in any such three month period, the unsold portion shall carry forward into the next three month period (the "Lock-up and Leak-out Agreement").

Significant assumptions utilized in the Binomial Lattice process for the warrant component of the conversion were as follows:

	February 29, 2016
Market value on valuation date	$0.81
Contractual exercise rate	$0.35
Term (years)	3 Years
Expected market volatility	169.73%
Risk free rate using zero coupon US Treasury Security rate	0.91%

DERIVATIVE LIABILITIES

At February 29, 2016, the Company had no derivative liabilities (August 31, 2015: $281,210 – Derivative Warrant Liabilities).

Derivative Warrant Liabilities
The Company had 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 were treated as a financial liability and the fair value movement during the period was recognized in the profit or loss.

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, 2014	74,383	1,325,307	37.40
Warrants expired	(61,335)	(1,258,206)	(46.66)
Change in fair value estimates	-	214,109	
As at August 31, 2015	13,048	281,210	46.66
Warrants expired	(13,048)	(281,210)	(46.66)
As at February 29, 2016	**-**	**-**	**-**

*Reflects the February 1, 2016 one (1) for ten (10) consolidation

On April 13, 2015, 18,750 and 3,000 warrants exercisable at US$50.00 and US$25.00, respectively expired and the fair value measured using the Black-Scholes option pricing model of $535,542 was recorded as an increase to contributed surplus.

On July 20, 2015, 9,125 and 1,460 warrants exercisable at US$50.00 and US$25.00, respectively expired and the fair value measured using the Black-Scholes option pricing model of $194,409 was recorded as an increase to contributed surplus.

On August 7, 2015, 25,000 and 4,000 warrants exercisable at US$50.00 and US$25.00, respectively expired and the fair value measured using the Black-Scholes option pricing model of $528,255 was recorded as an increase to contributed surplus.

On September 25, 2015, 11,249 and 1,799 warrants expired exercisable at US$50.00 and US$25.00, respectively expired and the fair value measured using the Black-Scholes option pricing model of $281,210 was recorded as an increase to contributed surplus.

The following table sets out the number of derivative warrant liabilities outstanding as at August 31, 2015:

Number of Warrants	Exercise Price US ($)	Expiry Date	Weighted Average Remaining Life (Years)	Fair Value CDN ($)
11,249	50.00	September 25, 2015	0.07	220,640
1,799	25.00	September 25, 2015	0.07	60,570
13,048			**0.07**	**281,210**

*Reflects the February 1, 2016 one (1) for ten (10) consolidation

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SEGMENTED INFORMATION

The Company's reportable and geographical segments are Canada and previously 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. Effective August 31, 2015, the Company discontinued its reportable segment in the United States. The following tables show information regarding the Company's reportable segments.

	Three Months Ended			Six Months Ended		
February 29, 2016	**$ Canada**	**$ United States**	**$ Total**	**$ Canada**	**$ United States**	**$ Total**
Net loss, continuing operations	(497,464)	-	(497,464)	(12,804,574)		(12,804,574)
Net income (loss), discontinued operations	3,324	-	3,324	8,731	(3,902)	4,829
Net loss	(494,140)	-	(494,140)	(12,795,843)	(3,902)	(12,799,745)
February 28, 2015						
Net income (loss), continuing operations	269,539	-	269,539	(416,495)	-	(416,495)
Net income (loss), discontinued operations	5,402	(18,255)	(12,853)	15,107	(18,531)	(3,424)
Net loss	274,941	(18,255)	256,686	(401,388)	(18,531)	(419,919)

As at February 29, 2016	**$ Canada**	**$ United States**	**$ Total**
Total Assets	9,586,502	-	9,586,902
Total Liabilities	171,384	-	171,384
As at August 31, 2015	Canada	United States	Total
Total Assets	93,115	-	93,115
Total Liabilities	(3,326,275)	-	(3,326,275)

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		Six Months Ended	
	February 29, 2016	February 28, 2015	February 29, 2016	February 28, 2015
Short term employee benefits (1)	$15,000	$37,500	$30,000	$75,000
Directors stock based compensation (2)	-	-	-	84,520
	$15,000	$37,500	$30,000	$159,250

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:

	February 29, 2016	August 31, 2015
Short term employee benefits (1)	$10,000	$125,000
	$10,000	$125,000

(1) During the year ended August 31, 2015, the Company accrued management fees for the President of the Company at a rate of $12,500 per month. On August 31, 2015, the President forgave $306,250 of management fees. Commencing September 1, 2014, the Company accrued management fees for the President of the Company at a rate of $5,000 per month. On February 26, 2016, the President assigned $145,000 of management fees to an arms-length third party.

(2) On November 12, 2014, the Company granted options to purchase 75,000 common shares to three directors of the Company. These options are exercisable at $1.20 per share, vest immediately and expire on November 11, 2019.

As at February 29, 2016, the amount of outstanding directors' fees included in trade and other payables was $6,500(August 31, 2015: $21,600). On February 29, 2016, Mr. Klyman a director of the Company agreed to convert outstanding directors' fees due of $7,400 into 24,667 units of the Company.

As at February 29, 2016, the Company had a promissory note payable to the President of the Company of $Nil (August 31, 2015: $10,000). For the period ended February 29, 2016, the Company recorded interest on a promissory note to the President of $247 (August 31, 2015: $838). As at February 29, 2016, included in trade and other payables is outstanding interest of $Nil (August 31, 2015: $111,009). On February 26, 2016, the President assigned the promissory note of $10,000 and all interest due in the amount of $113,844 to an arms-length third party. The note was due on demand at a rate of 10% per annum. Effective November 18, 2015, the Company issued to the President 1,140,000 Units in the capital of the Company pursuant to the anti-dilution provision contained in the August 30, 2014, debt conversion agreements. On February 29, 2016 the President converted $38,239 in outstanding debt into 119,263 units in the capital of the Company.

As at February 29, 2016, the Company had a note payable to Core Energy Enterprises Inc. ("Core") of $Nil (August 31, 2015: $339,588 (US$249,250). For the period ended February 29, 2016, the Company recorded interest on the promissory note of $Nil (August 31, 2015: $32,958). As at February 29, 2016, included in trade and other payables, is interest of $Nil (August 31, 2015: $$33,049). Effective November 18, 2015, the Company entered into a shares for debt conversion agreement and converted a note and interest due in the aggregate amount of $362,793 through the issuance of 2,742,430 common shares in the capital of the Company. The fair value of the common shares $1,830,983 was allocated to common shares in the amount of $1,830,983 and $1,468,190 was recorded as loss on settlement of debt in the statement of operations. The President of the Company is a major shareholder, officer and a director of Core.

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, 2015.

NEWLY ADOPTED ACCOUNTING POLICIES

Intangible assets

Intangible assets are recognized separately from goodwill when they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets which have a finite useful life are amortized over the useful economic life of the asset and are stated at cost less accumulated amortization and any accumulated impairment losses. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits is accounted for by changing the amortization period or method, as appropriate, and adjusted prospectively.

Amortization is calculated using the straight-line basis over the estimated useful life of the asset. The Company has elected to amortize the technology over 5 years.

Intangible assets with indefinite useful lives are not amortized. The assessment of indefinite life is reviewed at each reporting date to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount.

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 November 30, 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) 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 Programmes, and 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, 2018.The Company does not expect the amendment to have a material impact on the consolidated financial statements.

(ii) 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 does not intend to adopt the new standard prior to its effective date and has not yet determined the impact of this new standard on the consolidated financial statements.

SHARE CAPITAL AND RESERVES

Authorized:
Unlimited number of common shares at no par value
Unlimited number of preferred shares issuable in series

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

	Number*	Amount $
Balance August 31, 2014	2,767,637	9,072,181
Common shares issued upon the settlement of secured convertible note (Note b (b))	1,000,000	925,611
Balance August 31, 2015	3,767,637	9,997,792
Common shares issued as debt extinguishment (Note b (c))	9,543,110	6,371,457
Common shares issued as private placement(Note b (d))	500,000	50,000
Common Shares issued as anti-dilution provision (Note b (e))	10,329,983	4,542,981
Common shares issued as private placement (Note b (f))	100,000	8,654
Common shares issued as debt extinguishment (Note b (g))	1,505,190	638,295
Common shares issued on acquisition of DWF Technology (Note b (h))	12,500,000	5,042,925
Balance February 29, 2016	**38,245,920**	**26,652,104**

*Reflects the February 1, 2016 one (1) for ten (10) consolidation

Preferred Shares Issued:
The following table sets out the changes in the Series A Preferred Shares during the respective periods:

	Number of Preferred Shares	Amount $ Allocated to Common Shares	Amount $ Allocated to Warrants	Total $ of Preferred Shares
Balance, August 31, 2014 and 2015	-	-	-	-
Series A Preferred Shares issued on acquisition of DWF Technology (Note b (h))	5,750,000	2,331,625	2,127,500	4,459,125
Balance February 29, 2016	**5,750,000**	**2,331,625**	**2,127,500**	**4,459,125**

The Series A Preferred Shares are convertible into units of ICE with each unit comprised of 1 common share and 1 common share purchase warrant entitling the holder to acquire an additional common share of ICE for $0.35 for up to 3 years. The estimated fair value of the units underlying the Series A Preferred Shares of approximately $4,459,125 was derived from the market value of the Company's common shares and discounted after factoring in certain provisions and conditions of the Lock-up and Leak-out Agreement, the Escrow Agreement, Rule 144 restrictions of the Securities Act of 1933 and the associated liquidity risk. In addition, significant assumptions were also utilized in the Binomial Lattice process for the warrant component of the Series A Preferred Shares as follows:

	February 29, 2016
Market value on valuation date	$0.81
Contractual exercise rate	$0.35
Term (years)	3 Years
Expected market volatility	169.73%
Risk free rate using zero coupon US Treasury Security rate	0.91%

b Share Purchase Warrants

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

	February 29, 2016		August 31, 2015	
Warrants	**Number of Warrants***	**Weighted Average Price***	Number of Warrants*	Weighted Average Price*
Outstanding, beginning of period	737,856	$1.00	929,356	$1.80
Warrants expired (Note (a)	-	-	(191,500)	$5.00
Warrants issued (Note (e))	5,164,992	$1.00	-	-
Warrants issued (Note (f))	100,000	$0.35		
Warrants issued (Note (g))	1,505,190	$0.35		
Balance, end of period	**7,508,038**	**$0.86**	737,856	$1.00

*Reflects the February 1, 2016 one (1) for ten (10) consolidation

(a) On January 24, 2015, 60,000 common share purchase warrants exercisable at $5.00 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, 131,500 common share purchase warrants exercisable at $5.00 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.

(b) Effective August 31, 2015, the Company entered into a Settlement and Exercise of Security Agreement to extinguish a secured convertible note payable in the amount of $1,608,149 plus interest of $154,179 for a total of $1,762,328. As partial consideration of the settlement the Company agreed to issue 1,000,000 shares of common stock of the Company with a fair value of $925,611.

(c) Effective November 18, 2015, the Company entered into shares for debt conversion agreements and converted loans and interest due in the aggregate amount of $1,262,453 through the issuance of 9,543,110 common shares in the capital of the Company. The fair value of the common shares $6,371,457 was allocated to common shares in the amount of $6,371,457 and $5,109,004 was recorded as loss on settlement of debt in the statement of operations (Note 10).

(d) Effective November 18, 2015, the Company completed a private placement for gross proceeds of $50,000 and issued 500,000 common shares in the capital of the Company at a purchase price of $0.10 per share.

(e) Effective November 18, 2015, the Company issued 10,329,983 Units in the capital of the Company pursuant to the anti-dilution provision of the August 30, 2014, debt conversion agreements. Each unit was 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$1.00 until August 30, 2017.The fair value of the Units $7,882,072 was allocated to common shares in the amount of $4,542,981 and warrants in the amount of $3,339,091 based on their relative fair values and $7,882,072 was recognized as a loss on extinguishment of debt in the statement of operations.

(f) On February 29, 2016, the Company completed a private placement for gross proceeds of $30,000 and issued 100,000 units in the capital of the Company at a purchase price of $0.30 per unit. Each unit is comprised of one (1) common share and one (1) common share purchase warrant. Each full warrant entitles the holder to purchase one (1) common share at an exercise price of $0.35 until March 1, 2019.The units are subject to the terms and conditions of a Lock up and Leak out agreement.

(g) On February 29, 2016, the Company entered into debt conversion agreements and converted debt in the aggregate amount of $451,557 through the issuance of 1,505,190 units in the capital of the Company. Each unit is comprised of one (1) common share and one (1) common share purchase warrant. Each full warrant entitles the holder to purchase one (1) common share at an exercise price of $0.35 until March 1, 2019. The fair value of the Units $1,220,709 was allocated to common shares in the amount of $638,295 and warrants in the amount of $582,414 based on their relative fair values and $769,157 was recognized as a loss on extinguishment of debt in the statement of operations. The units are subject to the terms and conditions of a Lock up and Leak out agreement.

(h) Effective February 29, 2016, the Company acquired all of the assets and ongoing operations of Digital Widget Factory Inc., a Belize company in an all-stock transaction by issuing 12,500,000 million common shares and 5,750,000 Series A preferred shares. The Series A preferred shares are convertible into units of the Company. Each unit is comprised of one (1) common share and one (1) common share purchase warrant entitling the holder to acquire an additional common share of the Company for $0.35 for up to 3 years (the “Purchase Price Shares”). The fair value of the transaction was estimated at approximately $7,374,550 (net of transaction costs of $28,200) and allocated to common shares in the amount of $5,042,925 and Preferred Shares in the amount of $2,331,625. All of the Purchase Price Shares are subject to the provisions of an Escrow Agreement and a Lock-up and Leak-out Agreement.

The following table summarizes the outstanding warrants as at February 29, 2016 and August 31, 2015, respectively:

Number of Warrants*	**Exercise Price***	**Expiry Date**	**Weighted Average Remaining Life (Years)**	**Warrant Value ($)**
5,902,848	$1.00	August 30, 2017	1.50	4,140,170
1,605,190	$0.35	March 1, 2019	3.00	603,760
7,508,038	**$0.86**		**1.82**	**4,743,930**

Number of Warrants*	Exercise Price*	Expiry Date	Weighted Average Remaining Life (Years)	Warrant Value ($)
737,856	$1.00	August 30, 2017	2.00	801,079

*Reflects the February 1, 2016 one (1) for ten (10) consolidation

c Weighted Average Shares Outstanding

The following table summarizes the weighted average shares outstanding:

	Three Months Ended		Six Months Ended	
	February 29, 2016	February 28, 2015	**February 29, 2016**	February 28, 2015
Weighted Average Shares Outstanding, basic*	**24,295,735**	2,767,640	**15,374,757**	2,767,640
Weighted Average Shares Outstanding, diluted*	**30,326,222**	6,088,376	**19,154,478**	2,767,640

*Reflects the February 1, 2016 one (1) for ten (10) consolidation

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.

d 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, August 31, 2014	10,500	$16.40
Granted	100,000	1.20
Expired	(500)	(16.40)
Balance, August 31, 2015 and February 29, 2016	**110,000**	**$2.50**

*Reflects the February 1, 2016 one (1) for ten (10) consolidation

The following table is a summary of the Company's stock options outstanding and exercisable as at February 29, 2016 and August 31, 2015, respectively:

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***
$16.00	10,000	$16.40	1.00	10,000	$1.45
$1.20	100,000	$1.20	3.70	100,000	$1.09
	110,000	**$2.50**	**3.46**	**110,000**	**$2.55**

*Reflects the February 1, 2016 one (1) for ten (10) consolidation

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***
$16.00	10,000	$16.40	1.50	10,000	$16.40
$1.20	100,000	$1.20	4.20	100,000	$1.20
	110,000	**$2.50**	**3.95**	**110,000**	**$2.50**

*Reflects the February 1, 2016 one (1) for ten (10) consolidation

Stock Based Compensation

On November 12, 2014, the Company granted options to purchase 75,000 common shares to directors. These options are exercisable at $1.20 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 25,000 common shares to a consultant of the Company. These options are exercisable at $1.20 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	$1.10
Weighted average risk free interest rate	1.54%
Forfeiture rate	0%
Weighted average expected volatility	287.49%
Expected life (years)	5

*Reflects the February 1, 2016 one (1) for ten (10) consolidation

e Contributed Surplus

Contributed surplus transactions for the respective periods are as follows:

	Amount $
Balance, August 31, 2014	1,389,898
Stock options expired (Note 13 d)	11,112
Warrants expired (Note 13 b)	1,169,889
Derivative warrants expired (Note 11)	1,258,206
Balance, August 31, 2015	3,829,105
Derivative warrants expired (Note 11)	281,210
Balance, February 29, 2016	**4,110,315**

SUBSEQUENT EVENTS

On March 16, 2016, 27,000 stock options expired, and 60,000 common share purchase warrants were exercised for proceeds of $60,000.

On March 31, 2016, 50,000 common share purchase warrants were exercised for proceeds of $50,000.

On April 11, 2016, 50,000 common share purchase warrants were exercised for proceeds of $50,000.