Intelligent Content Enterprises Inc.

FORM 2A

LISTING STATEMENT

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2. CORPORATE STRUCTURE

2.1 The full corporate name and registered head office of the Issuer is:

Intelligent Content Enterprises Inc. ("ICE" or the "Company") (formerly: Eagleford Energy Corp.)
1 King Street West, Suite 1505
Toronto, Ontario, M5H 1A1
Telephone: 416-364-4039
Facsimile: 416-364-8244

2.2 The Company was amalgamated under the laws of the Province of Ontario by Articles of Amalgamation dated November 30, 2009. The Company amalgamated with its wholly owned subsidiary and changed its name to Eagleford Energy Inc.

By Articles of Amendment dated effective March 16, 2012, the Company's articles were amended to change each issued and outstanding common share in the capital of the Company into two (2) common shares of the Company effective as of the close of business on March 16, 2012; and

By Articles of Amendment dated effective August 25, 2014, the Company's articles were amended to change every ten (10) issued and outstanding common share in the capital of the Company into one (1) common share of the Company effective as of the close of business on August 25, 2014 and to change the Company's name from Eagleford Energy Inc., to Eagleford Energy Corp.

By articles of amendment effective February 1, 2016, the Company's articles were amended to change every ten (10) issued and outstanding common share in the capital of the Company into one (1) common share of the Company effective as of the close of business on February 1, 2016 and to change the Company's name from Eagleford Energy Corp., to Intelligent Content Enterprises Inc.

By articles of amendment effective February 29, 2016, the Company's articles were amended to authorize an unlimited number of shares of a class designated as Preference Shares, issuable in series.

2.3 The Company has five wholly owned subsidiaries as follows:

<table>
<tr><td colspan="5">Intelligent Content Enterprises Inc. ("Parent")</td></tr>
<tr><td colspan="2">100% owned subsidiaries incorporated in the Province of Ontario</td><td colspan="3">100% owned subsidiaries incorporated in State of Florida</td></tr>
<tr><td>Digital Widget Factory Inc. (incorporated February 29, 2016)</td><td>ICE Studio Productions Inc. (incorporated June 16, 2016)</td><td>Yadmark Inc. (incorporated January 1, 2015)</td><td>Yaffiliate Marketing Services Inc. (incorporated January 1, 2015</td><td>Langulas Inc. (incorporated January 1, 2015</td></tr>
</table>

2.4 Not applicable as this Form 2A is being filed as an Initial Listing Application.

2.5 Not applicable as the Company was amalgamated in Canada.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 During fiscal 2013 and 2014 the Company's principal activities consisted of exploration, development and production of petroleum and natural gas properties.

Through the Company's wholly owned Alberta subsidiary, the Company held a 5.1975% working interest producing property located in the Botha area in the Province of Alberta, Canada which was carried on the consolidated statement of financial position at Nil. During fiscal 2013, the Company recorded an impairment loss for the full carrying amount of its Botha, Alberta Property in the amount of $168,954.

The Company's exploration and evaluation assets were located in Zavala County, Texas, USA. The Company through its US wholly owned subsidiaries held an interest in 2 mineral leases, the 2,629 acre Matthews Lease and the Murphy Lease comprising approximately 2,637 acres.

During fiscal 2013, the Company record an impairment of $2,690,568 on its Murphy Lease based on the amount for which management believed the assets could be sold or farmed out in an arms' length transaction, less estimated costs to sell, and during fiscal 2014 the Company wrote down the Murphy Lease to Nil and recorded a further impairment of $1,675,749.

During fiscal 2013, the Company was litigating a dispute with the Lessors of the Matthew's property. During the last quarter of fiscal year August 2013, the Company and the Lessors agreed to resolve the litigation and continue with the development of the Matthew's property through the Company's wholly owned subsidiary Eagleford Energy Zavala Inc. ("Zavala Inc."). During fiscal 2014 the Company had entered into a Joint Development Agreement with Stratex Oil and Gas Holdings, Inc. ("Stratex") (the "Stratex JDA") to further develop the Matthews Lease. Under the terms of the Stratex JDA, Stratex acted as operator and upon Stratex delivering i) US$150,000 to the lessors of the Matthews Lease on behalf of Zavala Inc., ii) delivering US $150,000 to the Company; and iii) commencing a hydraulic fracture of the Matthews #1H not later than March 31, 2014, Stratex earned a 66.67% working interest before payout (50% working interest after payout) in the Matthews #1H well and a 50% working interest in the 2,629 acre Matthews Lease.

During fiscal 2014, the Company entered into a further Joint Development Agreement ("JDA2") with Stratex and Quadrant Resources LLC, ("Quadrant") for the development of the San Miguel formation on the Matthews Lease. Pursuant to the terms of the JDA2, upon satisfaction of certain conditions including the Phase 1 Work Program and the cash consideration described below, Quadrant could earn an undivided 66.67% before payout and a 50% working interest after payout to the base of the San Miguel formation of the Matthews Lease by i) drilling 3 new wells and reworking 5 wells at its sole cost and expense by June 30, 2015 (the "Phase I Work Program"); ii) deliver US$100,000 to the Company upon execution of the JDA2 (paid); and iii) deliver US$65,000 to the Company on each of July 8, 2014, October 6, 2014, January 5, 2015 and April 6, 2015. The Company recorded the cash payments and the payment of certain obligations under the Matthews Lease by Quadrant totaling US$303,712 (CDN$378,577) as a reduction in exploration and evaluation assets. Under the terms of the JDA2 Quadrant was required to complete the Phase I Work Program and pay the Company cash consideration totaling US$360,000 by June 30, 2015, which it did not and accordingly the JDA2 expired without Quadrant earning any interest in the development area.

Effective March 31, 2015, the Company entered into a settlement with Stratex and Quadrant pursuant to which Stratex assigned all of its rights, title and interest in, to and under the Matthews Lease and the JDA, to us and Quadrant, and issued to us 1,333,333 common shares of Stratex as repayment of the disputed minimum royalty of US$152,293 and a further payment of US$25,000 was to be paid to us under the settlement agreement. On May 12, 2015 we incorporated EEZ Operating Inc., in the state of Texas and took over as the operator of the Matthews Lease.

On July 2, 2015, the 2629 acre Matthews Lease transitioned into its production unit phase. A total of 340 acres were held as production units and the Company wrote down the lease to fair value of $1,212,996 and recorded an impairment of exploration and evaluation assets at August 31, 2015 of $4,490,045.

At August 31, 2014, the Company had a secured convertible promissory note payable with a face value of (US$1,216,175) (the "Note"). The Note had an interest rate of 10%. 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.

In accordance with the terms of the Note and the General Security Agreement (the "Loan Agreements") between the Company and Benchmark Enterprises Inc., ("Benchmark") the Company had granted and conveyed a first priority security interest in the Company and Zavala Inc. Benchmark is a shareholder of the Company.

At August 31, 2015, the Company was unable to pay the Note $1,608,149 US$1,216,175 plus interest of $154,179 (US$121,618), totaling $1,762,328 (US$1,337,793), 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 whereby effective August 31, 2015, the Company assigned and conveyed to Benchmark all of its rights, title and interest in and to Zavala Inc., and issued to Benchmark 10,000,000 shares of common stock of the Company. As a result of the extinguishment of the Note, the Company's investment in Zavala Inc. has been deconsolidated from the Company's Consolidated Financial Statements as at August 31, 2015 and presented as discontinued operations.

Subsequent to fiscal 2015, the Company issued a total of 95,431,100 common shares in the capital of the Company at a price of US$0.01 per share upon the conversion of debt in the aggregate amount of $1,274,291.

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-technology	$	9,530,250
Transaction Costs:		
Financial advisory, legal and other expenses*	$	30,550

*Transaction costs were recorded as a reduction in share capital

3.2 Not applicable. No financial statements are required under National Instrument 41-101 General Prospectus Requirements.

3.3 The Company's operating results are subject to seasonal fluctuations that can significantly impact quarter-to-quarter operating results. The Company believes that once it starts generating advertising revenues, they will be dependent on retail cycles associated with consumer spending activity which will fluctuate from quarter to quarter. Consequently, the Company's results may fluctuate materially from period-to-period and the results of any one period are not necessarily indicative of results for future periods.

The Company has recently signed a sublease agreement effective August 1, 2016 until December 31, 2017 for approximately 1,740 square feet of office space located at 251 Consumers Road, Toronto, Ontario to commence commercial operations at a cost of approximately $4,300 per month.

The Company is exposed to a number of risks and uncertainties in the normal course of business that have the potential to affect operating performance. The Company has operating and risk management strategies to help minimize these operating risks and uncertainties. In addition, the Company has controls and governance procedures including a code of business ethics and whistle blowing procedures (see 17 - Risk Factors).

Certain information regarding the Company in this Listing Application may constitute forward-looking statements or future oriented financial information under applicable securities laws. The forward-looking information includes, without limitation, successful completion of any proposed transaction, projections or estimates made by us and our management in connection with our business operations or the business operations of ICE. Various assumptions were used in drawing the conclusions or making the forecasts and projections contained in the forward-looking information contained in this Listing Application, which assumptions are based on management analysis of historical trends, experience, current conditions and expected future developments pertaining to the Company and the industry in which it operates. Forward-looking information is based on current expectations, estimates and projections that involve a number of risks, which could cause actual results to vary and in some instances to differ materially from those anticipated by the Company and described in the forward-looking information contained in this listing application. Undue reliance should not be placed on forward-looking information, which is not a guarantee of performance and is subject to a number of risks or uncertainties. Readers are cautioned that the foregoing list of risk factors is not exhaustive. Forward-looking information is based on the estimates and opinions of the Company's management at the time the information is released and the Company disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or otherwise, other than as expressly required by applicable securities law.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 ICE is an emerging media and Internet company with a focus on user experience and engagement, creating brands, products and destinations globally, regionally and by language that are value driven providing an informative, interactive, entertaining and engaging look at content. The information provided herein is as of September 30, 2016, unless otherwise noted.

ICE's first acquisition, DWF (www.digiwidgy.com) provides the baseline infrastructure and technology platform now empowering various forms of content and media to be disseminated globally efficiently and effectively, generating economies of scale for distribution in over 50 languages, allowing users to create and participate in the content process and consumption.

Through its proprietary intelligent content technology, ICE's DWF platform evaluates user engagement and site follow through and based on those assessments recommends which content channels achieve the popularity standards of a stand-alone DWF site and then recommends their launch to the expanding portfolio of DWF websites and can "push" content, including video throughout the portfolio.

The DWF platform is an intangible Technology Asset that has a finite useful life and will be amortized by the Company using the straight-line basis over a 5 year period.

ICE's 4 pillar strategy drives revenue through technologies, platforms and services that deliver Content, Social and Digital Media, eCommerce and Advertising and Marketing programs.

The Company's strategy following completion of the DWF platform is to utilize the technology and through the development of commercial operations which may include potential additional future acquisitions by the Company, funnel the Company's future business activities through the technology.

The Company has estimated its consolidated working capital at August 31, 2016, to be approximately $292,503, comprised of cash of $449,983, trade and other receivables of $14,800, prepaid expenses and deposits of $2,517,513 less trade and other payables of $357,553 and derivative liabilities of $2,332,241.

Over the next 12 months the Company anticipates additional development steps to reach full operational stage including:

Future acquisitions and 3rd party partnerships – the Company is currently in negotiations with third parties to acquire or otherwise provide commercial external content and commercial partner programs which would utilize DWF. It is the procurement or creation of "commercial content" that will distinguish the business of ICE, utilizing the delivery mechanism represented by the Technology Assets acquired in the DWF transaction.

In this regard the Company has executed a Term Sheet to license to acquire all the technology, production and client operations owned and operated by New York based Catch Star Studios LLC ("Catch Star Studios").

Catch Star Studios provides development services, management and technologies that creates new and enables existing sport and other branded content to be consumed globally through traditional and online media channels. Catch Star Studios also develops and executes world class engagement initiatives enabling brands to extend global video content, reach advertising and direct revenue opportunities through Catch Star Studios' proprietary "in video" marketing platform.

The Company's newly incorporated subsidiary, ICE Studio Productions Inc., ("ICE Productions") and Catch Star Studios signed an agreement with the YES Network to air Catch Star Studios original programming series, ***Stars and PinStripes***, with the first episode in the series being premiered in August.

This new and original series on YES features an elite cast of some of today's iconic and inspirational celebrities from all walks of life sharing their personal New York Yankees and life experiences and will showcase their current projects and initiatives. An original 30-minute episode will premiere each month on YES beginning in August.

Hosted by Nancy Newman, award winning YES Network studio host and also the host of the network's *Yankees Magazine* show, ***Stars and PinStripes*** will be available to approximately 12 million households on the YES Network nationwide as well as globally via online and mobile devices through ICE's Digital Widget Factory platform at www.digiwidgy.com. Show segments will also be available on www.YESNetwork.com.

Segments of ***Stars and PinStripes*** episodes will also be available through www.digiwidgy.com as online and mobile webisodes enhanced with closed caption language-translation technology available in over 50 different global languages, seamlessly translated to the appropriate language for each geographic viewing experience.

Both Ice Productions and Catch Star Studios will receive production credit for the ***Stars and PinStripes*** original series. On May 25, 2016, ICE www.intelligentcontententerprises.com announced that the Corporation has signed an initial agreement to license to acquire all the technology, production and client operations owned and operated by New York based Catch Star Studios LLC. www.catchstarstudios.com.The integration of ICE's digiwidgy.com proprietary platform with Catch Star Studios' original content, ***Stars and PinStripes*** demonstrates the synergy of ICE's trending model to drive revenue through technologies, platforms and services that deliver Content, Social and Digital Media, eCommerce and Advertising.

To enhance the value of revenue generation opportunities in addition to the broadcast commercials and potential sponsorship, ***Stars and PinStripes'*** digital broadcast will feature Clix.Video™ an application designed by Catch Star Studios' interactive video technology team. Clix.Video™ enables digital and mobile viewers to instantaneously connect to web and mobile sites by clicking on custom interactive tags within the video broadcasts to make social media connections, to review extra and exclusive content and make online and mobile purchases directly via the video broadcast providing a richer, deeper consumer experience related to the video content.

The Company also announced that together with its proposed license and prospective acquisition partner, Catch Star Studios, that the team is officially launching Clix.Video™ (www.catchstarstudios.com and www.clix.video) allowing brands, creators and distributors of online video the ability to empower click to view, share and shopping abilities directly into their media to increase user engagement, conversions and revenue activities. Clix.Video™ can be localized for potentially any major global market both by offer and in the user's native language.

Clix.Video™ enables digital and mobile viewers to instantly connect to web and mobile sites by clicking on custom interactive tags within digital videos. Clix.Video™ allows viewers to make social media connections, view extra and exclusive content as well as make online and mobile purchases. All user interactions are made directly via the HTML5 video broadcast, providing a richer, deeper consumer experience related to the video content.

Catch Star Studios has added proprietary marketing and technology layers to its Clix.Video™ platform, allowing multi-lingual closed captioning, unique overlay technologies and analytics, creating customized video viewing experiences for the individual user based on localization, offers and viewer language, ultimately leading to potential one to one experiences between the advertiser and the user.

The issuance of share capital in the Company together with an initial capital injection of approximately $65,000 is expected to be allocated to fund the licence acquisition of technology, production and client operations owned and operated by New York based Catch Star Studios LLC.

<u>Hire appropriate staff</u> –The Company has developed a plan to hire the appropriate staff to commercialize the DWF platform.

On September 9, 2016, the Company appointed Mr. Ritwik Uban as the President and a director of the Company. Mr. Uban is an MBA graduate from the prestigious Richard Ivey School of Business and received an Honors, Bachelors of Arts from the University of Toronto. As President of ICE and its subsidiaries including Ice Studio Productions Inc., Mr. Uban will be spending 100% of his work time to the performance of his Company duties. He will run the operational teams, develop market programs and expand the rapidly growing content and media areas of the business into high performance, revenue generating properties.

Mr. Uban was formerly a director of Uban Media and Construction of New Delhi, India ("Uban Media") where he managed the business operations of the Canadian investment interests of Uban Media and assessed and analyzed new media opportunities from North America to export to the emerging India market. Mr. Uban was also the former head of operations for an event management Company leading the client sourcing and procurement process and provided clients with a variety of services, including but not limited to, marketing, sales, venue sourcing, external vendor services and event sponsorships.

Also on September 9, 2016, the Company appointed Mr. Dikshant Batra as a member of the board of director of the Company. Mr. Batra is a serial entrepreneur, running two internationally successful companies in technology and supply chain management while completing his degree at the University of Toronto. Mr. Batra's company, Torinit Technologies, is a global technology and development outsourcing firm. Mr. Batra is the managing partner of Nova Sentio which builds market-centric teams to turnaround struggling value chains and companies into high performing, rapid growth enterprises. Mr. Batra is also the founder of Phoenix 1™ a North American company that is re-inventing a key automotive after care area in developing countries and is the Co-Founder of the Canada Entrepreneur Organization.

On November 1, 2016, the Company appointed Mr. Richard Goodman as Chief Financial Officer of the Company and its' subsidiaries.

Mr. Goodman is a professional executive with over 23 years of global corporate advisory experience. Recently, he was Head of Investment Banking at two Toronto-based boutique investment dealers, generating tens of millions in revenues and completing billions of dollars in financing and advisory transactions. Mr. Goodman started his career as a Consultant to hundreds of companies – from start-ups to Fortune 500 corporations – in a broad array of sectors. He also practised securities law, acting for corporations, hedge funds and financial institutions.

Mr. Goodman is member of the Law Society of Upper Canada. He graduated with a Juris Doctor at Western University, a Masters in Business Administration from the Richard Ivey School of Business and a Bachelor of Arts (Economics) from York University.

The Company has also recently hired David Bernholtz as the Digital Traffic Manager at ICE Studio Productions Inc. David graduated from Seneca College General Arts, Science in 2006 and continued his education achieving a diploma in Creative Advertising in 2008. Prior to ICE Studio Productions Inc., David was employed as a Digital Traffic Manager at Yappn Corp. and as a Senior Account Manager at Mash + Media. He has amassed 8 years of experience in the world of marketing both on and offline.

David brings with him the Gen Y / Millennial lifestyle, views and experiences, which are defined by this generations' ownership and use of connected devices and content consumption. David draws from his past employment experiences of Senior Account Management roles within Ad Agency environments and of Project Management roles within technology companies, to bring insight and understanding of diverse consumer groups and the opportunities to market and connect with them. David is Hootsuite accredited, Hootsuite is recognized as the leading social analytics platform.

In addition, the Company engaged Jana Wagman, through 1303640 Ontario Inc., as a consultant to the Senior Management Team. Jana provides organizational operations of team support and direction for content and site creation and will manage general day to day business operations and activities, as well as cultivate relationships with new and existing partners to facilitate monetization opportunities and work with Senior Management to build global strategic brand partnerships.

Ms. Wagman has more than 29 years of experience within the Media and Communication industry, having held senior management positions at companies whose clients included global marketing and advertising agencies, major retailers, automotive manufacturers, real estate corporations, online gaming and a bevy of international commercial clients.

Jana Wagman holds a BA in Psychology from York University (1989). She holds the designation, FSC Xpert Pioneer, was an Editorial Board Member of The Graphic Arts Magazine 2004-2014, member of the DIA Board

2010-2014 and President of the DIA 2013, and is a Lifetime Platinum Professional Member of the eMarketing Association.

Facilities – The Company has secured the location of its initial facility located at 251 Consumers Road, Suite 240, Toronto, Ontario comprised of approximately 1,740 square feet commencing August 1st, 2016 in order to effect commercial operations and to enhance development and growth of global online media, technologies and support for the Company's proprietary technology platforms, marketing programs and client services. As a key part of the Company's mandate, the Company is working with leading North American universities and community colleges to offer paid co-op, intern programs in the fields of computer science, linguistic programming, social media, web services, marketing, communications and business.

Roll out the marketing programs – While the Company continues to test its marketing programs and is increasing its efficiencies it is scheduled to begin commercializing its programs in September 2016.

The Company has entered into certain service agreements to assist the Company with its operations in an effort to generate revenue through technologies, platforms and services that deliver Content, Social and Digital Media, eCommerce and Advertising and Marketing programs to grow the Company's business and add shareholder value.

The Company has a Master Services Agreement ("MSA") with Yappn Corp. ("Yappn"). Yappn is a full service, real-time language and technologies company creating solutions that break down the barriers to global communication. Under the terms of the MSA, Yappn will provide services to the Company up to a three year period, including but not limited to Content Translation services, Programmer and Content Development, Graphics Design, Marketing Services and Technical Support on a pay per use fee arrangement.

The Company has also entered into a consulting agreement with Imagination 7 Ventures, LLC ("Consultants") whereby Consultants have agreed to provide services to the Company including:

- Organizational operations of teams providing technical, commercial and creative support and direction for business development and execution
- Providing Management and marketing services where mutually agreed
- Organizational operations creation, development, planning and implementation
- Oversee and assist with the Cultivation of relationships with new and existing partners
- Assist with and / or develop new business ideas, technical, commercial and creative programs, business units
- Leverage current connections and related experience in sales to build alliances with partners
- Investigate new and existing business opportunities, consult with, and close relationships of all types, obtaining compelling deals, where applicable
- Advise and / or assist with contract negotiations on new and renewal business
- Attend industry events and merchant meetings which will require some travel

Intelligent Content Enterprises Inc, (the "Company") has one (1) operating segment that focuses on Content Distribution, Creation, Management, Advertising services and Technologies.

Within the operating segment, there are two (2) business units, namely Digital Widget Factory Inc. and ICE Studio Productions Inc. Both entities are Ontario Corporations with their operational offices at the Facility at 251 Consumer Road, Suite 240, Toronto, Ontario.

As stated earlier, Digital Widget Factory's business model is to create, source and secure commercial content, internally and externally through 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.

ICE Studio Productions' primary business model is to effect the creation of original short, mid and long form content for online, mobile and television and to partner with producers of content to enhance the value of that content by adding DWF Technology and distribution via Catch Star Studios LLC. ICE Studio Production's secondary business model is to work with brands to develop interactive online and mobile video which enables users to "click" on video and launch various activities (web sites, social media, eCommerce, contests, promotions, etc.) directly from a video. An interactive "icon" tracks items in videos as it moves.

The Company, since its acquisition of the DWF Technologies and its business program has been actively engaged in building its content library, establishing content and advertising relationships and working with organizations like the

YES Network to create new and original content for distribution. The Company has also been working with its proposed acquisition partner, Catch Star Studios, LLC to finalize the business programs for its Clix.Video offerings and discussing those programs with market brands for revenue participation.

Digital Widget Factory Inc.

The business unit's primary web and mobile site offering, www.digiwidgy.com, provides updated daily content on a variety of news and entertainment based subjects (like celebrities, food, travel, etc.) to users around the world, instantly available in their native language. The system deploys technologies that allow internal staff and 3rd parties to publish content once and have it automatically available in the user's language as requested by the browser. The primary objective of the site is to deliver daily, content on an ever increasing number of topics / subject matter and this is done through the building of a URL subject matter library that is constantly expanded.

Upon acquisition, effective February 29, 2016, the number of URLs for the website was 350 and the Alexa Ranking (www.alexa.com) was approximately 88,700. The Alexa Ranking (owned by Amazon) is a globally recognized indicator of web site position according to certain visits and user metrics, with organizations like Facebook, Google and Youtube receiving Alexa's top 3 ranking positions and other sites ranked in accordance with their user activities. The lower the Alexa ranking number the more heavily visited the site and utilized in assessing the website value, linking with partners and presentations to advertisers. Through the period, ending July 31, 2016, DWF increased its total URLs to approximately 560 and its Alexa ranking progressed to approximately 20,400, an advancement of 68,300 rankings on a global scale in just 5 months under the stewardship and development activities of the Company. The Company has also applied advertising and other revenue testing in order to plan and execute its Fiscal 2017 objectives.

The internal operational objectives for Fiscal 2017 are to increase traffic to and use of Company websites, create and curate engaging content and drive revenues. The total number of URLs (or subject matter areas), is expected to grow from its current number of 560 at the end of July to 625 by the end of November and to 825 by the end of Fiscal 2017, being August 31, 2017. URLs are enabled through the analysis of user activities at DWF sites as content is "tagged" with various indicators to measure and monitor various "layers" of relevance and by general global subject matter relevance (global activities i.e. Summer Olympics). The URLs form the basis for an ever expanding array of subject matter "containers" which to place content in, attract users and serve them content and in return work with advertisers and other revenue partners to create value for the Company through the interactivity with that content in the URLs.

Creating original content is the secondary business objective feeding the URLs created. Users are attracted to new, engaging and relevant content based on subject matter with a measure of site dynamics indicated by the number of originally created articles or posts per quarter. To this end the company will employ or otherwise contract, original content creators beginning with 2 to 3 creators in Q1 and growing in the context of the market through the fiscal year. These content creators will also support curated and augmented posts, where content is available through relationships and partnerships globally but that requires acceptance, formatting and approval by the DWF system. The creators will initially support both roles. Curated and Augmented content is already somewhat or wholly ready for entry into the DWF system (allowing for subsequent translation) and is easier to maintain, having originality although somewhat less value, and as such offers a higher number of posts per quarter, beginning with an estimated 1,890 posts in Q1 and rising to 9,450 posts in Q4.

The overall URL and content creations and management activities in conjunction with organic, social, partner, and paid marketing activities, on a global basis, has begun with the groundwork laid to attract potential advertising and revenue partners. The Company will begin to accelerate such actions during the 1st quarter of fiscal 2017, to effect growing the business through its revenue generating activities throughout the 2017 Fiscal Year.

ICE Studio Productions Inc.

The business unit of ICE Studio Productions Inc. ("ICE Productions") is made up of three (3) cohesive business activities under the Catch Star Studios brand, being the creation of original short, mid length and long form content (from short video to original broadcast series), other partnered, edited original content and technology and marketing services that provide interactive services to video advertising and online and mobile broadcasting.

The first original series to be produced for television, digital and mobile distribution is a partnered program with the YES Network and the New York Yankees, called Stars and PinStripes, which features interviews of some of today's most iconic celebrities that share their appreciation and connection to the New York Yankees, life and professional experiences to the audience. The business objective of this program is to establish the Catch Star Studios, ICE Productions and the Company brands as an emerging leader in the creation of original content for primarily digital distribution with brands that have significant fan followings, like the New York Yankees, which are considered among the top 3 sports franchises globally, according to Forbes. As part of that objective, the group is expecting to produce up to 12 episodes per year of the initial Stars and PinStripes programming.

The first episode of Stars and Pinstripes featured Garth Brooks, Recording Industry Association of America certified number one selling solo artist in US history, with over 137 million albums sold and premiered on the Yes Network during the 3rd week of August 17, 2016. The Company is currently engaged in early stage discussions, to attract a series sponsor and/ or sponsors for this business program. The Company is embarking on an investment in this area to effectively leverage this major brand activity to attract other similar brands moving forward.

As Stars and PinStripes airs on the YES Network (owned by the New York Yankees and FOX), ICE Productions and Catch Star Studios are working towards similar opportunities with other major league teams and niche entertainment sectors to assess and potentially create content under certain business arrangements. The proposed model is very similar in nature to Stars and PinStripes with the exception that the primary investment to build the brand value has been initiated in the Stars and PinStripes programming and the group expects that it will not need to invest to the same extent with other organizations, given that Stars and PinStripes is produced in conjunction with its relationship with the YES Network and the New York Yankees, given their influence and credibility in the marketplace. Other such programs may attract production funding from the brand, sponsor or active 3rd parties.

The Clix.Video marketing and technology services platform is looking to continue with market testing throughout Q1 of Fiscal 2017 as the group looks to engage a senior leader within the advertising, sports and sponsorship arena who can assist with the acceleration of introductory meetings and sales to SME and big box brands as well as digital agencies. The group is working to engage up to 3 brands and / or agencies in Q1 and convert those brands to both test and paid campaigns throughout the quarter.

In addition to the expected operational performance, The Company has engaged with a 3rd Party to source and obtain subscribers in a series of private placements to provide up to $2.0 million of equity financing for the Company in minimum and maximum private placement tranches of $250,000 to $350,000 respectively priced in conjunction with but discounted to the 10 day volume weighted average trading price of the common shares of the Company on the OTC-QB through February 28, 2017. The agreement can be extended to August 2017 by mutual consent. The combined projected proceeds from the operational performance and the Company's financing activities are expected to sustain the Company in Fiscal 2017.

Summary of Business Milestones with Relation to allocation of Working Capital:

[1]*As of September 1, 2016*

Business Objective	Timeline	Allocation of working capital	
Catch Star Studios			
i. Stars & Pinstripes	6 months	$	75,000
ii. Other Original Content*	12 months	$	-
Clix.video		$	25,000
i. Enterprise/ Corporate Partners	12 months	$	-
ii. Test Campaigns (non-paid projects)	12 months	$	-
iii. Paid Campaigns	12 months	$	-
iv. Development of Clix.video 2.0	12 months	$	-
Hire Staff	6 months	$	6,000
Develop version 2.0 for DWF platform	3 months	$	6,400
User engagement and growth on DWF platform	12 months	$	12,000
Corporate Branding	3 months	$	10,000
Total		**$**	**134,400**
*self funded and does not require			

4.2 Not applicable as the Company does not have asset backed securities.

4.3 Not applicable as the Company does not have mineral properties.

4.4 Not applicable as the Company does not have oil and gas operations.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information

The following financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and is stated in Canadian Dollars.

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

August 31,	**2015** **$**	**2014** **$**	**2013** **$**
Natural gas sales, net of revenue	53,055	65,024	30,062
Net income (loss), continuing operations	2,067,443	(6,114,997)	(4,264,833)
Net loss, discontinued operations net of tax	(4,762,461)	(608)	(1,213)
Net loss	(2,695,018)	(6,115,585)	(4,266,046)
Earnings (loss) per share, basic			
Continuing operations	0.075	(0.482)	(0.407)
Discontinued operations	(0.172)	(0.000)	(0.000)
Total loss per share, basic	(0.097)	(0.482)	(0.407)
Earnings (loss) per share, fully diluted			
Continuing operations	0.055	(0.482)	(0.407)
Discontinued operations	(0.172)	(0.000)	(0.000)
Total loss per share, diluted	(0.117)	(0.482)	(0.407)
Total assets	93,115	5,296,928	6,918,196
Total long-term liabilities	-	4,266,790	1,407,822

August 31, 2015 – 2014
For the year ended August 31, 2015, revenue, net of royalties was down $11,969 to $53,055 compared to $65,024 for the year ended August 31, 2014. The decrease in net revenue for the year ended August 31, 2015 was a result of lower prices received for natural gas from the Company's Botha, Alberta property. Net income from continuing operations for the year ended August 31, 2015 was $2,067,443 compared to a net loss from continuing operations of $6,114,977 for the year ended August 31, 2014. The increase in net income for fiscal 2015 was attributed to a gain on derivative liabilities of $2,653,591 compared to a loss of $2,735,476 for fiscal 2014, a gain on disposition of subsidiary of $615,881 compared to $Nil in 2014, and a gain on settlement of litigation of $120,125 versus $Nil for the same twelve month period ending August 30, 2014. During fiscal 2015, the Company's general and administrative expenses were significantly lower by $314,418 to $89,007 compared to $403,425 for fiscal 2014. The lower general and administrative expenses for 2015, was primarily attributed to the forgiveness of management fees of $306,250 by the President. For the year ended August 31, 2015, the Company recorded a loss on settlement of debt of $Nil versus a loss on settlement of debt in the amount of $1,335,935 for the same period in 2014. During fiscal 2015, the President forgave $306,250 of management fees accrued.

August 31, 2014 - 2013
For the year ended August 31, 2014, revenue, net of royalties was up $34,962 to $65,024 compared to $30,062 for the year ended August 31, 2013. The increase in net revenue during 2014, was primarily attributed to increases in natural gas production volume and prices received from the Company's Botha, Alberta property. Net loss from continuing operations for the year ended August 31, 2014 was $6,114,977 compared to a net loss from continuing operations of $4,264,833 for the year ended August 31, 2013. The increase in net loss during 2014, was primarily related to a loss on derivative liabilities of $2,735,476 compared to a loss

of $128,041 during fiscal 2013. This increase in 2014 was attributed to the exchange of a secured note for a secured convertible note during fiscal 2014, which terms and features of the conversion meet the definition of an embedded derivative liability that requires fair value measurement at each reporting period. During the year ended August 31, 2014, the Company recorded an increase in loss on settlement of debt in the amount of $933,671 to $1,335,935 compared to a loss on settlement of debt in the amount of $$402,264 during fiscal 2013. During fiscal 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. The increases during fiscal 2014, were partially offset by a reduction in the impairment of exploration and evaluation assets in the amount of $1,375,292 to $1,315,276 compared to $2,690,568 in fiscal 2013.

5.2 QUARTERLY RESULTS

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

For the quarter ending	2016 May 31	2016 February 29	2015 November 30	2015 August 31
Net income (loss) for the period	$(852,752)	$(497,465)	$(12,307,110)	$3,519,182
Earnings (loss) per share, basic	$(0.022)	$(0.020)	$(1.907)	$0.960
Earnings (loss) per share, diluted	$(0.022)	$(0.020)	$(1.907)	$0.937

During the quarter ended May 31, 2016, the Company recorded stock based compensation expense of $615,924. For the three months ended February 29, 2016, the Company recorded a loss on settlement of debt in the amount of $483,431 and 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 quarter ending	2015 May 31	2014 February 28	2014 November 30	2014 August 31
Net income (loss) for the period	$(1,116,569)	$269,539	$(686,033)	$(4,326,068)
Earnings (loss) per share, basic	$(0.403)	$0.097	$(0.248)	$(2.821)
Earnings (loss) per share, diluted	$(0.403)	$0.044	$(0.248)	$(2.821)

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. 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.

5.3 The Company is not aware of any restrictions that could prevent it from paying dividends and at present, does not have a dividend policy.

5.3 Not applicable as the Company consolidated financial statements have been prepared using Canadian GAAP.

6. MANAGEMENT'S DISCUSSIONS AND ANALYSIS

6.1 **Annual MD&A:** Management's Discussion and Analysis for the year ended August 31, 2015, attached hereto as Exhibit "A".

Management's Discussion and Analysis for the year ended August 31, 2014, attached hereto as Exhibit "B".

6.15 **Interim MD&A:** Management's Discussion and Analysis for three and nine months ended May 31, 2016, attached hereto as Exhibit "C".

7. MARKET FOR SECURITIES

7.1 This Listing Statement was prepared for the purpose of listing on the CSE. The Company expects to remain posted for trading on the OTCQB, concurrently with the listing of the Company's Common Shares on the CSE.

The Company's common stock is currently quoted and traded on the OTCQB tier of OTC Markets, 304 Hudson Street, 3rd Floor, New York, New York, 10013 under the symbol "ICEIF".

8. CONSOLIDATED CAPITALIZATION

8.1 Subsequent to the year-end August 31, 2015, the Company filed articles of amendment effective February 1, 2016, to change every ten (10) issued and outstanding common share in the capital of the Company into one (1) common share of the Company. As a result of the consolidation the Company's 241,402,479 issued common shares became 24,140,730 issued common shares.

By articles of amendment effective February 29, 2016, the Company's articles were amended to authorize an unlimited number of shares of a class designated as Preference Shares, issuable in series.

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.

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.

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.

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.

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 units are subject to the terms and conditions of a Lock up and Leak out agreement.

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"). All of the Purchase Price Shares are subject to the provisions of an Escrow Agreement and a Lock-up and Leak-out Agreement.

During the quarter ended May 31, 2016, 448,683 common share purchase warrants were exercised at $1.00 expiring August 30, 2017 for proceeds of $448,683.

9. OPTIONS TO PURCHASE SECURITIES

The following table provides information as to options to purchase securities of ICE as of the date of the listing statement.

Description	Aggregate Number of Persons	Number of Options	Exercise Price $	Market Price on Date of Grant $	Expiry Date
Chief Executive Officer	1	2,000 25,000	16.00 1.20	16.50 1.10	February 28, 2017 November 11, 2019
President and Director	1	300,000 700,000	1.30 1.50	1.29 1.29	September 8, 2021 September 8, 2021
Director	1	300,000	1.30	1.29	September 8, 2021
Directors (1)	2	2,000 25,000 300,000	16.00 1.20 2.19	16.50 1.10 2.19	December 8, 2016 December 8, 2016 December 8, 2016
Consultant	1	200,000	1.30	1.29	September 8, 2021

		4,000 25,000	16.00 1.20	16.50 1.10	February 28, 2017 November 11, 2019
Chief Financial Officer	2	500,000	$0.64	$0.64	October 31, 2021
TOTAL OPTIONS OUTSTANDING		**2,383,000**			

(1) These options expire 90 days following the date of resignation of John Budden and Milton Klyman on September 9, 2016

10. DESCRIPTION OF THE SECURITIES

10.1 The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares, issuable in series with the following attributes:

<u>Share Provisions</u>

(a) The Common Shares of the Corporation shall have attached thereto the following rights, privileges, restrictions and conditions:

1. DIVIDENDS

Subject to the prior rights of the holders of the Preference Shares and to any other shares ranking senior to the Common Shares with respect to priority in the payment of dividends, the holders of the Common Shares shall be entitled to receive dividends and the Corporation shall pay dividends thereon, as and when declared by the board of directors of the Corporation, out of moneys properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine and all dividends which the directors may declare on the Common Shares shall be declared and paid in equal amounts per share on all Common Shares at the time outstanding.

2. DISSOLUTION

In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, subject to the prior rights of the holders of the Preference Shares and to any other shares ranking senior to the Common Shares with respect to priority in the distribution of assets upon dissolution, liquidation or winding-up, the holders of the Common Shares shall be entitled to receive the remaining property and assets of the Corporation.

3. VOTING RIGHTS

The holders of the Common Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and shall have one (1) vote for each Common Share held at all meetings of the shareholders of the Corporation, except for meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote separately as a class or series.

(b) The rights, privileges, restrictions and conditions attaching to the Preference Shares, as a class, are as follows:

1. DIRECTORS' AUTHORITY TO ISSUE ONE OR MORE SERIES

The board of directors of the Corporation may issue the Preference Shares at any time and from time to time in one or more series. Before the first shares of a particular series are issued, the board of directors of the Corporation shall fix the number of shares in such series and shall determine, subject to the limitations set out in the articles, the designation, rights, privileges, restrictions and conditions to attach to the shares of such series which may include, without limiting the generality of the foregoing, the rate or rates, amount or method or methods of calculation of preferential dividends, whether cumulative or non-cumulative or partially cumulative, and whether such rate(s), amount or method(s) of calculation shall be subject to change or adjustment in the future, the currency or currencies of payment, the date or dates and place or places of payment thereof and the date or dates from which such preferential dividends shall accrue, the redemption price and terms and conditions of redemption (if any), the rights of retraction (if any), and the prices and other terms and conditions of any rights of retraction and whether any additional rights of retraction may be vested in such holders in the future, voting rights and conversion or exchange rights (if any), and any sinking fund, purchase fund or other provisions attaching thereto. Before the issue of the first shares of a series, the board of directors of the Corporation shall send to the Director (as defined in the Business Corporations Act) articles of amendment in the prescribed form containing a description of such series including the designation, rights, privileges, restrictions and conditions determined by the directors.

2. RANKING OF PREFERENCE SHARES

2.1 No rights, privileges, restrictions or conditions attaching to a series of Preference Shares shall confer upon a series a priority in respect of dividends or return of capital in the event of liquidation, dissolution or winding-up of the Corporation over any other series of Preference Shares. The Preference Shares of each series rank on a parity with the Preference Shares of every other series with respect to priority in the payment of dividends and the return of capital and the distribution of assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

2.2 The Preference Shares shall be entitled to priority over the Common Shares and over any other shares of any other class of the Corporation ranking junior to the Preference Shares with respect to priority in the payment of dividends and the return of capital and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

2.3 If any amount of cumulative dividends, whether or not declared, or declared non-cumulative dividends or amount payable on a return of capital in the event of the liquidation, dissolution or winding-up of the Corporation in respect of a series of Preference Shares is not paid in full, the Preference Shares of all series shall participate rateably in respect of all accumulated dividends, whether or not declared, and all declared non-cumulative dividends in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of amounts payable on return of capital in the event of the liquidation, dissolution or winding-up of the Corporation in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Preference Shares with respect to amounts payable on return of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends.

2.4 The Preference Shares of any series may also be given such other preferences not inconsistent with the provisions hereof over the Common Shares and over any other shares ranking junior to the Preference Shares as may be determined in the case of such series of Preference Shares.

3. RESTRICTIONS ON DIVIDENDS AND REDEMPTIONS, ETC.

Except with the approval of all the holders of the Preference Shares, no dividends shall at any time be declared or paid or set apart for payment on the Common Shares or any other shares of the Corporation ranking junior to the Preference Shares unless all dividends which have been declared by the board of directors up to and including the dividend payable for the last completed period for which such dividends have been declared by the board of directors on each series of Preference Shares then issued and outstanding shall have been paid or set apart for payment at the date of such declaration or payment or setting apart for payment on the Common Shares or such other shares of the Corporation ranking junior to the Preference Shares; nor shall the Corporation call for redemption, redeem, purchase for cancellation, acquire for value or reduce or otherwise pay off any of the Preference Shares (less than the total amount then outstanding) or any Common Shares or any other shares of the Corporation ranking junior to the Preference Shares unless and until all dividends up to and including the dividends payable for the last completed period for which such dividends have been declared by the board of directors on each series of Preference Shares then issued and outstanding shall have been paid or set apart for payment at the date of such call for redemption, purchase, acquisition, reduction or other payment.

4. VOTING RIGHTS

Except as hereinafter referred to or as otherwise provided by law or in accordance with any voting rights which may from time to time be attached to any series of Preference Shares, the holders of the Preference Shares as a class shall not be entitled as such to receive notice of, to attend to vote at any meeting of the shareholders of the Corporation.

5. SPECIFIC MATTERS REQUIRING APPROVAL

5.1 The approval of the holders of the Preference Shares, given in the manner described in Section 6.1 below, shall be required for the creation of any new shares ranking prior to or on a parity with the Preference Shares, and if, but only so long as, any cumulative dividends are in arrears or any declared non-cumulative dividends are unpaid on any outstanding series of Preference Shares, for the issuance of any additional series of Preference Shares or of any shares ranking prior to or on a parity with the Preference Shares.

5.2 The provisions of Clauses 1 to 6 inclusive may be deleted, amended, modified or varied in whole or in part by a certificate of amendment issued by the Director appointed under the Business Corporations Act, but only with the prior approval of the holders of the Preference Shares given as hereinafter specified in addition to any other approval required by the Business Corporations Act or any other statutory provisions of like or similar effect, from time to time in force.

6. APPROVAL OF THE HOLDERS OF THE PREFERENCE SHARES

The approval of the holders of the Preference Shares with respect to any and all matters hereinbefore referred to may be given by at least two thirds of the votes cast at a meeting of the holders of the Preference Shares duly called for that purpose and held upon at least 21 days' notice at which the holders of a majority of the outstanding Preference Shares are present or represented by proxy. If at any such meeting the holders of a majority of the outstanding Preference Shares are not present or represented by proxy within one half-hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than 30 days later and to such time and place as may be appointed by the chairman and not less than 21 days' notice shall be given of such adjourned meeting. At such adjourned meeting the holders of the Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds of the votes cast at such adjourned meeting shall constitute the approval of the holders of the Preference Shares referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed by the Business Corporations Act and the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of Preference Shares shall be entitled to one (1) vote in respect of each Preference Share held.

SERIES A PREFERENCE SHARES

The rights, privileges, restrictions and conditions of the Series A Preference Shares are set out below.

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"Business Day" means a day other than a Saturday, Sunday or any other day treated as a holiday in Toronto, Ontario.

"Common Shares" means the Corporation's common shares, and shares of any other class into which such shares may hereafter have been reclassified or changed.

"Conversion Date" shall have the meaning given such term in Section 4(a) hereof.

"Corporation" means Intelligent Content Enterprises Inc.

"Holder" shall have the meaning given such term in Section 2 hereof.

"Notice of Conversion" shall have the meaning given such term in Section 4(a) hereof.

"Original Issue Date" shall mean the date of the first issuance of any Series A Preference Shares regardless of the number of transfers of any particular Series A Preference Shares and regardless of the number of certificates which may be issued to evidence such Series A Preference Shares.

"Person" means a corporation, an association, a partnership, an organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

"Series A Preference Shares" shall have the meaning given such term in Section 2 hereof.

"Trading Day" means with respect to a stock exchange, market or over-the-counter market means a day on which such stock exchange or over-the-counter market is open for business.

"VWAP" shall mean the daily dollar volume-weighted average sale price for the Common Shares on the principal stock exchange, market or over-the-counter market on which the Common

Shares are listed or posted for trading (the "Trading Market") on any particular Trading Day during the period beginning at 9:30 a.m., New York City Time (or such other time as the Trading Market publicly announces is the official open of trading), and ending at 4:00 p.m., New York City Time (or such other time as the Trading Market publicly announces is the official close of trading), as reported by Bloomberg through its "Volume at Price" functions or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security on any particular Trading Day during the period beginning at 9:30 a.m., New York City Time (or such other time as the Trading Market publicly announces is the official open of trading), and ending at 4:00 p.m., New York City Time (or such other time as the Trading Market publicly announces is the official close of trading), as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security on any particular Trading Day as reported in the "pink sheets" by the National Quotation Bureau, Inc. If the VWAP cannot be calculated for such security on such date on any of the foregoing bases, the VWAP of such security on such date shall be the fair market value as mutually determined by the Corporation and the Holder. All such determinations of VWAP shall be appropriately and equitably adjusted in accordance with the provisions set forth herein for any stock dividend, stock split, stock combination or other similar transaction occurring during any period used to determine the Exercise Price (or other period utilizing VWAPs). "Warrant" shall have the meaning given such term in Section 4(a) hereof.

Section 2. Designation and Amount. The series of convertible preference shares shall be designated as its Series A Convertible Preference Shares (the "Series A Preference Shares") and the Corporation is authorized to issue up to Five Million, Seven Hundred and Fifty Thousand (5,750,000) Series A Preference Shares (which shall not be subject to increase without the approval of the holders of the Series A Preference Shares (each, a "Holder" and collectively, the "Holders")).

Section 3. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, all Series A Preference Shares shall immediately and without notice, be converted to Common Shares and Warrants in accordance with the terms and conditions herein.

Section 4. Conversion.

a) Conversions at Option of Holder. Each share of Series A Preference Shares shall be convertible, at the option of the Holder at any time and from time to time from and after the Original Issue Date, into: (i) that number of shares of Common Shares determined by issuing one (1) share of Common Shares of the Corporation for each Series A Preference Share converted, and (ii) that number of warrants determined by issuing one three-year warrant (a "Warrant") for every Series A Preference Share converted, with a cashless exercise provision, and an exercise price of $0.35(CDN) provided, however, each Holder agrees that the Common Shares underlying the Series A Preference Shares and the Warrants herein, shall, upon issuance, be locked up for a period of twelve (12) months (and an appropriate legend shall be placed on the stock Certificates. The Holder agrees that after the twelve (12) month period, the Holder may sell or transfer Fifteen percent (15%) of the received Common Shares each quarter until such time as all Common Shares is sold or transferred or eligible for sale or transfer (with any unsold or transferred stock carrying over until the following quarter). The Holder will effect conversions of the Series A Preference Shares by providing the Corporation with the form of conversion notice attached hereto as Annex A (a "Notice of Conversion"). Each Notice of Conversion shall specify the number of Series A Preference Shares to be converted, the number of Series A Preference Shares owned prior to the conversion at issue, the number of Series A Preference Shares owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the Holder delivers such Notice of Conversion to the Corporation by facsimile, or other approved method of delivery (the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions, as the case may be, of Series A Preference Shares, a Holder shall not be required to surrender the certificate(s) representing such Series A Preference Shares to the Corporation unless all of the shares of Series A Preference Shares represented thereby are so converted, in which case the Holder shall deliver the certificate representing such Series A Preference Shares promptly following the Conversion Date at issue. Series A Preference Shares converted in accordance with the terms hereof shall be canceled and may not be reissued.

a) Mechanics of Conversion

i. Delivery of Certificate Upon Conversion. Not later than five Trading Days after each Conversion Date, the Corporation shall deliver to the Holder (A) a certificate or certificates representing the number of shares of Common Shares being acquired upon the conversion of Series A Preference Shares, and (B) the corresponding number of warrants. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by the applicable Holder by the fifth Trading Day after the Conversion Date, the Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such certificate or certificates thereafter, to rescind such conversion, in which event the Corporation shall immediately return the certificates representing the Series A Preference Shares tendered for conversion.

ii. Obligation Absolute. The Corporation's obligations to issue and deliver the Conversion Shares upon conversion of Series A Preference Shares in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by the Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to the Holder in connection with the issuance of such Conversion Shares.

iii. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Shares solely for the purpose of issuance upon conversion of the Series A Preference Shares, free from preemptive rights or any other actual contingent purchase rights of persons other than the Holders, not less than such number of shares of the Common Shares as shall be issuable (taking into account the adjustments and restrictions of herein) upon the conversion of all outstanding Series A Preference Shares. The Corporation covenants that all shares of Common Shares that shall be so issuable shall, upon issue, be duly and validly authorized, issued and fully paid and non-assessable.

iv. Transfer Taxes. The issuance of certificates for shares of the Common Shares on conversion of the Series A Preference Shares shall be made without charge to the Holders thereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificate, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of such Series A Preference Shares so converted and the Corporation shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

Section 5. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Corporation, at any time while the Series A Preference Shares are outstanding: (A) shall pay a stock dividend or otherwise make a distribution or distributions on shares of its Common Shares or any other equity or equity equivalent securities payable in shares of Common Shares (which, for avoidance of doubt, shall not include any shares of Common Shares issued by the Corporation pursuant to the terms of the Series A Preference Shares), (B) subdivide outstanding shares of Common Shares into a larger number of shares, or (C) issue by reclassification of shares of the Common Shares any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Shares (excluding treasury shares, if any) outstanding before such event and of which the denominator shall be the number of shares of Common Shares outstanding after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

To clarify, in the event the Corporation shall combine (including by way of reverse stock or forward stock split) outstanding shares of Common Shares into a smaller number of shares, the conversion price and the number of Series A Preference Shares shall be modified, reduced, or otherwise adjusted.

b) Pro Rata Distributions. If the Corporation, at any time while Series A Preference Shares is outstanding, shall distribute to all holders of Common Shares (and not to Holders) evidences of its indebtedness or assets or rights or warrants to subscribe for or purchase any security, then in each such case the Conversion Price shall be determined by multiplying such Conversion Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the VWAP determined as of the record date mentioned above, and of which the numerator shall be such VWAP on such record date less the then fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Shares as determined by the Board of Directors in good faith. In either case the adjustments shall be described in a statement provided to the Holders of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Shares. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

c) Calculations. All calculations under this Section shall be made to the nearest cent or the nearest whole share, as the case may be. The number of Common Shares outstanding at any given time shall not include shares owned or held by or for the account of the Corporation, and the description of any such shares of Common Shares shall be considered on issue or sale of Common Shares. For purposes of this Section 6, the number of shares of Common Shares deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Shares issued and outstanding.

d) Notice to Holders; Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any of this Section, the Corporation shall promptly mail to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

Section 6. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder, including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile, sent by a nationally recognized overnight courier service, addressed to the Corporation. Any and all notices or other communications or deliveries to be provided by the Corporation hereunder shall be in writing and delivered personally, by facsimile, sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile telephone number or address of such Holder appearing on the books of the Corporation, or if no such facsimile telephone number or address appears, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section prior to 5:30 p.m. (Toronto time), (ii) the date after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section later than 5:30 p.m. (Toronto time) on any date and earlier than 11:59 p.m. (Toronto time) on such date, (iii) the second Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provisions of the Series A Preference Shares shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the liquidated damages (if any) on, the Series A Preference Shares at the time, place, and rate, and in the coin or currency, herein prescribed.

c) Lost or Mutilated Series A Preference Share Certificate. If a Holder's Series A Preference Shares certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the Series A Preference Shares so mutilated, lost, stolen or destroyed but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership hereof, and indemnity, if requested, all reasonably satisfactory to the Corporation.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the provisions of the Series A Preference Shares shall be governed by and construed and enforced in accordance with the internal laws of the Province of Ontario, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated herein (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the provincial and federal courts sitting in Ontario (the "Ontario Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the Ontario

Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, or such Ontario Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under the provisions of the Series A Preference Shares and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to the provisions of the Series A Preference Shares or the transactions contemplated hereby. If either party shall commence an action or proceeding to enforce any provisions of the provisions of the Series A Preference Shares, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

e) Waiver. Any waiver by the Corporation or the Holder of a breach of the provisions of the Series A Preference Shares shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provisions of the Series A Preference Shares. The failure of the Corporation or the Holder to insist upon strict adherence to any term of the provisions of the Series A Preference Shares on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of the provisions of the Series A Preference Shares. Any waiver must be in writing.

f) Severability. If any provision of the Series A Preference Shares is invalid, illegal or unenforceable, the balance of the provisions of the Series A Preference Shares shall remain in effect, and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates applicable laws governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum permitted rate of interest.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of the provisions of the Series A Preference Shares and shall not be deemed to limit or affect any of the provisions hereof.

****

ANNEX A

NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES OF SERIES A PREFERENCE SHARES)

The undersigned hereby elects to convert the number of shares of Series A Preference Shares indicated below, into shares of Common Shares (the "Common Shares"), of Intelligent Content Enterprises, Inc., a Ontario corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares are to be issued in the name of a person other than undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Corporation in accordance therewith. No fee will be charged to the Holder for any conversion, except for such transfer taxes, if any.

Conversion calculations:

Date to Effect Conversion: ______________________________

Number of Series A Preference Shares owned prior to Conversion: ________________

Number of Series A Preference Shares to be Converted: _______________

Number of shares of Common Shares to be Issued: _________________________

Number of warrants of Common Shares to be Issued: _________________________

[HOLDER]

By: _______________________
Name:
Title:

10.2 Not applicable, the Company has no debt securities.

10.2.1 Not applicable.

10.3 Not applicable, no other securities are being listed.

10.4 Not applicable, there are no modification of terms to the securities being listed.

10.5 Not applicable, all attributes are listed in 10.1 above.

10.6 The following tables sets out the prices and/or the fair value for which the Company's common shares were issued at for the 12 month period prior to the listing date.

	Number	Amount $
Balance August 31, 2014	2,767,637	9,072,181
Common shares issued upon the settlement of secured convertible note (Note a)	1,000,000	925,611
Balance August 31, 2015	3,767,637	9,997,792
Common shares issued as debt extinguishment (Note b)	9,543,110	6,371,457
Common shares issued as private placement(Note c)	500,000	50,000
Common Shares issued as anti-dilution provision (Note d)	10,329,983	4,542,981
Common shares issued as private placement (Note e)	100,000	8,654
Common shares issued as debt extinguishment (Note f)	1,505,190	638,295
Common shares issued on acquisition of DWF Technology (Note g)	12,500,000	5,040,575
Common shares issued on exercise of warrants (Note h)	448,683	763,355
Common shares issued as private placement (Note i)	236,364	140,970
Balance August 31, 2016	**39,000,967**	**27,554,079**

a) 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.

b) 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.

c) 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.

d) 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.

e) 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.

f) 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.

g) Effective February 29, 2016, the Company acquired the net assets 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.

h) During the quarter ended May 31, 2016, 448,683 common share purchase warrants were exercised at $1.00 expiring August 30, 2017 for proceeds of $448,683. The amount allocated to warrants using a Binomial Lattice model was $314,672.

i) At August 31, 2016, the Company completed a private placement for gross proceeds of $260,000 and issued 236,364 units in the capital of the Company at a purchase price of $1.10 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 $1.25 until August 31, 2019.

10.7 The following table sets out the reported high and low bid prices, and the volume for shares of our common stock on the OTCQB in US dollars for the current period quarter by month, the preceding quarter by month and on a quarterly basis for the next preceding seven quarters.

	Period	**High $**	**Low $**	**Volume**
4th Quarter 2016 by Month	August 2016	1.35	0.72	2,560,000
	July 2016	1.83	0.79	3,190,500
	June 2016	2.45	1.11	2,130,500
3rd Quarter 2016 by Month	May 2016	2.30	1.27	1,587,500
	April 2016	2.47	1.64	1,139,200
	March 2016	2.00	0.60	830,400
2nd Quarter 2016 by Month	February 2016	0.70	0.50	10,600
	January 2016	0.60	0.50	100
	December 2015	0.60	0.50	1,100
Fiscal 2016 by Quarter	First Quarter ended 11/30/2015	1.70	0.40	8.300
	Second Quarter Ended 02/29/2016	0.70	0.50	11,800
	Third Quarter Ended 05/31/2016	2.47	1.27	3,557,100
	Fourth Quarter Ended 08/31/2016	2.45	0.75	7,880,500
Fiscal Year 2015 by Quarter	First Quarter ended 11/30/2014	4.00	0.10	53,600
	Second Quarter Ended 02/28/2015	1.80	0.30	48,600
	Third Quarter Ended 05/31/2015	1.60	0.50	6,600
	Fourth Quarter Ended 08/31/2015	2.20	0.20	18,300

Fiscal Year 2014 by Quarter	First Quarter ended 11/30/2013	12.00	2.00	28,100
	Second Quarter Ended 02/28/2014	10.00	2.00	18,000
	Third Quarter Ended 05/31/2014	8.00	2.00	19,500
	Fourth Quarter Ended 08/31/2014	5.00	2.00	13,400

11. ESCROWED SECURITIES

11.1 Immediately prior to listing, the following securities of the Company shall be escrowed (the "CSE Escrowed Securities") pursuant to the policies of the CSE:

Designation of class held in escrow	Number of securities held in escrow	Percentage of class
Common Shares	4,360,771	11.18%
Options	1,827,000	76.67%
Common Share Warrants	778,942	8.67%

Note:

- The CSE Escrowed Securities are held in escrow pursuant to the terms of an escrow agreement (the "46-201F1 – Escrow Agreement ") entered into between the Company, the holders of Escrowed Securities, and Equity Financial Trust Company, as escrow agent.

The CSE Escrowed Securities shall be released on the following schedule, pursuant to the 46-201F1 – Escrow Agreement:

The date Common Shares are listed on the Exchange (the "Listing Date")	1/10 of your Escrow Securities
6 months after the Listing Date	1/6 of your remaining Escrow Securities
12 months after the Listing Date	1/5 of your remaining Escrow Securities
18 months after the Listing Date	1/4 of your remaining Escrow Securities
24 months after the Listing Date	1/3 of your remaining Escrow Securities
30 months after the Listing Date	1/2 of your remaining Escrow Securities
36 months after the Listing Date	remaining Escrow Securities

11.2 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 Vendors (the "Acquisition Agreement"). 50% of the Purchase Price Shares (6,250,000 common shares and 2,875,000 Series A preferred shares, collectively the "Purchase Price Shares") are held in escrow pursuant to the terms of an escrow agreement entered into between the Company, the Vendor and various stakeholders of the Vendor (the "DWF Escrow Agreement") 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 DWF Escrow Agreement on March 6, 2017.

Designation of class held in escrow	Number of securities held in escrow	Percentage of class
Common Shares	6,250,000	16.03%
Series A Preferred Shares	2,875,000	50.00%

Note:

- Based on 39,000,967 issued and outstanding common shares
- The Purchase Price Shares are held in escrow pursuant to the terms of the DWF Escrow Agreement entered into between the Company, the holders of Escrowed Securities, and WeirFoulds LLP as escrow agent.

12. PRINCIPAL SHAREHOLDERS

There are 39,000,967 issued and outstanding shares of our common stock as of August 31, 2016 and 59,859,685 on a fully diluted basis. To the best of our knowledge, no persons hold directly or indirectly or exercise control or direction over, shares of our common stock carrying 10% or more of the voting rights attached to all issued and outstanding shares of the common stock except as set out in the table below. The shares of our common stock, owned by our principal shareholders have identical voting rights as those owned by our other shareholders.

Name	Amount and Nature of Beneficial Ownership of Common Stock	Percentage of Issued Common Stock	Percentage of Issued Common Stock Fully Diluted (Notes)	Note
James Cassina	4,360,771	11.18%	12.98%	(1)
Core Energy Enterprise Inc.	2,783,163	7.14%	7.14%	(2)
CDS & Co	4,973,423	12.75%	12.75%	
CEDE & Co	3,185,823	8.17%	8.17%	
Digital Widget Factory Inc.	3,675,000	9.42%	30.05%	(3)

(1) Includes 2,783,163 outstanding shares owned by Core Energy Enterprises Inc. Also includes 1,577,608 outstanding shares, 778,942 common share purchase warrants and 27,000 stock options owned directly by James Cassina.

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

(3) Includes 3,675,000 outstanding shares and 5,750,000 Series A Preferred Shares. 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

13. DIRECTORS AND OFFICERS

13.1 The following table sets out certain information with respect to the Company's directors and executive officers:

Name and Residence	Present Position(s) with the Company	Director Since	Principal Occupation	Common Shares Beneficially Owned Directly or Indirectly(1)	Percentage Of Common Beneficially Owned Directly or Indirectly(3)
James Cassina (2) Nassau, Bahamas	Chief Executive Officer and Director	February, 2009	Business Consultant	4,360,771 (2)	11.18%
Ritwik Uban (4) Toronto, Ontario	President and Director	September 9, 2016	President and Director	Nil	00.00%
Dikshant Batra (5) Toronto, Ontario	Director	September 9, 2016	Technology Consultant	Nil	00.00%
Richard Goodman(6) Toronto, Ontario	Chief Financial Officer and Chief Legal Officer	November 30, 2016	Financial Consultant	Nil	November 30, 2016
All officers and directors as a group (4 persons)				4,360,771	11.18%

Notes:

(1) The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Company, has been furnished by the respective proposed directors individually.

(2) Mr. Cassina holds directly 1,577,608 Common Shares and indirectly through Core Energy Enterprises Inc., 2,783,163 Common Shares. Mr. Cassina has voting and investment power with respect to the shares owned by Core Energy Enterprises Inc. Mr. Cassina resigned as President on September 9, 2016.

(3) Based on 39,000,967 issued common shares

(4) Mr. Uban was appointment President and a director of the Company on September 9, 2016.

(5) Mr. Batra was appointed a director of the Company on September 9, 2016.

(6) Mr. Goodman was appointed on November 30, 2016.

13.2 Mr. Cassina was appointed as a director on February 9, 2010 and Mr. Uban and Mr. Batra were appointed as directors of the Company on September 9, 2016. The Company's directors' serve until the next Annual

General Meeting or until a successor is duly elected, unless the office is vacated in accordance with our Articles or Bylaws.

13.3 Please refer to the table set out in 13.1 above for the number and percentage of common shares beneficially owned.

13.4 **Committees of the Board**

Our board of directors discharges its responsibilities directly and through committees of the board of directors, currently consisting of an Audit Committee, a Compensation Committee and a Disclosure Committee. The members of the Audit Committee are Dikshant Batra (Chair), James Cassina and Ritwik Uban. The members of the Compensation Committee are James Cassina (Chair) and Dikshant Batra. The members of the Disclosure Committee are James Cassina (Chair) Ritwik Uban and Dikshant Batra.

13.5 Not applicable,

13.6 Except as disclosed below, to the best knowledge of the Company, no proposed director of the Company is, as at the date hereof, or has been within the last ten years prior to the date hereof: (a) subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued while the proposed director of the Company was acting in the capacity as director, chief executive officer or chief financial officer of that company; (b) subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued after the proposed director of the Company ceased to be a director, chief executive officer or chief financial officer of that company and which resulted from an event that occurred while that person was acting in such capacity; or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

James Cassina was Chairman of the Board of EnerNorth Industries Inc. ("**EnerNorth**") from July 1, 2002 to March, 2007, and had been a Director of EnerNorth from 1996 to March 21, 2007, and President and Chief Executive Officer from July 22, 1998 to June 30, 2002. On March 20, 2007 EnerNorth filed an Assignment in Bankruptcy under the Bankruptcy and Insolvency Act (Canada).

To the knowledge of the Company, no director of the Company is, or has within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

13.7 Penalties or Sanctions. To the knowledge of the Company, no proposed director of the Company: (a) has been subject to any penalties or sanctions imposed by a court relating to securities or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory; or (b) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director of the Company.

13.8 Not applicable, no penalties or sanctions requiring such settlement agreement.

13.9 Not applicable, to the knowledge of the Company, no director of the Company is, or has within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

13.10 James Cassina, the Company's sole executive officer, devotes approximately 80% of his work time to the performance of his Company duties. Although he has an obligation to perform his duties in a manner consistent with the Company's best interests and through his stock ownership in the Company, is incentivized to do so, may encounter conflicts regarding the availability and use of his work time. Although there are no such present conflicts, the development thereof could have a potential material conflict.

13.11 At present Ritwik Uban, President and James Cassina, Chief Executive Officer and Richard Goodman, Chief Financial Officer are the only members of the Company's management.

Mr. Uban is an MBA graduate from the prestigious Richard Ivey School of Business and received an Honors, Bachelors of Arts from the University of Toronto. As President of ICE and its subsidiaries including Ice Studio Productions Inc., Mr. Uban will be spending 100% of his work time to the performance of his Company duties. He will run the operational teams, develop market programs and expand the rapidly growing content and media areas of the business into high performance, revenue generating properties.

Mr. Uban was formerly a director of Uban Media and Construction of New Delhi, India ("Uban Media") where he managed the business operations of the Canadian investment interests of Uban Media and assessed and analyzed new media opportunities from North America to export to the emerging India market. Mr. Uban was also the former head of operations for an event management Company leading the client sourcing and procurement process and provided clients with a variety of services, including but not limited to, marketing, sales, venue sourcing, external vendor services and event sponsorships.

James Cassina is a consultant in business development, mergers and acquisitions and corporate finance. James Cassina has served as a director and held various executive positions with public companies. Cassina became President of Intelligent Content Enterprises Inc. in February 2009 as it pursued oil and gas companies in Zavala County, Texas as Eagleford Energy Inc. Subsequently Cassina led the transition from the old world economy of Oil & Gas to the new world economy of publishing and media after the sharp decline in oil prices in late 2015. In July 2009 Cassina became a director of SITO Mobile Ltd. (formerly known as Single Touch Systems Inc) Nasdaq SITO, www.sitomobile.com and shepherded its going public transaction initially on the OTC BB and its early stage financings. SITO Mobile operates as a mobile location-based advertising platform for businesses, advertisers, and brands in the United States and Canada. The company offers mobile location-based advertising and mobile messaging platforms to transform digital marketing by delivering targeted mobile advertising campaigns based on geo-location, in-store traffic, and customer response for brands, agencies, and retailers. Cassina resigned as a Director of SITO Mobile in June 2011. As Chairman of Assure Energy, Inc. ("Assure") (OTCBB: ASUR), an oil and gas exploration and production company, Mr. Cassina led Assure's merger in September 2005 with Geocan Energy Inc. (TSX: GCA) ("Geocan"), an oil and gas company which then grew to daily production of over 3,700 barrels of oil or gas equivalents. Mr. Cassina thereafter served as a Director of Geocan and later Chairperson of its Board appointed Special Advisory Committee formed to seek strategic alternatives to enhance shareholder value. Subsequently Geocan merged with Arsenal Energy Inc. in October 2008. Currently, Mr. Cassina devotes approximately 80% of his work time to the performance of his Company duties including business development and corporate reporting.

Mr. Goodman is a professional executive with over 23 years of global corporate advisory experience. Recently, he was Head of Investment Banking at two Toronto-based boutique investment dealers, generating tens of millions in revenues and completing billions of dollars in financing and advisory transactions. Mr. Goodman started his career as a Consultant to hundreds of companies – from start-ups to Fortune 500 corporations – in a broad array of sectors. He also practised securities law, acting for corporations, hedge funds and financial institutions.

Mr. Goodman is member of the Law Society of Upper Canada. He graduated with a Juris Doctor at Western University, a Masters in Business Administration from the Richard Ivey School of Business and a Bachelor of Arts (Economics) from York University. Currently Mr. Goodman devotes approximately 50% of his work time to the performance of his Company duties including business development and financing and corporate reporting.

14. CAPITALIZATION

14.1 Issued Capital

Common Shares	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully-diluted)
Public Float				
Total Outstanding (A)	39,000,967	61,359,685	100.00%	100.00%
Total Held by Related or 5% (B)	12,085,771	22,016,713	30.99%	35.88%
Total Public Float (A-B)	**26,915,196**	**39,342,973**	**69.01%**	**64.12%**
Freely Tradeable Float				
Securities subject to resale restrictions and securities held by control block holders (C)	17,652,728	25,477,728	45.26%	41.52%
Total Tradeable Float (A-C)	**21,348,239**	**35,881,958**	**54.74%**	**58.48%**

Common Shares	Public Security holders (Registered Excluding Issued Capital Chart Section B)	
Size of Holding	**Number of Holders**	**Total Number of Securities**
1 – 99 securities	1,085	8,708
100 – 499 securities	2	379
500 – 999 securities	2	1,000
1,000 – 1,999 securities	7	7,770
2,000 – 2,999 securities	7	15,551
3,000 – 3,999 securities	1	3,750
4,000 – 4,999 securities	0	0
5,000 or more securities	58	26,878,038
Total	1,162	26,915,196

Common Shares	Public Security holders (Beneficial)	
Size of Holding	**Number of Holders**	**Total Number of Securities**
1 – 99 securities	2,019	34,440
100 – 499 securities	186	39,750
500 – 999 securities	37	31,343
1,000 – 1,999 securities	55	64,616
2,000 – 2,999 securities	28	60,517
3,000 – 3,999 securities	12	39,472
4,000 – 4,999 securities	9	38,861
5,000 or more securities	154	34,729,742
Unable to confirm- CDS & Co	1	3,962,226
Total	2,501	39,000,967

Common Shares	Public Security holders (Registered from Issued Capital Chart Section B)	
Size of Holding	**Number of Holders**	**Total Number of Securities**
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities	4	12,085,771
Total	4	12,085,771

14.2 The following table sets out details for securities of the Company convertible or exchangeable into common shares:

Instrument	Details of Security	Number of convertible/ exchangeable securities outstanding	Number of listed securities issuable upon conversion/ exercise
Warrants	5,454,165 common share purchase warrants exercisable at $1.00 expiring August 30, 2017	5,384,165	5,384,165
Warrants	1,605,190 common share purchase warrants exercisable at $0.35 expiring March 1, 2019. The common share purchase warrants 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 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").	1,605,190	1,605,190
Warrants	1,750,000 common share purchase warrants common share purchase warrants exercisable at $1.50 expiring June 21, 2021. The common share purchase warrants have a cashless exercise provision and vest quarterly on September 22, 2016, December 22, 2016, March 22, 2017 and June 22, 2017. If Holder elects to effect a Cashless Exercise, the Company shall issue Holder a number of Shares in the capital stock of the Company computed using the following formula: X = Y (A-B)/A. Where X = the number of Shares in the capital stock of the Company to be issued to Holder; Y = the number of Shares in the capital stock of the Company for which this Warrant is being Exercised; A = the Market Price of one (1) share in the capital stock of the Company, where "Market Price," means the Volume Weighted Average Price of one (1) Share in the capital stock of the Company during the ten (10) consecutive Trading Day period immediately preceding the Date of Exercise; and B = the Exercise Price.	1,750,000	1,750,000
Warrants	236,364 common share purchase warrants exercisable at $1.25 expiring August 30, 2019	236,364	236,364
Stock Options	8,000 vested stock options exercisable at $16.00 per share expiring February 28, 2017	6,000	6,000
Stock Options	8,000 vested stock options exercisable at $16.00 per share expiring December 8, 2016	2,000	2,000
Stock Options	75,000 vested stock options exercisable at $1.20 per share expiring November 11, 2019	50,000	50,000
Stock Options	75,000 vested stock options exercisable at $1.20 per share expiring December 8, 2016	25,000	25,000
Stock Options	300,000 vested stock options exercisable at $2.19 per share expiring December 8, 2016	300,000	300,000
Stock Options	500,000 vested stock options exercisable at $1.30 per share expiring September 8, 2021	500,000	500,000
Stock Options	300,000 stock options vesting on February 6, 2017 exercisable at $1.30 per share expiring September 8, 2021	300,000	300,000
Stock Options	350,000 stock options vesting on September 9, 2017 exercisable at $1.50 per share expiring September 8, 2021	350,000	350,000
Stock Options	350,000 stock options vesting on September 9, 2018 exercisable at $1.50 per share expiring September 8, 2021	350,000	350,000
Stock Options	500,000 stock options vesting on March 30, 2017 exercisable at $0.64 per share expiring October 31, 2021	500,000	500,000
Series A Preferred Shares	The 5,750,000 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 until February 29, 2019. 50% of the Series A preferred shares (2,875,000) are held in escrow	5,750,000	

	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 Series A preferred shares are subject to a lock up agreement whereby 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 Series A preferred 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 Holder shall be permitted to make sales of up to 25% of the Series A preferred shares in each successive three month period. If the Holders sales are less than 25% in any such three month period, the unsold portion shall carry forward into the next three month period.		11,500,000
TOTAL		**17,108,719**	**22,858,719**

14.3 Not applicable, all securities reserved for issuance are listed in 14.2 above.

15. EXECUTIVE COMPENSATION

Director and Named Executive Officer Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers)* sets forth all annual and long term compensation for services paid to or earned by each NEO and director for the two most recently completed financial years ended August 31, 2015.

Table of Compensation excluding Compensation Securities

Name and position	Year	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compen-sation ($)(1)	Total compen-sation ($)
James Cassina President, Chief Executive, Officer [Chief Financial Officer] and Director(2)	2015 2014	150,000 75,000	● ●	1,000 1,000	● ●	1,000 1,000	● ●
Milton Klyman(3) Director	2015 2014	Nil Nil	● ●	1,100 1,000	● ●	1,100 1,000	● ●
Colin McNeil(4) Director	2015 2014	Nil Nil	● ●	1,100 1,000	● ●	1,100 1,000	● ●

Notes:

1. Accrued on account of directors fees at a rate of $100 per meeting.
2. James Cassina has been the acting Chief Financial Officer for the years ended August 31, 2015, 2014, 2013 and 2012, and was appointed President of the Company on June 18, 2010. Mr. Cassina resigned as President on September 9, 2016.

3. Milton Klyman resigned as director of the Company on September 9, 2016.
4. Mr. McNeil Resigned as director of the Company on December 22, 2015.

Stock Options and Other Compensation Securities

The following table sets forth all compensation securities granted or issued to each NEO and directors by the Company in the financial year ended August 31, 2015 for services provided or to be provided, directly or indirectly, to the Company.

Compensation Securities

Name and position	Type of compen-sation security(1)(2)	Number of compen-sation securities, number of underlying securities, and percentage of class (#)	Date of issue or grant	Issue, conversion or exercise price ($)	Closing price of security or underlying security on date of grant ($)	Closing price of security or underlying security at year end ($)	Expiry Date
James Cassina President, Chief Executive Officer and	Stock Options	25,000 2,000	November 12, 2014 March 1, 2012	1.20 16.00	1.10 16.00	0.90 0.90	November 11, 2019 February 28, 2017
Milton Klyman Director(4)	Stock Options	25,000 2,000	November 12, 2014 March 1, 2012	1.20 16.00	1.10 16.00	0.90 0.90	November 11, 2019 February 28, 2017
Colin McNeil Director(3)	Stock Options	25,000 2,000	November 12, 2014 March 1, 2012	1.20 16.00	1.10 16.00	0.90 0.90	November 11, 2019 February 28, 2017

Notes:

1. On March 1, 2012 the Company granted options to purchase 6,000 common shares to directors. These options are exercisable at $16.00 per share, vested immediately and expire on February 28, 2017.
2. 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, vested immediately and expire on November 11, 2019.
3. Mr. McNeil resigned as a director of the Company on December 22, 2015 and his option expired on March 16, 2016.
4. Mr. Klyman resigned as a director of the Company on September 9, 2016 and his options will expire on December 8, 2016.

Exercise of Compensation Securities by Directors and NEOs

The following table discloses each exercise by a director or NEO of compensation securities during the financial year ended August 31, 2015:

Name and position	Type of compen-sation security	Number of underlying securities exercised (#)	Exercise price per security ($)	Date of Exercise	Closing price per security on date of exercise ($)	Difference between exercise price and closing price on date of exercise ($)	Total value on exercise date ($)
James Cassina President, Chief Executive Officer and Director(1)	nil	nil	nil	nil	nil	nil	nil
Milton Klyman Director	nil	nil	nil	nil	nil	nil	nil
Colin McNeil Director	nil	nil	nil	nil	nil	nil	nil

1. Mr. Cassina resigned as President on September 9, 2016.

Pension Plan Benefits

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

Termination and Change of Control Benefits

The Company does not currently have executive employment agreements in place with any of its Named Executive Officers.

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

Director Compensation

Each director of the Company is entitled to receive the sum of $100 for each meeting of the directors, meeting of a committee of the directors (of which the director is a member) or meeting of the shareholders attended. No such directors’ fees were paid for the year ended August 31, 2015.

Retirement Policy for Directors

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

Directors' and Officers' Liability Insurance

The Company does not maintain directors' and officers' liability insurance.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the fiscal year ended August 31, 2015, no loans were made by the Company to any senior officer, director or proposed nominee for election as a director or any key employee of the Company, or any of their respective associates, for any reason whatsoever.

17. RISK FACTORS

This section describes the principal risks and uncertainties that could have a material adverse effect on the Company's business and financial results. The risks and uncertainties described below are not the only risks that may impact the Company's business. Additional risks not currently known to the Company or that management currently believes are immaterial may also have a material adverse effect on future business and operations. Any discussion about risks should be read in conjunction with "Forward-Looking Statements".

General Risk Factors

We require additional capital which may not be available to us on acceptable terms, or at all. Our ability to continue operations and development, and fund strategic opportunities is dependent on our ability to secure additional financing and cash flow. We are pursuing such additional sources of financing and cash flow to fund our operations and obligations and while we have been successful in doing so in the past, there can be no assurance we will be able to do so in the future. We intend to satisfy any additional working capital requirements from cash flow and by raising capital through public or private sales of debt or equity securities, debt financing or short-term loans, or a combination of the foregoing. We have no current arrangements for obtaining additional capital, and may not be able to secure additional capital, or on terms which will not be objectionable to us or our shareholders. Under such circumstances, our failure or inability to obtain additional capital on acceptable terms or at all could have a material adverse effect on us.

We have a history of losses and a limited operating history as a media and internet company which makes it more difficult to evaluate our future prospects. To date, we have incurred significant losses. We have a limited operating history as a media and internet company upon which any evaluation of us and our long-term prospects might be based. We and our prospects must be considered in light of the risks, and difficulties encountered by all companies engaged in the extremely competitive internet media business. Any future success we might achieve will depend upon many factors, including factors, which may be beyond our control. These factors may include changes in technologies, competition, changes in our strategy, changes in expenses, fluctuations in foreign currency exchange rates, general economic conditions, and economic and regulatory conditions specific to the areas in which we compete.

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

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

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

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

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

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

Since our sole executive officer does not devote his full time to the performance of his Company duties, he may engage in other work activities to our detriment. James Cassina, our sole executive officer, devotes approximately 85% of his work time to the performance of his Company duties. Although he has an obligation to perform his duties in a manner consistent with our best interests and through his stock ownership in the Company, is incentivized to do so, may encounter conflicts regarding the availability and use of his work time. Although there are no such present conflicts, the development thereof could have a material adverse effect on us.

Risks Factors Relating to Our Common Stock

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

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

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

Our shareholders may experience dilution of their ownership interests because of our future issuance of additional shares of common stock. Our constating documents authorize the issuance of an unlimited number of shares of common stock, without par value. In the event that we are required to issue additional shares of common stock or securities exercisable for or convertible into additional shares of common stock, enter into private placements to raise financing through the sale of equity securities or acquire other opportunities of merit in the future from the issuance of shares of our common stock to acquire such interests, the interests of our existing shareholders will be diluted and existing shareholders may suffer dilution in their net book value per share depending on the price at which such securities are sold. If we do issue additional shares, it will cause a reduction in the proportionate ownership and

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

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

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

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

Risks Factors Relating to Our Business

Changes in regulations or user concerns regarding privacy and protection of user data, or any failure to comply with such laws, could adversely affect our business. Federal, state, and international laws and regulations govern the collection, use, retention, disclosure, sharing and security of data that we receive from and about our users. The use of consumer data by online service providers and advertising networks is a topic of active interest among federal, state, and international regulatory bodies, and the regulatory environment is unsettled. Many states have passed laws requiring notification to users where there is a security breach for personal data, such as California's Information Practices Act. We face similar risks in international markets where our products and services are offered. Any failure, or perceived failure, by us to comply with or make effective modifications to our policies, or to comply with any federal, state, or international privacy, data-retention or data-protection-related laws, regulations, orders or industry self-regulatory principles could result in proceedings or actions against us by governmental entities or others, a loss of user confidence, and a loss of users, advertising partners, any of which could potentially have an adverse effect on our business.

If we are unable to license, acquire, create or aggregate compelling content and services at reasonable cost, or receive compelling content, the number of users of our services may not grow as anticipated, or may decline, or users' level of engagement with our services may decline, all of which could harm

our operating results. Our future success depends in part on our ability to aggregate compelling content and deliver that content through our online properties. We license from third parties much of the content and services on our online properties, such as news, stock quotes, weather, sports, video, and photos. In addition, our users also contribute content to us. We believe that users will increasingly demand high-quality content and services. We may need to make substantial payments to third parties from whom we license or acquire such content or services. Our ability to maintain and build relationships with such third-party providers is critical to our success. In addition, as users increasingly access the Internet via mobile and other alternative devices, we may need to enter into amended agreements with existing third-party providers to cover new devices. We may be unable to enter into new, or preserve existing, relationships with the third-parties whose content or services we seek to obtain. In addition, as competition for compelling content increases both domestically and internationally, our third-party providers may increase the prices at which they offer their content and services to us, stop offering their content or services to us, or offer their content and services on terms that are not agreeable to us. An increase in the prices charged to us by third-party providers could harm our operating results and financial condition. Further, because many of our licenses for our content and services with third parties are non-exclusive, other media providers may be able to offer similar or identical content. This increases the importance of our ability to deliver compelling editorial content and personalization of this content for users in order to differentiate ICE from other businesses. If we are unable to license or acquire compelling content at reasonable cost, if other companies distribute content or services that are similar to or the same as that provided by us, or if we do not receive compelling content from our users, the number of users of our services may not grow as anticipated, or may decline, users' level of engagement with our services may decline, clicks on our ads may decrease, or advertisers may reduce future purchases of our ads, all or any of which could harm our operating results.

Technologies, tools, software, and applications could block our advertisements, impair our ability to deliver interest-based advertising, or shift the location in which advertising appears, which could harm our operating results. Technologies, tools, software, and applications (including new and enhanced browsers) have been developed and are likely to continue to be developed that can block or allow users to opt out of display, search, and interest-based advertising and content, delete or block the cookies used to deliver such advertising, or shift the location in which advertising appears on pages so that our advertisements do not show up in the most monetizable places on our pages or are obscured. Most of our revenue is derived from fees paid by advertisers in connection with the display of graphical and non-graphical advertisements or clicks on search advertisements on web pages. As a result, the adoption of such technologies, tools, software, and applications could reduce the number of search and display advertisements that we are able to deliver and/or our ability to deliver interest-based advertising and this, in turn, could reduce our advertising revenue and operating results.

Interruptions, delays, or failures in the provision of our services could damage our reputation and harm our operating results. Delays or disruptions to our service, or the loss or compromise of data, could result from a variety of causes, including power loss, equipment or telecommunications failures, cyber attacks, terrorist attacks, political or social unrest, natural disasters or other events over which we have little or no control. The systems through which we provide our products and services are highly technical, complex, and interdependent. Design errors might exist in these systems, or might be introduced when we make modifications, which might cause service malfunctions or require services to be taken offline. We rely on third-party providers over which we have little or no control for our principal Internet connections and co-location of a significant portion of our data servers, as well as for our payment processing capabilities and key components or features of certain of our products and services. Any disruption of the services they provide us or any failure of these third-party providers to handle higher volumes of use could, in turn, cause delays or disruptions in our services and loss of revenue. In addition, if our agreements with these third-party providers are terminated for any reason, we might not have a readily available alternative. Prolonged delays or disruptions to our service could result in a loss of users, legal costs or liability, and harm to our operating results.

We may be required to record a significant charge to earnings if our intangible assets become impaired. Factors that could lead to impairment of intangible assets (including goodwill or assets acquired via acquisitions) and other investments include significant adverse changes in the business climate and actual or projected operating results (affecting our company as a whole or affecting any particular reporting unit) and declines in the financial condition of our business. Factors that could lead to impairment of investments in equity interests include a prolonged period of decline in the stock price or operating performance of, or an announcement of adverse changes or events by, the companies in which we invested or the investments held by those companies. We may be required in the future to record additional charges to earnings if our goodwill, intangible assets, investments in equity interests, including investments held by any equity method investee, or other investments become impaired. Any such charge would adversely impact our financial results.

Fluctuations in foreign currency exchange rates may adversely affect our operating results and financial condition. Revenue generated and expenses incurred by us are often denominated in U.S. dollars. Our financial statements are reported in Canadian Dollars and as such are subject to fluctuations due to changes in exchange rates as the financial results are translated into Canadian dollars. Our financial results are also subject to changes in exchange rates that impact the settlement of transactions in foreign currencies.

We may be subject to legal liability associated with providing online services or content. We provide a wide variety of services and technology products that enable and encourage individuals and businesses to exchange information; upload or otherwise generate photos, videos, text, and other content; advertise products and services; conduct business; and engage in various online activities both domestically and internationally. The law relating to the liability of providers of online services and products for activities of their users is currently unsettled both within the United States and internationally. As a publisher and producer of original content, we may be subject to claims such as copyright, libel, defamation or improper use of publicity rights, as well as other infringement claims such as plagiarism which could result in substantial costs to enforce or defend.

Certain of our metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business. We present key metrics such as unique users, number of Ads Sold, number of Paid Clicks, Search click-driven revenue, Price-per-Click and Price-per-Ad that are calculated using internal company data. We periodically review, refine and update our methodologies for monitoring, gathering, and calculating these metrics.

While our metrics are based on what we believe to be reasonable measurements and methodologies, there are inherent challenges in deriving our metrics across large online and mobile populations around the world. In addition, our user metrics may differ from estimates published by third parties or from similar metrics of our competitors due to differences in methodology. Furthermore, over time we may revise or cease reporting certain metrics that we no longer believe are useful or meaningful measures of our performance and add new metrics which we believe are better measurements of performance.

If advertisers or publishers do not perceive our metrics to be accurate, or if we discover material inaccuracies in our metrics, it could negatively affect our reputation, business and financial results.

We rely on third parties to provide the technologies necessary to deliver content, advertising, and services to our users, and any change in the licensing terms, costs, availability, or acceptance of these formats and technologies could adversely affect our business. We rely on third parties to provide the technologies that we use to deliver the majority of the content, advertising, and services to our users. There can be no assurance that these providers will continue to license their technologies or intellectual property to us on reasonable terms, or at all. Providers may change the fees they charge users or otherwise change their business model in a manner that slows the widespread acceptance of their technologies. In order for our services to be successful, there must be a large base of users of the technologies necessary to deliver our content, advertising, and services. We have limited or no control over the availability or acceptance of those technologies, and any change in the licensing terms, costs, availability, or user acceptance of these technologies could adversely affect our business.

Our business depends on continued and unimpeded access to the Internet by us and our users. Internet access providers may be able to block, degrade, or charge for access to certain of our products and services, which could lead to additional expenses and the loss of users and advertisers. Our products and services depend on the ability of our users to access the Internet, and certain of our products require significant bandwidth to work effectively. Currently, this access is provided by companies that have significant market power in the broadband and internet access marketplace, including incumbent telephone companies, cable companies, mobile communications companies, and government-owned service providers. Some of these providers may take, or have stated that they may take, measures that could degrade, disrupt, or increase the cost of user access to certain of our products by restricting or prohibiting the use of their infrastructure to support or facilitate our offerings, or by charging increased fees to us or our users to provide our offerings. Such interference could result in a loss of existing users and advertisers, and increased costs, and could impair our ability to attract new users and advertisers, thereby harming our revenues and growth. The adoption of any laws or regulations that limit access to the Internet by blocking, degrading or charging access fees to us or our users for certain services could decrease the demand for, or the usage of, our products, services and apps, increase our cost of doing business and adversely affect our operating results.

Any failure to manage expansion and changes to our business could adversely affect our operating results. If we are unable to effectively manage our employees or to anticipate our future growth, our business may be adversely affected. As we change and attempt to expand our business, we must also expand and adapt our operational infrastructure. Our business relies on data systems, billing systems, and financial reporting and control systems, among others. All of these systems have become increasingly complex in the recent past due to the growing complexity of our business, acquisitions of new businesses and increased regulation over controls and procedures. To manage our business in a cost-effective manner, we will need to continue to upgrade and improve our data systems, billing systems, and other operational and financial systems, procedures, and controls. In some cases, we are outsourcing administrative functions to lower-cost providers. These upgrades, improvements and outsourcing changes will require a dedication of resources and in some cases are likely to be complex. If we are unable to adapt our systems and put adequate controls in place in a timely manner, our business may be adversely affected

Adverse macroeconomic conditions could cause decreases or delays in spending by our advertisers and could harm our ability to generate revenue and our results of operations. Advertising expenditures tend to be cyclical, reflecting overall economic conditions and budgeting and buying patterns. Since we anticipate that most of our revenue will be derived from advertising, future adverse macroeconomic conditions could cause, decreases or delays in advertising spending and negatively impact our advertising revenue and short-term ability to grow our revenue. Further, any decreased collectability of accounts receivable or early termination of agreements, whether resulting from customer bankruptcies or otherwise due to adverse macroeconomic conditions, could negatively impact our results of operations.

18. PROMOTERS

Not applicable, the Company has not engaged in investor relations activities preceding two years prior to date of the Listing Statement.

19. LEGAL PROCEEDINGS

19.1 Not applicable. The Company is not aware of any legal proceedings.

19.2 Not applicable. The Company is not aware of any regulatory actions, penalties or sanctions imposed.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed herein, no informed person of the Company, proposed director of the Company nor any associate or affiliate of any informed person or proposed director has any material interest, direct or indirect, in any transaction since the commencement of the Company's financial year-ended August 31, 2015 or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

21. AUDITORS, TRANSFER AGENT AND REGISTRARS

21.1 The auditor of the Company is:
Schwartz Levitsky Feldman llp
2300 Yonge Street, Suite 1500, Box 2434
Toronto, Ontario M4P 1E4

21.2 The Company’s Transfer agent and registrar is:

TMX Trust Company
200 University Avenue, Suite 300
Toronto, Ontario M5H 4H1

The Company’s Co-Transfer agent is

Worldwide Stock Transfer, LLC
One University Plaza, Suite 505
Hackensack, NJ 07601

22. MATERIAL CONTRACTS

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

On June 22, 2016, the Company entered into a consulting agreement to assist with the development of new business programs, business units, partnerships, concepts and ideas as well as technical, commercial and creative advisory services. As consideration for the services the Company agreed to provide to the consultant remuneration of $20,000 upon execution the agreement, $10,000 monthly commencing July 1, 2016 and issue 1,750,000 common share purchase warrants, valid for 5 years with cashless exercise provisions issued at a price of C$1.50 vesting 437,500 per quarter.

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:

<u>Consideration:</u>		
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
<u>Allocated to:</u>		
Intangible assets-technology	$	9,530,250
<u>Transaction Costs:</u>		
Financial advisory, legal and other expenses*	$	30,550

*Transaction costs were recorded as a reduction in share capital

On or about September 30, 2014, Stratex Oil & Gas Holdings, Inc. ("Stratex") filed a petition against Eagleford Energy Zavala Inc. ("Zavala Inc.") in the District Court of Zavala County, Texas seeking breach of contract and actual damages of US$152,293 for Zavala Inc.'s alleged non-payment of its proportionate share of minimum royalties due under the Matthews Lease. Zavala Inc. The Company disputed the claim citing $300,000 paid by the Company was to be credited against the minimum royalties which Stratex failed to do. The Company paid the US$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 with Stratex and Quadrant Resources LLC ("Quadrant") pursuant to which Stratex assigned all of its rights, title and interest in, to and under the Matthews Lease and the JDA, to the Company and Quadrant, and issued to the Company 1,333,333 common shares of Stratex as repayment of the disputed minimum royalty of US$152,293 and a further payment of US$25,000 was to be paid by Stratex to the Company.

On August 31, 2014, the Company entered into a 10% per annum secured convertible promissory note payable in the amount of US$1,216,175 and a General Security Agreement. The secured convertible promissory note 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 (the "Note").

At August 31, 2015, the Company was unable to pay the Note (US$1,216,175) plus interest of US$121,618, totalling US$1,337,793, which constituted an event of default pursuant to the terms of the Note. In an effort to avoid further costs, the Company entered into a Settlement and Exercise of Security Agreement whereby effective August 31, 2015, the Company assigned and conveyed all of it rights, title and interest in and to Zavala Inc., and issued 1,000,000 shares of common stock in the Company.

23. INTEREST OF EXPERTS

Not applicable. The Company has not included any valuation or engaged any experts for the purpose of the Listing Statement.

24. OTHER MATERIAL FACTS

Not applicable. All material facts known to the Company have been disclosed.

25. FINANCIAL STATEMENTS

25.1 (a) Audited Consolidated Financial Statement for the year ended August 31, 2015, August 31, 2014 and August 31, 2013 attached hereto as Exhibit "D"; and

(b) Unaudited Interim Condensed Consolidated Financial Statements for the quarters ending November 30, 2015, February 29, 2016 and May 31, 2016 attached hereto as Exhibit "E".

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Intelligent Content Enterprises Inc., hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Intelligent Content Enterprises Inc. In contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto this 1st day of November, 2016.

Per: "James Cassina"	Per: "Ritwik Uban"
James Cassina, Chief Executive Officer and Director	Ritwik Uban, President and Director

EXHIBIT A

Management's Discussion and Analysis for the year ended August 31, 2015

EAGLEFORD ENERGY CORP

(Formerly: Eagleford Energy Inc.)

Management's Discussion and Analysis
For the year ended
August 31, 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 Over-the-Counter Bulletin Board (OTCQB) under the symbol EGFDF.

The Company's Consolidated Financial Statements for the year ended August 31, 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.") and Zavala Inc.'s wholly owned subsidiary EEZ Operating Inc. a Texas company ("EEZ Operating") incorporated May 12, 2015 until the date of disposition of Zavala Inc., on August 31, 2015. Accordingly Zavala Inc., has been deconsolidated and presented as discontinued operations on the Consolidated Statements of Operations and Comprehensive Loss and the Consolidated Statements of Cash Flows. 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 has 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 Flows as an impairment of the net assets and liabilities on dissolution of subsidiary (see Note 16 b to the Consolidated Financial Statements, Discontinued Operations and Dissolution of Subsidiary).

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 Audited Consolidated Financial Statements for the year ended August 31, 2015 and notes thereto. The Company's Audited Consolidated Financial Statements for the year ended August 31, 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All amounts herein are presented in Canadian dollars, unless otherwise noted. This Management's Discussion and Analysis is dated December 23, 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

For the year ended August 31, 2015, revenue, net of royalties was down $11,969 to $53,055 compared to $65,024 for the year ended August 31, 2014. The decrease in net revenue for the year ended August 31, 2015, was a result of lower prices received for natural gas from the Company's Botha, Alberta property. Net income from continuing operations for the year ended August 31, 2015 was $2,067,443 compared to a net loss from continuing operations of $6,114,977 for the year ended August 31, 2014. The increase in net income for fiscal 2015 was attributed to a gain on derivative liabilities of $2,653,591 compared to a loss of $2,735,476 for fiscal 2014, a gain on disposition of subsidiary of $615,881 compared to $Nil in 2014, and a gain on settlement of litigation of $120,125 versus $Nil for the same twelve month period ending August 30, 2014. During fiscal 2015, the Company's general and administrative expenses were significantly lower by $314,418 to $89,007 compared to $403,425 for fiscal 2014. The lower general and administrative expenses for 2015 was primarily attributed to the forgiveness of management fees of $306,250 by the President. For the year ended August 31, 2015, the Company recorded a loss on settlement of debt of $Nil versus a loss on settlement of debt in the amount of $1,335,935 for the same period in 2014.

On December 3, 2013, (amended January 21, 2014) the Company entered into a Joint Development Agreement with Stratex Oil and Gas Holdings, Inc. ("Stratex") (the "Stratex JDA") to further develop the Matthews Lease. Under the terms JDA, Stratex earned a 66.67% working interest before payout (50% working interest after payout) in the Matthews #1H well and a 50% working interest in the 2,629 acre Matthews Lease.

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 for Zavala Inc.'s alleged non-payment of its proportionate share of minimum royalties due under the Matthews Lease. Zavala Inc. disputed the claim and effective March 31, 2015, the Company entered into a settlement with Stratex and Quadrant pursuant to which Stratex assigned all of its rights, title and interest in, to and under the Matthews Lease and the Stratex JDA, to the Company and Quadrant, and issued to the Company 1,333,333 common shares of Stratex as repayment of the disputed minimum royalty of US$152,293 and a further payment of US$25,000 is to be paid to the Company. EEZ Operating thereafter became the operator of the Matthews Lease

On April 11, 2014, the Company entered into a further Joint Development Agreement ("JDA2") with Stratex and Quadrant Resources LLC, ("Quadrant") for the development of the San Miguel formation on the Matthews Lease. Pursuant to the terms of the JDA2, upon satisfaction of certain conditions including the Phase 1 Work Program and the cash consideration described below, Quadrant could earn an undivided 66.67% before payout and a 50% working interest after payout to the base of the San Miguel formation of the Matthews Lease by i) drilling 3 new wells and reworking 5 wells at its sole cost and expense by June 30, 2015 (the "Phase I Work Program"); ii) deliver US$100,000 to the Company upon execution of the JDA2 (paid); and iii) deliver US$65,000 to the Company on each of July 8, 2014; October 6, 2014; January 5, 2015 and April 6, 2015. The Company recorded the cash payments and the payment of certain obligations under the Matthews Lease by Quadrant totaling $378,577 (US$303,712) as at August 31, 2015, as a reduction in exploration and evaluation assets. Under the terms of the JDA2 Quadrant was required to complete the Phase I Work Program and pay the Company cash consideration totaling US$360,000 by June 30, 2015, which it did not and accordingly the JDA2 expired without Quadrant earning any interest in the development area.

On July 2, 2015, the 2629 acre Matthews Lease transitioned into its production unit phase. A total of 340 acres were held as production units. Accordingly, the Company wrote down the lease to fair value of $1,212,996 and recorded an impairment of exploration and evaluation assets at August 31, 2015 of $4,490,045.

At August 31, 2014, the Company had a secured convertible promissory note payable with a face value of (US$1,216,175) (the "Note"). The Note had an interest rate of 10%. 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.

In accordance with the terms of the Note and the General Security Agreement (the "Loan Agreements") between the Company and Benchmark Enterprises Inc., ("Benchmark") the Company had granted and conveyed a first priority security interest in the Company and Zavala Inc.

At August 31, 2015, the Company was unable to pay the Note $1,608,149 US$1,216,175 plus interest of $154,179 (US$121,618), totaling $1,762,328 (US$1,337,793), 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 whereby effective August 31, 2015, the Company assigned and conveyed to Benchmark all of its rights, title and interest in and to Zavala Inc., and issued to Benchmark 10,000,000 shares of common stock of the Company. As a result of the extinguishment of the Note, the Company's investment in Zavala Inc. has been deconsolidated from the Company's Consolidated Financial Statements as at August 31, 2015 and presented as discontinued operations.

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

The Company is subject to several risk factors including, but not limited to: the volatility of oil and natural gas prices; foreign exchange and currency risks; general risks related to foreign operations such as political, economic, regulatory and other uncertainties as they relate to both foreign investment policies and energy policies; governments exercising from time to time significant influence on the economy to control inflation; developing environmental regulations in foreign jurisdictions; discovery of new oil and natural gas reserves; concentration of oil sales receipts with a few major customers; substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the long-term for which additional financings will required to implement Eagleford's business plan.

As the Company has not experienced sufficient positive cash flow from operations to independently finance its growth and operations, it has been reliant on access to capital in the form of both debt and equity to fund on-going operations and to fund capital investments. Although periodic volatility of financial and capital markets may severely limit access to capital, the Company has been able to attract the required investment capital in the past however no assurances can be made that it will continue to do so in the future.

Some of the Company's exploration and development costs are expected to be received/paid in reference to US$ denominated prices while a significant portion of its operating and general and administrative costs are denominated in Canadian dollars. As a result the Company is exposed to fluctuations in currency exchange rates between the US dollar and Canadian dollar. The Company has not entered into any currency derivatives in order to reduce its exposure to fluctuations that may incur.

Fluctuations in energy prices will not only impact revenues of the Company but may also affect the ability of the Company to raise additional capital to fund operations and working capital requirements. Crude oil prices are correlated with overall global economic growth and activity. The continuing volatility in the global economic environment has resulted in significant variation in crude oil prices over the last year. Any dramatic drop in crude oil prices will have a negative impact on the operational cash flows of the Company as well as on its ability to finance capital expenditures. In absence of externally-sourced capital, this could limit growth prospects over the short run or may even require the Company to dispose of assets.

The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The Company also cautions readers not to place undue reliance on these forward-looking statements. Moreover, the forward-looking statements may not be suitable for establishing strategic priorities and objectives, future strategies or actions, financial objectives and projections other than those mentioned above. (For additional risk factors, please see the Company's Annual Information Form filed on Form 20F).

FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISKS

The Company has classified its financial instruments as follows:

Financial Instrument	Category	Measurement method
Cash	Fair value through profit or loss	Fair value
Marketable securities	Available-for-sale	Fair value
Derivative liabilities	Fair value through profit or loss	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Provisions	Other financial liabilities	Amortized cost
Secured note payable, shareholders' loans and loans payable	Other financial liabilities	Amortized cost

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

Credit Risk

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

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

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

	August 31, 2015	August 31, 2014
Cash	$32,192	$103,215
Trade and other receivables	51,323	157,121
Balance	$83,515	$260,336

Liquidity Risk

The Company monitors its liquidity position regularly to assess whether it has the funds necessary to fulfill planned exploration commitments on its oil and gas properties or that viable options are available to fund such commitments from new equity issuances or alternative sources such as farm-out agreements. However, as an exploration company at an early stage of development and without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual exploration expenditures may exceed those planned. The current uncertainty in global markets have had an impact on the Company's ability to access capital or other viable options on terms that are acceptable to the Company.

The following table illustrates the contractual maturities of financial liabilities:

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.

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	-	-	-

(2) Translated at current exchange rate.

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

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

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

The Company mitigates these risks by:

- attempts to utilize competent, professional consultants as support to management,
- reviewing available petrophyisical analysis of prospects,
- focusing on a limited number of properties.

(i) Commodity Price Risk

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

The Company believes that movement in commodity prices that are reasonably possible over the next twelve month period may have a significant impact on the Company as all its oil properties are still in a development stage.

Commodity Price Sensitivity

The following table summarizes the sensitivity of the fair value of the Company's risk management position for the year ended August 31, 2015 and 2014 to fluctuations in natural gas prices, with all other variables held constant. When assessing the potential impact of these price changes, the Company believes that 10 percent volatility is a reasonable measure. Fluctuations in natural gas prices potentially could have resulted in unrealized gains (losses) impacting net income as follows:

	2015		2014	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Net revenue	$59,918	$46,192	$72,451	$57,597
Net income (loss)	$2,074,306	$2,060,580	$(6,107,550)	$(6,122,404)

(ii) Currency Risk

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

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

The following assets and liabilities are denominated in US dollars at August 31, 2015 and 2014:

	August 31, 2015	August 31, 2014
Cash	22,166	$73,099
Trade and other receivables	24,154	74,091
Trade and other payables	(873,523)	(882,877)
Shareholders' loans	(249,250)	(904,250)
Derivative liabilities	(212,668)	(4,899,511)
Loans payable	(776,000)	-
Prepaid expenses and deposits	-	27,478
Exploration and evaluation assets	-	4,638,600
Deferred revenue	-	(165,000)
Provisions	-	(32,948)
Net assets denominated in US$	$(2,065,121)	$(2,071,318)
Net asset CDN dollar equivalent at period end (1)	$(2,730,710)	$(2,249,038)

(1) Translated at the exchange rate in effect at August 31, 2015 $1.3223 (August 31, 2014 $1.0858)

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

	August 31, 2015		August 31, 2014	
	Increase	Decrease	Increase	Decrease
Percentage change in US Dollar	In total comprehensive loss from a change in % in the US Exchange Rate ($)		In total comprehensive loss from a change in % in the US Exchange Rate ($)	
5%	(180,541)	180,541	(122,100)	122,100
10%	(361,082)	361,082	(244,201)	244,201
15%	(541,623)	541,623	(366,301)	366,301
20%	(722,163)	722,163	(488,401)	488,401

(iii) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The majority of the Company's debt is short-term in nature with fixed rates. Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

(iv) Fair Value of Financial Instruments

The Company's financial instruments included on the consolidated statement of financial position as at August 31, 2015 and 2014 are comprised of cash, derivative liabilities, trade and other receivables, trade and other payables, loans payable, shareholders' loans and provisions.

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

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

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

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

	August 31, 2015		August 31, 2014	
Financial Instrument Classification	Carrying Value $	Fair Value $	Carrying Value $	Fair Value $
Fair value through profit or loss:				
Cash	32,192	32,192	103,215	103,215
Derivative liabilities	281,210	281,210	5,325,407	5,325,407
Loans and receivables:				
Trade and other receivables	51,323	51,323	157,121	157,121
Other financial liabilities:				
Trade and other payables	1,630,809	1,630,809	1,483,775	1,483,775
Shareholders' loans	339,588	339,588	981,834	981,834
Loans payable	1,063,105	1,063,105	-	-
Provisions (short and long term)	11,563	11,563	47,543	47,543

Cash and derivative liabilities are stated at fair value (Level 1 measurement). The carrying value of trade and other receivables, trade and other payables, loans payable, secured note payable and provisions approximate their fair value due to the short-term maturity of these financial instruments (Level 3 measurement). Shareholders' loans are measured at the exchange amount.

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.

The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management and favourable market conditions to sustain future development of the business. As at August 31, 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 August 31, 2015. The Company is not subject to any externally imposed restrictions on its capital requirements.

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 and opportunities to sustain future development of the business.

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

SELECTED ANNUAL INFORMATION

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

	For the Years Ended August 31		
	2015	2014	2013
Revenue, net of royalties	$53,055	$65,024	$30,062
Net income (loss) per share from continuing operations	$2,067,443	$(6,114,977)	$(4,264,833)
Income (loss) per share from continuing operations, basic	$0.075	$(0.482)	$(0.407)
Income (loss) per share from continuing operations, diluted	$0.055	$(0.482)	$(0.407)
Assets	$93,115	$5,296,928	$6,918,196
Long term liabilities	-	$4,266,790	$1,407,822

August 31, 2015 – 2014

For the year ended August 31, 2015, revenue, net of royalties was down $11,969 to $53,055 compared to $65,024 for the year ended August 31, 2014. The decrease in net revenue for the year ended August 31, 2015 was a result of lower prices received for natural gas from the Company's Botha, Alberta property. Net income from continuing operations for the year ended August 31, 2015 was $2,067,443 compared to a net loss from continuing operations of $6,114,977 for the year ended August 31, 2014. The increase in net income for fiscal 2015 was attributed to a gain on derivative liabilities of $2,653,591 compared to a loss of $2,735,476 for fiscal 2014, a gain on disposition of subsidiary of $615,881 compared to $Nil in 2014, and a gain on settlement of litigation of $120,125 versus $Nil for the same twelve month period ending August 30, 2014. During fiscal 2015, the Company's general and administrative expenses were significantly lower by $314,418 to $89,007 compared to $403,425 for fiscal 2014. The lower general and administrative expenses for 2015, was primarily attributed to the forgiveness of management fees of $306,250 by the President. For the year ended August 31, 2015, the Company recorded a loss on settlement of debt of $Nil versus a loss on settlement of debt in the amount of $1,335,935 for the same period in 2014. During fiscal 2015, the President forgave $306,250 of management fees accrued.

August 31, 2014 - 2013

For the year ended August 31, 2014, revenue, net of royalties was up $34,962 to $65,024 compared to $30,062 for the year ended August 31, 2013. The increase in net revenue during 2014, was primarily attributed to increases in natural gas production volume and prices received from the Company's Botha, Alberta property. Net loss from continuing operations for the year ended August 31, 2014 was $6,114,977 compared to a net loss from continuing operations of $4,264,833 for the year ended August 31, 2013. The increase in net loss during 2014, was primarily related to a loss on derivative liabilities of $2,735,476 compared to a loss of $128,041 during fiscal 2013. This increase in 2014 was attributed to the exchange of a secured note for a secured convertible note during fiscal 2014, which terms and features of the conversion meet the definition of an embedded derivative liability that requires fair value measurement at each reporting period. During the year ended August 31, 2014, the Company recorded an increase in loss on settlement of debt in the amount of $933,671 to $1,335,935 compared to a loss on settlement of debt in the amount of $$402,264 during fiscal 2013. During fiscal 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. The increases during fiscal 2014, were partially offset by a reduction in the impairment of exploration and evaluation assets in the amount of $1,375,292 to $1,315,276 compared to $2,690,568 in fiscal 2013.

RESULTS OF OPERATIONS–CONTINUING OPERATIONS

Historical Production	For the Years Ended August 31		
	2015	2014	2013
Natural gas – mcf/d	61	53	37
Historical Prices			
Natural Gas - $/mcf	$3.06	$4.34	$2.15
Royalties costs - $/mcf	$0.70	$0.96	$0.62
Production costs - $/mcf	$1.07	$0.89	$0.62
Net back - $/mcf	$1.29	$2.49	$0.89
Operations			
Revenue, net of royalties	$53,055	$65,024	$30,062
Net income (loss) per share from continuing operations	$2,067,443	$(6,114,977)	$(4,264,833)
Income (loss) per share from continuing operations, basic	$0.075	$(0.482)	$(0.407)
Income (loss) per share from continuing operations, diluted	$0.055	$(0.482)	$(0.407)

Production Volume

For the year ended August 31, 2015, average natural gas sales volumes slightly increased by 8mcf/d to 61 mcf/d compared to 53 mcf/d for the same period in 2014. Total production volume for the year ended August 31, 2015, was 22,406 mcf compared to 19,244 mcf for the twelve month period ended August 31, 2014.

For the year ended August 31, 2014, average natural gas sales volumes increased by 16 mcf/d to 53 mcf/d compared to 37 mcf/d for the same period in 2013. Total production volume for the year ended August 31, 2014, was 19,244 mcf compared to 13,431 mcf for the twelve month period ended August 31, 2013.

Commodity Prices
For the year ended August 31, 2015, average natural gas prices received per mcf decreased to $3.06 compared to $4.34 for the year ended August 31, 2014.

For the year ended August 31, 2014, average natural gas prices received per mcf increased to $4.34 compared to $2.15 for the year ended August 31, 2013.

The increases and decreases in average natural gas prices received is attributed to fluctuations in commodity prices for natural gas.

Revenue, Net of Royalties	**For the Years Ended August 31,**		
	2015	**2014**	**2013**
Natural gas sales	$68,628	$83,471	$38,620
Royalties	(15,573)	(18,447)	(8,558)
Revenue, net of royalties	$53,055	$65,024	$30,062

Natural gas sales for the year ended August 31, 2015, were down $14,843 to $68,628 compared to $83,471 for the year ended August 31, 2014. The decrease in sales for fiscal 2015 was attributed to decreased commodity prices received for natural gas.

Natural gas sales for the year ended August 31, 2014, were up $44,851 to $83,471 compared to $38,620 for the year ended August 31, 2013.The increase in sales for fiscal 2014 was attributed to higher production volume and increased commodity prices received for natural gas.

Royalties for the year ended August 31, 2015, were down $2,874 to $15,573 versus royalties of $18,447 for the same twelve month period in 2014.

Royalties for the year ended August 31, 2014, were up $9,889 to $18,447 versus $8,558 for the same twelve month period in 2013 resulting from higher production volume in fiscal 2014.

Revenue, net of royalties for the year ended August 31, 2015, was lower by $11,969 to $53,055 compared to revenue, net of royalties of $65,024 for the year ended August 31, 2014.

Revenue, net of royalties for the year ended August 31, 2014, increased by $34,962 to $65,024 compared to $30,062 for the same twelve month period ended August 31, 2013.

Operating Costs
For year ended August 31, 2015, operating costs were $24,910 compared to operating costs of $17,138 for the year ended August 31, 2014.

For year ended August 31, 2014, operating costs were $17,138 compared to operating costs of $9,234 for the year ended August 31, 2013.

The increase in operating costs for the years ended August 31, 2015 and August 31, 2014, was primarily a result of higher production volume and activity on the Company's Botha, Alberta wells.

Depletion and Accretion
Depletion and accretion for the year ended August 31, 2015 was $Nil compared to $1,536 for the year ended August 31, 2014. The decrease in depletion and accretion for the year ended August 31, 2015, was attributed to the disposition of the Company's wholly-owned subsidiary, Zavala Inc., effective August 31, 2015.

Depletion and accretion for the year ended August 31, 2014, decreased by $11,747 to $1,536 compared to $13,283 for the year ended August 31, 2013. The decrease in depletion and accretion for the year ended August 31, 2014, was primarily attributed to the impairment of the carrying costs of the Company's Botha, Alberta property during fiscal 2013.

General and Administrative Expenses	For the Years Ended August 31,		
	2015	2014	2013
Professional fees	91,233	$158,399	$251,165
Head office costs	42,000	44,925	48,850
Management fees	(156,250)	75,000	75,000
Transfer and registrar costs	9,053	18,218	7,591
Shareholders information	34,187	35,689	33,017
Office and general costs	5,384	2,350	3,966
Directors fees	2,400	3,100	3,200
Consulting fees and expenses	61,000	65,744	83,792
Advisory fees	-	--	65,724
Reserve report fees	-	-	10,059
Total	$89,007	$403,425	$582,364

General and administrative expenses for the year ended August 31, 2015, were $314,418 lower to $89,007 compared to $403,425 for the year ended August 31, 2014. The decrease in expenses during fiscal 2015 was primarily attributed to a decrease in management fees of $231,250 as a result of $306,250 of management fees forgiven in the current year compared to management fees charged in the prior period in 2014 of $75,000. Also for the year ended August 31, 2015, the Company's professional fees decreased by $67,166 to $91,233 compared to $158,399 for the year ended August 31, 2014. The professional fee decreases were primarily related to a reduction in litigation costs related to the Matthews Lease, Texas. During fiscal 2015, the Company also experienced a reduction in consulting fees of $4,744 and a decrease in transfer and registrar costs of $9,165. During fiscal 2014, the Company completed a 1-for-10 stock consolidation which resulted in higher transfer and registrar costs.

General and administrative expenses for the year ended August 31, 2014, were $178,939 lower to $403,425 compared to $582,364 for the year ended August 31, 2013. The decrease in expenses during fiscal 2014 was primarily attributed to a decrease in professional fees of $92,766 to $158,399 compared to $251,165 for the year ended August 31, 2013. The professional fee decreases were primarily related to a reduction in litigation costs related to the Matthews Lease, Texas as a result of the settlement of claims in 2013. During the year ended August 31, 2014, advisory fees decreased by $65,724 to $Nil compared to $65,724 for the same twelve month period in 2013 as a result of the expiry of an investment banking agreement. For the year ended August 31, 2014, consulting fees were reduced by $18,048 to $65,744 compared to $83,792 during fiscal 2013. In addition, during fiscal 2014 the Company recorded an increase in transfer and registrar costs of $10,627 to $18,218 compared to $7,591 for the year ended August 31, 2013. During fiscal 2014, the Company completed a 1-for-10 stock consolidation which resulted in higher transfer and registrar costs. During fiscal 2014, the Company recorded a decrease in reserve report fees of $10,059 to $Nil compared to $10,059 in fiscal 2013 as a result of no reserves and no future net revenue being assigned to the Company's Botha Alberta Property by an independent reserves evaluator in fiscal 2014.

Interest Expense

For the year ended August 31, 2015, the Company recorded interest costs of $280,299 compared to interest costs of $284,038 for the year ended August 31, 2014. The decrease in interest costs during the year ended August 31, 2015 was primarily attributed to a reduction shareholder loans compared to the prior period in 2014.

For the year ended August 31, 2014, the Company recorded interest costs of $284,038 versus interest costs of $76,783 for the year ended August 31, 2013. The increase in interest costs during the year ended August 31, 2014 was primarily attributed to decreases in borrowing costs capitalized as a result of the impairment loss recorded on exploration and evaluation assets.

Gain (Loss) on Derivative Liabilities

For the year ended August 31, 2015, the Company recorded a gain on derivative liabilities of $2,653,591 compared to a loss on derivative liabilities of $2,735,476 for the year ended August 31, 2014 as follows:

Derivative Warrant Liabilities

For the year ended August 31, 2015, the Company recorded an unrealized loss on derivative warrant liabilities of $214,109 compared to an unrealized loss on derivative warrant liabilities of $57,725 for the year ended August 31, 2014.

For the year ended August 31, 2014, the Company recorded an unrealized loss on derivative warrant liabilities of $57,725 compared to an unrealized loss of $128,041 for the year ended August 31, 2013.

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

Derivative Unit Liabilities
During the year ended August 31, 2015, the Company recorded a gain derivative unit liabilities of $2,867,700 compared to a loss of $2,677,751 for the year ended August 31, 2014.

During the year ended August 31, 2014, the Company recorded a loss on derivative unit liabilities of $2,677,751 compared to $Nil for the year ended August 31, 2013.

At August 31, 2014, the Company had a secured convertible note payable with a face value of US$1,216,175 (the "Note"). The Note had a conversion option at any time to convert any unpaid principal and accrued interest into conversion units. A conversion unit was comprised of one (1) common share and one (1) common share purchase warrant. Since both the common share component and warrant component contained a variable exercise/conversion price, the conversion unit met the definition of a financial liability under IAS 32"Financial Instruments: Presentation". As a result, the conversion unit was a derivative liability that required fair value measurement each period.

At August 31, 2015, the Company wrote down derivative unit liabilities to fair value being the face value of the Note in the amount of $1,608,149 (US$1,216,175), upon the extinguishment of the Note.

Loss on Foreign Exchange
For the year ended August 31, 2015, the Company recorded a loss on foreign exchange of $415,345 versus a loss on foreign exchange of $101,427 for year ended August 31, 2014.

For the year ended August 31, 2014, the Company recorded a loss on foreign exchange of $101,427 versus a loss on foreign exchange of $197,640 for year ended August 31, 2013.

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

Marketing and Public Relations
For the year ended August 31, 2015, the Company recorded a recovery of prior marketing and public relations costs of $22,800 versus a recovery of marketing and public relations costs of $14,250 for the year ended August 31, 2014. The recovery of costs relates to the reversal of prior accruals.

For the year ended August 31, 2014, the Company recorded a recovery of marketing and public relations costs of $14,250 compared to marketing and public relations expense of $25,763 for the year ended August 31, 2013.

Gain on Disposal of Subsidiary
At August 31, 2015, the Company settled a secured convertible note payable with a face value of $1,608,149 (US$1,216,175) plus interest of $154,179 (US$121,618), totaling $1,762,328 (US$1,337,793) by conveying all of its rights, title and interest in and to Zavala Inc., and issuing 10,000,000 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, at which time Company recorded a gain on disposal of subsidiary in the amount of $615,881 (August 31, 2014 $Nil).

Stock Based Compensation
For the year ended August 31, 2015, the Company recorded stock based compensation of $84,250 compared to $Nil for the same twelve month period in 2014 (August 31, 2013: $Nil).

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 year ended August 31, 2015, the Company recorded stock based compensation for non-employees of $28,173 compared to $Nil for the year ended August 31, 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.

Accretion of Secured Convertible Note
For the year ended August 31, 2015, the Company recorded accretion on the secured convertible note in the amount of $475,755 compared to $Nil for the year ended August 31, 2014 (August 31, 2013: $Nil).

At August 31, 2014, 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 based on an effective interest rate until the date of extinguishment on August 31, 2015.

Gain on Settlement of Litigation

For the year ended August 31, 2015, the Company recorded a gain on settlement of litigation in the amount of $120,125 compared to $Nil for the year ended August 31, 2014.

Effective March 25, 2015, the Company entered into a settlement agreement with a former director of the Company and received 1,200,000 common shares and 1,200,000 common share purchase warrants of Stratex Oil & Gas Holdings, Inc. ("Stratex") exercisable at US$0.15 per expiring December 31, 2018. The 1,200,000 common shares and warrants were recorded at fair value of $120,125 and allocated to gain on settlement of litigation, and marketable securities.

Loss on Settlement of Debt

For the year ended August 31, 2015, the Company recorded a loss on settlement of debt in the amount of $Nil compared to loss on settlement of debt $1,335,935 for the same twelve month period in 2014. During fiscal 2014, the Company issued 14,757,102 units as full settlement of shareholders' loans and interest in the aggregate amount of $1,180,570. 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.

For the year ended August 31, 2014, the Company recorded a loss on settlement of debt in the amount of $1,335,935 compared to $402,264 for the same twelve month period in 2013.

Impairment Loss on Exploration and Evaluation Assets

As at and for the year ended August 31, 2015, the Company recorded an impairment loss on exploration and evaluation assets of $Nil compared to a net impairment loss of $1,315,276 during fiscal 2014, upon the dissolution of Dyami Energy.

During the year August 31, 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 effective April 3, 2014, Dyami Energy was dissolved. All prior obligations with respect to the Matthew's and Murphy leases on the books of Dyami Energy prior to its dissolution were recorded by the Company. The Company's investment in Dyami Energy has 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.

As at and for the year ended August 31, 2014, the Company recorded a net impairment loss of $1,315,276 compared to an impairment loss of $2,690,568 on its Murphy Lease, Zavala County, Texas during fiscal 2013.

For the year ended August 31, 2013, the Company recorded an impairment of $2,690,568 on its Murphy Lease, Zavala County, Texas based on the amount for which management believed the assets could be sold or farmed out in an arms' length transaction, less estimated costs to sell.

Impairment Loss on Property and Equipment

For the years ended August 31, 2015 and 2014, the Company recorded an impairment loss on property and equipment of $Nil

For the year ended August 31, 2013, the Company recorded an impairment loss on the Botha Alberta Property in the amount of $168,954 as a result of no reserves and no future net revenue being assigned by the independent reserves evaluator.

Impairment Loss on Marketable Securities

For the years ended August 31, 2015 and 2014 the Company recorded an impairment loss on marketable securities of $Nil. For the year ended August 31, 2013, the fair value of the securities were written down to $Nil and an impairment loss of $1.00 was recorded.

Net Income (Loss) from Continuing Operations

Net income from continuing operations for the year ended August 31, 2015, was $2,067,443 compared to a net loss of $6,114,977 for the year ended August 31, 2014. The increase in net income for fiscal 2015 was primarily attributed to a gain on derivative liabilities of $2,653,591 compared to a loss of $2,735,476 for fiscal 2014, a gain on disposition of subsidiary of $615,881 compared to $Nil in 2014, and a gain on settlement of litigation of $120,125 versus $Nil for the same twelve month period ending August 30, 2014. During fiscal 2015 the Company's general and administrative expenses were significantly lower by $314,418 to $89,007 compared to $403,425 for fiscal 2014. The lower general and administrative expenses for 2015 was primarily attributed to the forgiveness of management fees of $306,250 by the President. For the year ended August 31, 2015 the Company recorded a loss on settlement of debt of $Nil versus a loss on settlement of debt in the amount of $1,335,935 for the same period in 2014. During fiscal 2015, the President forgave $306,250 of management fees accrued.

Net loss from continuing operations for the year ended August 31, 2014, was $6,114,977 compared to a net loss of $4,264,833 for the year ended August 31, 2013. The increase in net loss during 2014 was primarily related to a loss on derivative liabilities of $2,735,476 compared to a loss of $128,041 during fiscal 2013. This increase in 2014 was attributed to the exchange of a secured note for a secured convertible note during fiscal 2014 which terms and features of the conversion meet the definition of an embedded derivative liability that requires fair value measurement at each reporting period. During the year ended August 31, 2014, the Company recorded an increase in loss on settlement of debt in the amount of $933,671 to $1,335,935 compared to a loss on settlement of debt in the amount of $402,264 during fiscal 2013. During fiscal 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. The increases during fiscal 2014, were partially offset by a reduction in the impairment of exploration and evaluation assets in the amount of $1,375,292 to $1,315,276 compared to $2,690,568 in fiscal 2013.

Net Loss from Discontinued Operations net of tax
Net loss from discontinued operations for the year ended August 31, 2015, was $4,762,461 compared to a loss from discontinued operations of $608 for the year ended August 31, 2014. The increase during fiscal 2015 was primarily related to an impairment of exploration and evaluation assets of $4,490,045 versus $Nil for the year ended August 31, 2015. For the year ended August 31, 2015, professional fees increased by $66,632 as well as increases to general and administrative costs.

Net loss from discontinued operations for the year ended August 31, 2014, was $608 compared to a loss from discontinued operations of $1,213 for the year ended August 31, 2013.

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., and issued 10,000,000 shares of common stock of the Company as settlement of a Secured Convertible Note in the amount of $1,608,149 plus interest of $154,179, totaling $1,762,328. As a result of the extinguishment of the Note, the Company's investment in Zavala Inc. has 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 years set out:

	August 31, 2015	August 31, 2014	August 31, 2013
Expenses			
Accretion	$1,498	$913	$-
General and administrative (recovery)	73,347	(305)	1,213
Bad debt expense	29,756	-	-
Impairment loss on marketable securities	167,815	-	-
Impairment loss on exploration and evaluation assets	4,490,045	-	-
Loss from discontinued operations	(4,762,461)	(608)	(1,213)
Foreign currency translation	(4,692)	3,800	892
Comprehensive income (loss) from discontinued operations	$(4,767,153)	$3,192	$(321)
Loss per share basic and diluted from discontinued operations	$(0.172)	$(0.000)	$(0.000)

Net Loss
Net loss for the year ended August 31, 2015, was $2,695,018 compared to a net loss of $6,115,585 for the year ended August 31, 2014. The increase in net income for fiscal 2015 was attributed to a gain on derivative liabilities of $2,653,591 compared to a loss of $2,735,476 for fiscal 2014, a gain on disposition of subsidiary of $615,881 compared to $Nil in 2014, and a gain on settlement of litigation of $120,125 versus $Nil for the same twelve month period ending August 30, 2014. During fiscal 2015 the Company's general and administrative expenses were significantly lower by $314,418 to $89,007 compared to $403,425 for fiscal 2014. The lower general and administrative expenses for 2015 was primarily attributed to the forgiveness of management fees of $306,250 by the President. For the year ended August 31, 2015 the Company recorded a loss on settlement of debt of $Nil versus a loss on settlement of debt in the amount of $1,335,935 for the same period in 2014. During fiscal 2015, the President forgave $306,250 of management fees accrued. For the year ended August 31, 2015, the Company recorded an impairment loss on exploration and evaluation assets of $4,490,045 versus an impairment loss of $1,315,276 for the year ended August 31, 2014.

Net loss for the year ended August 31, 2014, was $6,115,585 compared to a net loss of $4,266,046 for the year ended August 31, 2013. The increase in net loss during 2014 was primarily related to a loss on derivative liabilities of $2,735,476 compared to a loss of $128,041 during fiscal 2013. This increase in 2014 was attributed to the exchange of a secured note for a secured convertible note during fiscal 2014 which terms and features of the conversion meet the definition of an embedded derivative liability that requires fair value measurement at each reporting period. During the year ended August 31, 2014, the Company recorded an increase in loss on settlement of debt in the amount of $933,671 to $1,335,935 compared to a loss on settlement of debt in the amount of $402,264 during fiscal 2013. The increases during fiscal 2014, were partially offset by a reduction in the impairment of exploration and evaluation assets in the amount of $1,375,292 to $1,315,276 compared to $2,690,568 in fiscal 2013.

Other Comprehensive Income (Loss)

Unrealized Loss on Marketable Securities-Continuing Operations

For the year ended August 31, 2015, the Company recorded an unrealized loss on marketable securities of $110,525 versus a loss of $Nil for the year ended August 31, 2014.

Effective March 25, 2015, the Company entered into a settlement agreement with a former director of the Company and received 1,200,000 common shares and 1,200,000 common share purchase warrants of Stratex exercisable at US$0.15 per expiring December 31, 2018. The 1,200,000 common shares and warrants were recorded at fair value of $120,125 and allocated to marketable securities and gain on settlement of litigation.

At each financial reporting period, the Company estimates the fair value of investments which are held-for-trading, based on quoted closing bid prices at the consolidated statements of financial position date or the closing bid price on the last day the security traded if there were no trades at the consolidated statements of financial position date and such valuations are reflected in the consolidated financial statements.

Foreign Currency Translation-Continuing Operations

For the year ended August 31, 2015, the Company recorded a loss on translation of foreign subsidiary of $Nil versus a loss of $203,765 for the year ended August 31, 2014.

For the year ended August 31, 2014, the Company recorded a loss on translation of foreign subsidiary of $203,765 versus a gain of $313,228 for the year ended August 31, 2013.

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

Foreign Currency Translation-Discontinued Operations

For the year ended August 31, 2015, the Company recorded a loss on translation of foreign subsidiary of $4,692 versus a gain of $3,800 for the year ended August 31, 2014.

For the year ended August 31, 2014, the Company recorded a gain on translation of foreign subsidiary of $3,800 versus a gain of $892 for the year ended August 31, 2013.

These losses are 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 (Loss)

Total other comprehensive loss for the year ended August 31, 2015, was $115,217 compared to a total other comprehensive loss of $199,965 for the year ended August 31, 2014.

Total other comprehensive loss for the year ended August 31, 2014, was $199,965 compared to total other comprehensive income of $314,120 for the year ended August 31, 2013.

Net Loss and Comprehensive Loss

Total comprehensive loss for the year ended August 31, 2015, was $2,810,235 compared to a total loss and comprehensive loss of $6,315,550 for the year ended August 31, 2014.

Total loss and comprehensive loss for the year ended August 31, 2014, was $6,315,550 compared to a total loss and comprehensive loss of $3,951,926 for the year ended August 31, 2013.

Earnings (Loss) per Share, Basic

Basic earnings per share from continuing operations for the year ended August 31, 2015, was $0.075 compared to a basic loss per share from continuing operations of $0.482 for the same period in 2014.

Basic loss per share from continuing operations for the year ended August 31, 2014, was $0.482 compared to a basic loss per share from continuing operations of $0.407 for the same period in 2013.

Basic loss per share from discontinued operations for the year ended August 31, 2015, was $0.172 compared to a basic loss per share discontinued operations of $0.000 for the same period in 2014.

Basic loss per share from discontinued operations for the year ended August 31, 2014, was $0.000 compared to a basic loss per share from discontinued operations of $0.000 for the same period in 2013.

Total Loss per Share, Basic
Total basic loss per share for the year ended August 31, 2015, was $0.097 compared to a total basic loss per share of $0.482 for the same period in 2014.

Total basic loss per share for the year ended August 31, 2014, was $0.482 compared to a total basic loss per share of $0.407 for the same period in 2013.

Earnings (Loss) per Share, Diluted
Diluted earnings per share from continuing operations for the year ended August 31, 2015, was $0.055 compared to a diluted loss per share from continuing operations of $0.482 for the same period in 2014.

Diluted loss per share from continuing operations for the year ended August 31, 2014, was $0.482 compared to a diluted loss per share from continuing operations of $0.407 for the same period in 2013.

Diluted loss per share from discontinued operations for the year ended August 31, 2015, was $0.172 compared to a diluted loss per share discontinued operations of $0.000 for the same period in 2014.

Diluted loss per share from discontinued operations for the year ended August 31, 2014, was $0.000 compared to a diluted loss per share from discontinued operations of $0.000 for the same period in 2013.

Total Loss per Share, Diluted
Total diluted loss per share for the year ended August 31, 2015, was $0.117 compared to a total diluted loss per share of $0.482 for the same period in 2014.

Total diluted loss per share for the year ended August 31, 2014, was $0.482 compared to a total diluted loss per share of $0.407 for the same period in 2013.

SUMMARY OF QUARTERLY RESULTS – CONTINUING OPERATIONS

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

For the quarter ending	2015 August 31	2015 May 31	2015 February 29	2014 November 30
Revenue, net of royalties	$15,791	$11,905	$11,794	$13,565
Net income (loss) for the period	$3,527,501	$(1,058,670)	$274,941	$(676,329)
Earnings (loss) per share, basic	$0.126	$(0.038)	$0.010	$(0.024)
Earnings (loss) per share, diluted	$0.096	$(0.038)	$0.005	$ (0.024)

Fiscal 2015
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 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. 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.

For the quarter ending	2014 August 31	2014 May 31	2014 February 29	2013 November 30
Revenue, net of royalties	$ 19,551	$ 22,116	$ 9,754	$ 13,603
Net income (loss) for the period	$ (4,330,816)	$ (1,272,001)	$ (400,001)	$ (112,159)
Loss per share, basic and diluted	$ (0.327)	$ (0.098)	$ (0.032)	$ (0.010)

Fiscal 2014
Revenue, net of royalties for the four quarters fluctuated as a result of changes in production volume and commodity prices. 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 a net impairment loss on exploration and evaluation assets in the amount of $1,315,276. During the three months ended February 2014, the Company recorded a loss on foreign exchange of $146,645. 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.

FOURTH QUARTER RESULTS-CONTINUING OPERATIONS

Historical Production	**For the Three Months Ended August 31**	
	2015	**2014**
Natural gas – mcf/d	65	62
Historical Prices		
Natural Gas - $/mcf	$3.30	$4.30
Royalties costs - $/mcf	$0.68	$0.82
Production costs - $/mcf	$1.23	$1.22
Net back - $/mcf	$1.39	$2.26
Operations		
Revenue, net of royalties	$15,791	$19,551
Net income (loss)	$3,527,501	$(4,330,816)
Earnings (loss) per share, basic	$0.126	$(0.327)
Earnings (loss) per share, diluted	$0.096	$(0.327)

Production Volume
For the three months ended August 31, 2015 average natural gas sales volumes was 65 mcf/d compared to 62 mcf/d for the same period in 2014. Total production volume for the three months ended August 31, 2015 was 6,023 mcf compared to 5,622 mcf for the same twelve month period in 2014.

Commodity Prices
For the three months ended August 31, 2015 average natural gas prices received per mcf was $3.30 compared to $4.30 for the three months ended August 31, 2014.

Revenue, Net of Royalties	**For the Three Months Ended August 31,**	
	2015	**2014**
Natural gas sales	$19,874	$24,174
Royalties	(4,083)	(4,623)
Revenue, net of royalties	$15,791	$19,551

Natural gas sales for the three months ended August 31, 2015, was down $4,300 to $19,874 compared to $24,174 for the three months ended August 31, 2014. The decrease in sales for the three month period ended August 31, 2015 was attributed to a decrease in natural gas prices received.

Royalties for the three months ended August 31, 2015, were down by $540 to $4,083 compared to $4,623 for the three months ended August 31, 2014.

As a result of the above, revenue, net of royalties for the three months ended August 31, 2015, decreased to $15,791 compared to $19,551 for the same three month period in 2014.

Operating Costs
For three months ended August 31, 2015, the Company incurred operating costs of $7,410 versus operating costs of in the amount of $6,843 for the same three month period ended August 31, 2014. Increased operating costs for the three months ended August 31, 2015 was primarily a result of higher production volume from the Company's Botha, Alberta wells.

General and Administrative Expenses	For the Three Months Ended August 31	
	2015	2014
Professional fees	$31,035	$94,588
Head office costs	10,500	11,250
Management fees	(268,750)	18,750
Transfer and registrar costs	3,062	12,402
Shareholders information	-	2,857
Office and general costs	1631	1,204
Directors fees	400	600
Consulting fees and expenses	16,000	16,146
Total	$(206,122)	$157,797

General and administrative expenses for the three months ended August 31, 2015, decreased to a recovery of $206,122 compared to general and administrative costs $157,797 for the year ended August 31, 2014. The decrease in general and administrative expenses during 2015, was primarily attributed to $306,250 of management fees being forgiven in the current three month period versus management fees charged of $18,750 in the three month period in 2014. The Company also had decreased professional fees in the amount of $63,553 to $31,035 during 2015 compared to $94,588 in the three month period in 2014. In addition the Company had decreased transfer and registrar costs of $9,340 during the three month period ended August 31, 2015.

Interest Expense
For the three months ended August 31, 2015 the Company incurred interest costs of $77,966 versus interest costs of $171,323 for the three months ended August 31, 2014. The decrease in interest for the quarter in 2015 was attributed decreased shareholder loans in the current three month period.

Gain/Loss on Derivative Liabilities
For the three months ended August 31, 2015, the Company recorded again on derivative liabilities of $2,904,292 compared to a loss on derivative liabilities of $2,676,655 for the three months ended August 31, 2014 as follows:

Derivative Warrant Liabilities
For the three months ended August 31, 2015, the Company recorded an unrealized loss on derivative warrant liabilities of $16,119 compared to an unrealized loss of $1,098 for the three months ended August 31, 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 statement of operations.

Derivative Unit Liabilities
During the three months ended August 31, 2015, the Company recorded a gain on derivative unit liabilities of $2,920,411 compared to a loss on derivative unit liabilities of $$2,675,557 for the three months ended August 31, 2014.

At August 31, 2014, the Company had a secured convertible note payable with a face value of $1,322,347 (US$1,216,175) (the "Note"). The Note had a conversion option at any time to convert any unpaid principal and accrued interest into conversion units. A conversion unit was comprised of one (1) common share and one (1) common share purchase warrant. Since both the common share component and warrant component contained a variable exercise/conversion price, the conversion unit met the definition of a financial liability under IAS 32"Financial Instruments: Presentation". As a result, the conversion unit is a derivative liability that required fair value measurement each period.

At August 31, 2015, the Company wrote down derivative unit liabilities to fair value being the face value of the Note in the amount of US$1,216,175totaling upon the extinguishment of the Note and recorded a gain.

Loss on Foreign Exchange
For the three months ended August 31, 2015, the Company recorded a loss on foreign exchange of $129,209 versus a loss on foreign exchange of $1,813 for the same three month period in 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.

Gain on disposal of subsidiary
For the three months ended August 31, 2015, the Company recorded a gain on disposal of subsidiary in the amount of $615,881 versus $Nil for the same three month period in 2014.

At August 31, 2015, the Company settled a secured convertible note payable with a face value of US$1,216,175 plus interest of US$121,618, totaling US$1,337,793 by conveying all of its rights, title and interest in and to Zavala Inc., and issuing 10,000,000 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 and the Company recorded a gain on disposal of $615,881.

Loss on Settlement of Debt
For the three months ended August 31, 2015, the Company recorded a loss on settlement of debt in the amount of $Nil compared to $1,335,935 for the same three month period in 2014.

During the third quarter fiscal 2014, the Company issued 14,757,120 units as full settlement of shareholders' loans and interest in the aggregate amount of $1,180,570. 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.

Net Earnings (Loss) from Continuing Operations
Net earnings from continuing operations for the three months ended August 31, 2015, was $ $3,527,501 compared to a net loss from continuing operations of $4,330,816 for the three months ended August 31, 2014. During the three month period in 2015, the Company recorded a gain on derivative liabilities of $2,904,292 versus a loss of $2,676,655 for the same three month period in 2014. In 2014, the Company recorded a loss on settlement of debt in the amount of $1,335,935 compared to $Nil in the current period in 2015. Also for the three months ended August 31, 2015, the Company recorded a gain on disposition of subsidiary of $615,881 compared to Nil for the three months ended August 31, 2014 and a recovery of management fees in 268,750 compared to a charge of $18,750 for the same three months period in 2014.

Net Earnings (Loss) from Discontinued Operations
For the three months ended August 31, 2015, net earnings from discontinued operations was $11,146 compared to a net loss from discontinued operations of $1,276 for the three months ended August 31, 2014. During the three month period in 2015, the Company recorded a recovery of exploration and evaluation assets in the amount of $230,149 versus $Nil recorded in the same three month period ending August 31, 2014. For the three months ended August 31, 2015, the Company recorded a loss on marketable securities of $167,815 compared to $Nil for the same three month period in 2014. For the three month period ending August 31, 2015, general and administrative costs were $73,347 compared to $933 for the same three month period in 2014.

Net Earnings (Loss)
Net income for the three months ended August 31, 2015 was $3,958,566 compared to a net loss of $4,332,092 for three months ended August 31, 2014. During the three month period in 2015, the Company recorded a gain on derivative liabilities of $2,904,292 versus a loss of $2,676,655 for the same three month period in 2014. In 2014 the Company recorded a loss on settlement of debt in the amount of $1,335,935 compared to $Nil in the current period 2015. During the three month period in 2015, the Company recorded a recovery of exploration and evaluation assets in the amount of $230,149 versus $Nil recorded in the same three month period ending August 31, 2014.

Other Comprehensive Income (Loss)
Unrealized Loss on Marketable Securities-Continuing Operations
For the three months ended August 31, 2015, the Company recorded an unrealized loss on marketable securities in the amount of $57,007 compared to $Nil for the same three month period in 2014.

Foreign Currency Translation-Discontinued Operations
For the three months ended August 31, 2015 the Company recorded a loss on translation of foreign subsidiaries from discontinued operations in the amount of $695,899 compared to a loss on translation of foreign subsidiaries of $1,771 for the three months ending August 31, 2014.

Total Other Comprehensive Income (Loss)
Total comprehensive loss for the three month period ended August 31, 2015 was $752,906 versus $1,771 for the three month period ending August 31, 2015.

Net Earnings (Loss) and Comprehensive Income (Loss)
Net earnings and comprehensive income for the three months ended August 31, 2015 was $2,785,741 compared to a net loss and comprehensive loss of $4,333,863 for the three month period ended August 31, 2014.

Earnings (Loss) per Share, Basic
Basic earnings per share from continuing operations for the three months ended August 31, 2015, was $0.126 compared to a basic loss per share from continuing operations of $0.327 for the same three month period in 2014.

Basic earnings per share from discontinued operations for the three months ended August 31, 2015 and August 31, 2014 was $0.000.

Total Earnings (Loss) per Share, Basic
Total basic earnings per share for the three months ended August 31, 2015, was $0.126 compared to a total basic loss per share of $0.327 for the same period in 2014.

Earnings (Loss) per Share, Diluted
Diluted earnings per share from continuing operations for the three months ended August 31, 2015, was $0.096 compared to a diluted loss per share from continuing operations of $0.327 for the same period in 2014.

Diluted earnings per share from discontinued operations for the three months ended August 31, 2015 and August 31, 2014 was $0.000.

Total Earnings per Share, Diluted
Total diluted earnings per share for the three months ended August 31, 2015, was $0.096 compared to a total diluted loss per share of $0.327 for the same period in 2014.

CAPITAL EXPENDITURES

For the year ended August 31, 2015, the Company recorded net additions to exploration and evaluation assets from discontinued operations in the amount of $109,874 on the Matthews Lease located in Zavala County, Texas (August 31, 2014: $113,578).

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

FINANCING ACTIVITIES

During the year ended August 31, 2015, shareholders' loans increased by $502,908 and loans payable increased by $196,998.

At August 31, 2015, the Company extinguished a Secured Convertible Note in the amount US$1,216,175 plus interest of US$121,618 though 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., and issued 10,000,000 shares of common stock of the Company.

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 August 31, 2015 was $32,192 compared to cash of $103,215 at August 31, 2014. During the year ended August 31, 2015, the Company had received payments of certain obligations under Joint Development Agreements on the Matthews Lease of $378,577 (August 31, 2014: $340,811).

For the year ended August 31, 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 August 31, 2015 was $3,233,160 compared to a working capital deficiency of $3,489,237 at August 31, 2014.

Our current assets of $93,115 as at August 31, 2015, ($260,336 as of August 31, 2014) include the following items: cash $32,192 ($103,215 as of August 31, 2014); trade and other receivables $51,323 ($157,121 as of August 31, 2014); marketable securities $9,600 ($Nil as of August 31, 2014).

Our current liabilities of $3,326,275 as of August 31, 2015 ($3,749,573 as of August 31, 2014) include the following items: trade and other payables $1,630,809 ($1,483,775 as of August 31, 2014); shareholders' loans $339,588 ($981,834 as of August 31, 2014); loans payable of $1,063,105 as of August 31, 2015 ($Nil as of August 31, 2014); derivative liabilities of $281,210 ($1,094,392 as of August 31, 2014); deferred revenue of $Nil ($177,804 as of August 31, 2014); and provisions of $11,563 ($11,768 as of August 31, 2014).

At August 31, 2015, the Company had outstanding 7,378,560 common share purchase warrants exercisable at $0.10 per share. If any of these common share purchase warrants were exercised it would generate additional capital for us.

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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 may be required to define reserves and extract hydrocarbons. Amounts expended on future exploration and development is dependent on the nature of future opportunities evaluated by us 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 us, or by other means. Our long-term profitability will depend upon our ability to successfully implement our business plan.

PROVISIONS

	Decommissioning Obligations (Note a)	**Other Provisions (Note b)**	**Total Provisions**
Balance, August 31, 2013	$119,742	$178,553	$298,295
Accretion expense	961	-	961
Change in estimates	7,225	-	7,225
Disposals	(26,426)	-	(26,426)
Reductions	-	(169,196)	(169,196)
Dissolution of subsidiary	(58,589)		(58,589)
Foreign exchange	4,630	(9,357)	(4,727)
Balance, August 31, 2014	$47,543	$ -	$47,543
Accretion expense	1,498	-	1,498
Change in estimates	(11,253)	-	(11,253)
Additions	98,357	-	98,357
Obligations settled	(205)	-	(205)
Deconsolidation of Zavala Inc.	(102,143)	-	(102,143)
Foreign exchange	(22,234)	-	(22,234)
Balance, August 31, 2015	**$11,563**	**$-**	**$11,563**

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 $11,563 as at August 31, 2015 (August 31, 2014: $47,543 ($11,768 current and $35,775 long term)) based on an undiscounted total future liability of $11,563 (August 31, 2014: $60,629). These payments are expected to be incurred during 2016.

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 the full amount of the provision was recorded together with legal fees and interest and transferred to trade and other payables.

SECURED NOTE PAYABLE AND SHAREHOLDERS' LOANS

Secured Note Payable

As 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 promissory note payable to Benchmark with a face value of $1,322,347 (US$1,216,175) (the "Note"). The Note had an interest rate of 10%. 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. A conversion unit was 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 was 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").

The Company had 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 had a conversion option, the terms were considered substantially different and therefore gave 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.

As at August 31, 2014, 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 CDN$
Secured promissory note (old debt instrument)	$ 1,322,347
Derivative liability (Conversion Unit)	(4,000,100)
Loss on exchange of debt instruments	2,677,753
	$ -

The Note was being 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 year ended August 31, 2015, the Company recorded interest on the Note of $154,179 (August 31, 2014: $104,237).

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 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 10,000,000 shares of common stock of the Company.

As a result the Company's extinguishment of the Note, the Company's investment in Zavala Inc. has been deconsolidated from the Company's Consolidated Financial Statements as at August 31, 2015 (Note 16 a).

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)	(836,717)
Common shares (Note 12 a)	(925,611)
	$-

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 14,757,120 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

At August 31, 2015, the Company recorded a net gain on derivative liabilities of $2,653,591 comprised of a loss on derivative warrant liabilities of $214,109 and a gain derivative unit liabilities of $2,867,700 (August 31, 2014: loss of $2,735,476 comprised of a loss on derivative warrant liabilities of $57,725 and a loss on derivative unit liabilities of $2,677,751).

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

The following 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	4.72
Warrants expired	(170,923)	(709,299)	(0.93)
Change in fair value estimates	-	57,723	-
As at August 31, 2014	743,838	1,325,307	3.74
Warrants expired	(613,350)	(1,258,206)	(4.66)
Change in fair value estimates	-	214,109	
As at August 31, 2015	**130,488**	**281,210**	**4.66**

* 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.

On April 13, 2015, 187,500 and 30,000 warrants exercisable at US$5.00 and US$2.50, 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, 91,250 and 14,600 warrants exercisable at US$5.00 and US$2.50, 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, 250,000 and 40,000 warrants exercisable at US$5.00 and US$2.50, 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.

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

Number of Warrants*	Exercise Price US ($)*	Expiry Date	Weighted Average Remaining Life (Years)	Fair Value CDN ($)
112,490	5.00	September 25, 2015(1)	0.07	220,640
17,998	2.50	September 25, 2015(1)	0.07	60,570
130,488			**0.07**	**281,210**

* 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

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

Derivative Unit Liabilities

The following tables summarize the components of the Company's derivative liabilities reflected in US Dollars and linked common shares as at August 31, 2015 and 2014:

	August 31, 2015		August 31, 2014	
The financings giving rise to derivative financial instruments	Indexed Shares	Fair Values $CDN	Indexed Shares	Fair Values $CDN
Conversion unit (1 common share and 1 common share purchase warrant)	-	-	15,202,188	(4,000,100)

Effective August 31, 2015, the Company entered into a Settlement and Exercise of Security Agreement and extinguished the Note and its underlying derivative financial instruments. At August 31, 2014 the Company issued a face value $1,322,347 (US$1,216,175) Secured Convertible Promissory Note which gave rise to a derivative financial instrument (the "Note"). The Note had embodied certain terms and conditions that were not clearly and closely related to the host debt agreement in terms of economic risks and characteristics and met the definition of a financial liability under IAS 32 "Financial Instruments: Presentation". These terms and conditions consisted of a conversion unit which was 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 (Note 9 to the Consolidated Financial Statements).

Accounting principles provided in IAS 32 and IAS 39 required derivative financial instruments to be classified in liabilities and carried at fair value with changes recorded in profit and loss. The Company had selected the Monte Carlo Simulations valuation technique to fair value the common share component of the conversion unit because it believed that this technique was reflective of significant assumption types, and ranges of assumption inputs, that market participants would likely consider in transactions involving common share components. Such assumptions included, 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 had selected the Binomial Lattice model to fair value the warrant component of the conversion unit because it believed this technique is reflective of significant assumption types market participants would likely consider in transactions involving warrants.

Significant inputs and results arising from the Monte Carlo Simulations process were as follows for the common share component contained in the conversion unit:

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

*The underlying price of the common share component of the conversion unit was 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 was as follows:

	August 31, 2014
Market value on valuation date	$0.16
Contractual exercise rate	$0.092
Term (years)	5.00 Years
Expected market volatility	179.21%
Risk free rate using zero coupon US Treasury Security rate	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. 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.

For the year ended August 31, 2015	**Canada**	**United States**	**Total**
Net revenue, continuing operations	$53,055	-	$53,055
Net income, continuing operations	$2,067,443		$2,067,443
Net loss, discontinued operations	-	$(4,762,461)	$(4,762,461)
Net income (loss)	$2,067,443	$(4,762,461)	$(2,695,018)

For the year ended August 31, 2014	Canada	United States	Total
Net revenue, continuing operations	$65,024	-	$65,024
Net loss, continuing operations	$(6,114,977)	-	$(6,114,977)
Net loss, discontinued operations	-	$(608)	$(608)
Net loss	$(6,114,977)	$(608)	$(6,115,585)

For the year ended August 31, 2013	Canada	United States	Total
Net revenue, continuing operations	$30,062	-	$30,062
Net loss, continuing operations	$(4,264,833)	-	$(4,264,833)
Net loss, discontinued operations	-	$(1,213)	$(1,213)
Net loss	$(4,264,833)	$(1,213)	$(4,266,046)

As at August 31, 2015	**Canada**	**United States**	**Total**
Total Assets	$93,115	-	$93,115
Total Liabilities	$(3,326,275)	-	$(3,326,275)

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 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. During low commodity price periods, acquisition costs drop, as do internally generated funds to spend on exploration and development activities. With decreased demand, the prices charged by the various service suppliers also decline.

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

RELATED PARTY TRANSACTIONS AND BALANCES

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

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

	August 31, 2015	August 31, 2014	August 31, 2013
Short term employee benefits (1)	$150,000	$75,000	$75,000
Directors stock based compensation (2)	84,520	-	
	$234,520	$75,000	$75,000

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

	August 31, 2015	August 31, 2014
Short term employee benefits (1)	$125,000	$281,250
	$125,000	$281,250

(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.
(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 12 d to the Consolidated Financial Statements).

As at August 31, 2015 the amount of directors' fees included in trade and other payables was $21,600 (August 31, 2014: $19,200).

As at August 31, 2015, the Company had a promissory note payable to the President of the Company of $10,000 (August 31, 2014: $Nil). For the year ended August 31, 2015, the Company recorded interest on a promissory note to the President of $838 (August 31, 2014: $24,162). As at August 31, 2015, included in trade and other payables is outstanding interest of $111,009 (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 (Note 12 b (a)). 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 (Note 12 b (c) and Note 10 to the Consolidated Financial Statements).

As at August 31, 2015, the Company had a note payable to Core Energy Enterprises Inc. ("Core") of $339,588 (US$249,250) (August 31, 2014: US$249,250). For the year ended August 31, 2015, the Company recorded interest on the promissory notes of $32,958 (August 31, 2014: $Nil). As at August 31, 2015, included in trade and other payables, is interest of $33,049 (August 31, 2014: $Nil). The note is due on demand and bears interest at 10% per annum. Interest is payable annually on the anniversary date of the note. During the year ended August 31, 2015, Zavala Inc. issued a note to Core in the amount US$279,053 and recorded interest on the note of $4,353 (Note 9 and Note 16 a, to the Consolidated Financial Statements). The President of the Company is a major shareholder, officer and a director of Core.

As at August 31, 2015, the Company had, loans payable of $196,998 to 1288131 Alberta Ltd. (August 31, 2014: $Nil). For the year ended August 31, 2015, the Company recorded interest on the loans payable of $15,619. At August 31, 2015, included in trade and other payables, is interest of $15,619 (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., (Note 17 to the Consolidated Financial Statements).

As at August 31, 2015, the Company had shareholders' loans payable of ($866,107) US$655,000. (August 31, 2014: US$655,000). For the year ended August 31, 2015 the Company recorded interest of $86,611 (August 31, 2014: $180,349) on the shareholders' loans. As at August 31, 2015, the Company received notice that the shareholders loans were assigned and the Company has reclassified the amounts to loans payable. At August 31, 2015, included in trade and other payables, is interest of $86,848 (August 31, 2014: $269). The loans are payable on demand and bear interest at 10% per annum. Interest is payable annually on the anniversary date of the loans. On August 30, 2014, the Company issued 13,128,420 units at $0.08 per unit as full settlement of shareholder loans payable of US$529,250, $250,000 and interest payable of $225,614 (Note 12 b (c), Note 9 and Note17 to the Consolidated Financial Statements).

NATURE OF BUSINESS AND GOING CONCERN

Eagleford Energy Corp. ("Eagleford" or the "Company") was amalgamated under the Business Corporations Act (*Ontario)* on November 30, 2009. The principal activities of the Company consist of exploration, development and production of petroleum and natural gas properties. In addition, the Company holds a 0.3% net smelter return royalty on 8 mining claim blocks located in Red Lake, Ontario which is carried on the consolidated statement of financial position at nil.

The Company's registered office is 1 King Street West, Suite 1505, Toronto, Ontario, M5H 1A1.

The Company's common shares trade on the Over-the-Counter Bulletin Board (OTCQB) under the symbol EGFDF.

The consolidated financial statements include the accounts of Eagleford, the legal parent, together with its wholly-owned subsidiary, 1354166 Alberta Ltd. ("1354166 Alberta") a company operating in the province of Alberta, Eagleford Energy, Zavala Inc., ("Zavala Inc.") a Nevada company and its wholly owned subsidiary EEZ Operating Inc. a Texas company ("EEZ Operating") a Texas company incorporated May 12, 2015, until the date of disposition of Zavala Inc., on August 31, 2015 and Dyami Energy LLC ("Dyami") which was dissolved effective April 3, 2014. These consolidated financial statements (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, as they come due for the foreseeable future. The Company is in the process of exploring and developing its oil and gas properties and has not yet realized profitable operations. The Company requires additional financing for its working capital and for the costs of exploration and development of its oil and gas properties.

Due to continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. The Company will continue to seek additional forms of debt or equity financing, or other means of funding its operations, however, there is no assurance that it will be successful in doing so or that funds will be available on terms acceptable to the Company or at all. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company.

The Company has accumulated significant losses and negative cash flows from operations in recent years which raise doubt as to the validity of the going concern assumption. The Company has a working capital deficiency of $3,233,160 (2014: $3,489,237) and an accumulated deficit of $18,023,164 (2013: $15,328,146). These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern. Accordingly, the consolidated financial statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the accompanying consolidated financial statements.

Basis of Preparation

Statement of Compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Committee ("IFRAC"). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 23, 2015, the date the Board of Directors approved the consolidated financial statements.

Basis of Measurement
The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value.

Functional and Presentation Currency
The functional and presentation currency of the Company is the Canadian dollar. The functional currency of the Company's wholly-owned Alberta subsidiary, 1354166 Alberta, a company operating in the province of Alberta, Canada, is Canadian dollars. The functional currency of the Company's former wholly-owned Nevada subsidiary, Zavala Inc., and its' wholly-owned subsidiary EEZ Operating, a Texas company incorporated May 12, 2015 was United States dollars. The Company's former wholly-owned Texas subsidiary, Dyami functional currency was United States dollars.

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

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

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

Title to Oil and Gas Property Interests
Although the Company has taken steps to verify title to oil and gas properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

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

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

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

Assessment of Commercial Reserves
Management is required to assess the level of the Company's commercial reserves together with the future expenditures to access those reserves, which are utilized in determining the depletion charge for the period, assessing whether any impairment charge is required against developed or undeveloped properties, and the determination of the deferred tax liability. By their nature, these estimates of discovered proved and probable crude oil and natural gas reserves, including the estimates of future prices, costs, related future cash flows and the selection of a pre-tax risked discount rate relevant to the asset in question are subject to measurement uncertainty.

The Company employs an independent reserves evaluator who periodically assesses the Company's level of commercial reserves by reference to data sets including geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Company's assets. Significant judgment is involved when determining whether there have been any significant changes in the Company's reserves.

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

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

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

Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Company and its subsidiaries.

Basis of Consolidation
Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

The consolidated financial statements include the accounts of Eagleford, the legal parent, together with its wholly-owned subsidiary, 1354166 Alberta a company operating in the province of Alberta, Zavala Inc. a Nevada company and its wholly owned subsidiary EEZ Operating a Texas company incorporated May 12, 2015, until the date of disposition of Zavala Inc., on August 31, 2015 and Dyami which was dissolved effective April 3, 2014.

Revenue Recognition
Revenue is recognized when there is persuasive evidence that an arrangement exits which is when a contract or sales order is signed by both parties, delivery has occurred, ownership has been transferred to the customer, price is fixed or determinable and ultimate collection is reasonably assured at the time of delivery.

Revenues from the production of oil and gas properties from 1354166 Alberta are recognized, on the basis of the Company's working interest in those properties, when the significant risks and rewards of ownership of the product is transferred to the buyer, which is usually when legal title passes to an external party.

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

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the year- end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in the foreign currency translation reserve under other comprehensive income.

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

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

Discontinued Operations
A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period. Effective August 31, 2015, the Company assigned all of its right, title and interest in Zavala Inc., as partial settlement of a secured convertible note payable and accordingly its operations have been treated as discontinued operations in the Company's consolidated financial statements.

Comprehensive Income (Loss)
Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations. The Company's other comprehensive income (loss) is comprised of foreign currency translation reserve and available for-sale-assets.

Foreign currency translation is related to translation differences between the Company's US dollar functional currency subsidiaries converted into Canadian dollars at the period end exchange rates, and their results of operations converted at average rates of exchange for the period.

Financial Instruments

Classification and Measurement

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

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

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

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

Financial assets classified as "available-for-sale" are measured at fair value, with changes in fair value recognized in other comprehensive income. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company has classified its marketable securities as "available for sale".

Marketable Securities

At each financial reporting period, the Company estimates the fair value of investments which are available-for-sale, based on quoted closing bid prices at the consolidated statements of financial position date or the closing bid price on the last day the security traded if there were no trades at the consolidated statements of financial position date and such valuations are reflected in the consolidated financial statements. Adjustments to the fair value of the marketable securities at the financial position date are recorded to comprehensive income. The resulting values for unlisted securities whether of public or private issuers, may not be reflective of the proceeds that could be realized by the Company upon their disposition.

Derivative Financial Instruments

The Company's derivative instruments consist of derivative liabilities in relation to its i) share purchase warrants; and ii) its secured convertible note payable.

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

The Company had a secured convertible note payable that had a conversion feature which may convert any unpaid principal and accrued interest into conversion units. A conversion unit was 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 was the lessor of a price equal to the 30-day rolling weighted average price 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"). The terms and features of the conversion met 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 met the definition of a financial liability under IAS 32"Financial Instruments: Presentation". As a result, the Conversion Unit was a derivative liability that required fair value measurement each period. The Company had selected the Binomial Lattice model to fair value the warrant component of the conversion unit and the Monte Carlo Simulations process for the common share component of the conversion unit.

Exploration and Evaluation Assets ("E&E")

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

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

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

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

Development and Production Costs

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

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

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

Subsequent Costs

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

Joint Oil and Gas Activities

All of the Company's oil and gas activities are conducted jointly with others. The Company's accounts reflect only the Company's share of assets, liabilities, revenue and expenses in the joint operations. For interests in joint operations, the Company's share of the jointly controlled assets are classified according to the nature of the assets, the Company's share of any liabilities incurred jointly with the other parties, and the Company's share of any income and expenses incurred jointly with the partners are recognized in the consolidated financial statements.

Depletion and Depreciation

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

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

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

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

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

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

Impairment

Financial Assets

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

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

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

All impairment losses are recognized in the profit or loss.

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

Non-financial Assets

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

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

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

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

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

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

Provisions

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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.

a) 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 12 b (a))	651,904	306,405
Debt settlement (Note 12 b (c))	14,757,120	1,715,426
Balance August 31, 2014	27,671,541	9,072,181
Common shares issuable upon the settlement of secured convertible note (Note 9)**	10,000,000	925,611
Balance August 31, 2015	**37,671,541**	**$9,997,792**

* Reflects the August 25, 2014 one-for-ten stock consolidation
**Common shares issuable upon the settlement of the secured convertible note subsequent to August 31, 2015 (Note 9)

b) Share Purchase Warrants

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

Warrants	August 31, 2015 Number of Warrants*	August 31, 2015 Weighted Average Price*	August 31, 2014 Number of Warrants*	August 31, 2014 Weighted Average Price*
Outstanding, beginning of period	9,293,560	$0.18	4,020,095	$0.40
Warrants exercised (Note 12 b (a))			(651,904)	$0.35
Warrants expired (Note 12 b (d) and (b))	(1,915,000)	$0.50	(1,453,191)	$0.35
Warrants issued (Note 12 (c))			7,378,560	$0.10
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 8 to the 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 14,757,120 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 9 and 10 to the 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.

(e) 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 shares of common stock of the Company with a fair value of $925,611 (Note 9 to the Consolidated Financial Statements).

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

Number of Warrants*	Exercise Price*	Expiry Date	Weighted Average Remaining Life (Years)	Warrant Value ($)
7,378,560	$0.10	August 30, 2017	2.00	**801,079**

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

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

c) Weighted Average Shares Outstanding

The following table summarizes the weighted average shares outstanding:

	August 31, 2015	August 31, 2014 (*)
Weighted Average Shares Outstanding, basic	**27,698,938**	12,675,329
Weighted Average Shares Outstanding, diluted	**37,555,135**	12,675,329

* Reflects the August 25, 2014 one-for-ten stock 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 and 2013	105,000	$1.64
Granted	1,000,000	0.12
Expired	(5,000)	(1.64)
Balance, August 31, 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 as at August 31, 2015 and 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	$1.60	1.50	100,000	$1.60
$0.12	1,000,000	$0.12	4.20	1,000,000	$0.12
	1,100,000	**$0.25**	**3.95**	**1,100,000**	**$0.25**

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

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

Stock Based Compensation
On November 12, 2014, the Company granted options to purchase 750,000 common shares to directors. 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	$0.11
Weighted average risk free interest rate	1.54%
Forfeiture rate	0%
Weighted average expected volatility	287.49%
Expected life (years)	5
Dividend yield	Nil

e) Contributed Surplus

Contributed surplus transactions for the respective periods are as follows:

	Amount
Balance, August 31, 2013	$506,200
Warrants expired (Note 12 b to the Consolidated Financial Statements)	174,399
Derivative warrants expired (Note 10 to the Consolidated Financial Statements)	709,299
Balance, August 31, 2014	1,389,898
Stock options expired (Note 12 d to the Consolidated Financial Statements)	11,112
Warrants expired (Note 12 b to the Consolidated Financial Statements)	1,169,889
Derivative warrants expired Note 10 to the Consolidated Financial Statements)	1,258,206
Balance, August 31, 2015	**$3,829,105**

SUBSEQUENT EVENTS

On August 13, 2015, the Company filed a petition against Stratex in the District Court of Harris County, Texas seeking breach of the settlement agreement dated March 31, 2015, for monies owed under the settlement agreement and unpaid production revenue of approximately US$44,000 in the aggregate plus damages. On December 4, 2015, the Company obtained a judgment against Stratex in the amount of $62,069.

On September 25, 2015, 112,490 and 17,998 derivative warrants exercisable at US$5.00 and US$2.50, 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.

On December 22, 2015, the Company issued 5,000,000 common shares in the capital of the Company at a price of $0.01 per share for gross proceeds of $50,000.

On December 22, 2015, the Company issued a total of 103,299,838 units at CDN $0.01 in the capital of the Company pursuant to the anti-dilution clause of the August 30, 2014 debt settlement agreements of $1,180,570. 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 $7,882,072 was allocated to common shares $4,542,981 and warrants $3,339,091 based on their relative fair values and $7,882,072 was recorded as a loss on settlement of debt.

On December 22, 2015, the Company issued a total of 95,431,100 common shares in the capital of the Company at a price of US$0.01 per share upon the conversion of debt in the aggregate amount of $1,274,291 (US$954,311). The amount allocated to common shares based on fair value was $6,371,457 and $5,097,166 was recorded as a loss on settlement of debt.

EXHIBIT B

Management's Discussion and Analysis for the year ended August 31, 2014

EAGLEFORD ENERGY CORP

(Formerly: Eagleford Energy Inc.)

Management's Discussion and Analysis
For the year ended
August 31, 2014

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 Over-the-Counter Bulletin Board (OTCQB) under the symbol EGFDF.

The Company’s Consolidated Financial Statements for the year ended August 31, 2014 and 2013 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.”) effective August 29, 2013. 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 has 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 Flows as an impairment of the net assets and liabilities on dissolution of subsidiary (see Note 16 to the Consolidated Financial Statements).

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 Audited Consolidated Financial Statements for the year ended August 31, 2014 and notes thereto. The Company’s Audited Consolidated Financial Statements for the year ended August 31, 2014 and 2013 have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). All amounts herein are presented in Canadian dollars, unless otherwise noted. This Management’s Discussion and Analysis is dated December 26, 2014 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

Revenue, net of royalties for the year ended August 31, 2014 was up $34,962 to $65,024 compared to $30,062 for the year ended August 31, 2013. The increase in net revenue during 2014 was primarily attributed to increases in natural gas production volume and prices received from the Company's Botha, Alberta property. Net loss for the year ended August 31, 2014, was $6,115,585 compared to a net loss of $4,266,046 for the year ended August 31, 2013. The increase in net loss during 2014 was primarily related to a loss on derivative liabilities of $2,735,476 compared to a loss of $128,041 during fiscal 2013. The increase in 2014, was attributed to the exchange of a secured note for a secured convertible note during fiscal 2014, which terms and features of the conversion meet the definition of an embedded derivative liability that requires fair value measurement at each reporting period. During the year ended August 31, 2014, the Company recorded an increase in loss on settlement of debt in the amount of $933,671 to $1,335,935 compared to a loss on settlement of debt in the amount of $$402,264 during fiscal 2013. During fiscal 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. The increases during fiscal 2014, were partially offset by a reduction in the impairment of exploration and evaluation assets in the amount of $1,375,292 to $1,315,276 compared to $2,690,568 in fiscal 2013.

During the year ended August 31, 2014, the Company issued 14,757,102 units in the capital of the Company as full settlement of related shareholder loans and interest due in the aggregate amount of $1,180,570.

For the twelve months ended August 31, 2014, the Company recorded net additions of $113,578 in exploration and evaluation assets.

On December 3, 2013, (amended January 21, 2014) the Company entered into a Joint Development Agreement with Stratex Oil and Gas Holdings, Inc. ("Stratex") (the "JDA") to develop the Matthews Lease. Under the terms of the Joint Development Agreement ("JDA"), Stratex will act as operator and upon Stratex delivering i) US$150,000 to the lessors of the Matthews Lease on behalf of Zavala Inc., ii) delivering US $150,000 to the Company; and iii) commencing a hydraulic fracture of the Matthews #1H not later than March 31, 2014 Stratex earned a 66.67% working interest before payout (50% working interest after payout) in the Matthews #1H well and a 50% working interest in the 2,629 acre Matthews Lease.

On April 11, 2014 the Company entered into a further Joint Development Agreement ("JDA2") with Stratex and Quadrant Resources LLC, ("Quadrant") for the development of the San Miguel formation on the Matthews Lease. Pursuant to the terms of the JDA2, upon satisfaction of certain conditions including the Phase 1 Work Program and the cash consideration described below, Quadrant can earn an undivided 66.667% before payout and a 50% working interest after payout to the base of the San Miguel formation of the Matthews Lease by i) drilling 3 new wells and reworking 5 existing wells at its sole cost and expense by June 30, 2015 (the "Phase I Work Program"); ii) paying US$100,000 to the Company upon execution of the JDA2 (paid); and iii) paying US$65,000 to the Company on each of July 8, 2014 (paid); October 6, 2014, January 5, 2015 and April 6, 2015. At August 31, 2014, the Company recorded the payments received from Quadrant of US$165,000 (CDN $177,804) as deferred revenue on the Consolidated Statement of Financial Position until the conveyance of the earned interest at which time such payments will be reclassified and offset against exploration and evaluation assets.

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

The Company is subject to several risk factors including, but not limited to: the volatility of oil and natural gas prices; foreign exchange and currency risks; general risks related to foreign operations such as political, economic, regulatory and other uncertainties as they relate to both foreign investment policies and energy policies; governments exercising from time to time significant influence on the economy to control inflation; developing environmental regulations in foreign jurisdictions; discovery of new oil and natural gas reserves; concentration of oil sales receipts with a few major customers; substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the long-term for which additional financings will required to implement Eagleford's business plan.

As the Company has not experienced sufficient positive cash flow from operations to independently finance its growth and operations, it has been reliant on access to capital in the form of both debt and equity to fund on-going operations and to fund capital investments. Although periodic volatility of financial and capital markets may severely limit access to capital, the Company has been able to attract the required investment capital in the past however no assurances can be made that it will continue to do so in the future.

Some of the Company's exploration and development costs are expected to be received/paid in reference to US$ denominated prices while a significant portion of its operating and general and administrative costs are denominated in Canadian dollars. As a result the Company is exposed to fluctuations in currency exchange rates between the US dollar and Canadian dollar. The Company has not entered into any currency derivatives in order to reduce its exposure to fluctuations that may incur.

Fluctuations in energy prices will not only impact revenues of the Company but may also affect the ability of the Company to raise additional capital to fund operations and working capital requirements. Crude oil prices are correlated with overall global economic growth and activity. The continuing volatility in the global economic environment has resulted in significant variation in crude oil prices over the last year. Any dramatic drop in crude oil prices will have a negative impact on the operational cash flows of the Company as well as on its ability to finance capital expenditures. In absence of externally-sourced capital, this could limit growth prospects over the short run or may even require the Company to dispose of assets.

The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The Company also cautions readers not to place undue reliance on these forward-looking statements. Moreover, the forward-looking statements may not be suitable for establishing strategic priorities and objectives, future strategies or actions, financial objectives and projections other than those mentioned above. (For additional risk factors, please see the Company's Annual Information Form filed on Form 20F).

FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISKS

The Company has classified its financial instruments as follows:

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

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

Credit Risk

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

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

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

	August 31, 2014	August 31, 2013
Cash	$103,215	$196,837
Trade and other receivables	157,121	27,786
Prepaid expenses and deposits		158,295
Balance	$260,336	$382,918

Liquidity Risk

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

	Payments Due by Period				
August 31, 2014	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	-	-	-

	Payments Due by Period				
August 31, 2013	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	$1,379,581	$1,379,581	-	-	-
Secured note payable (1)	1,013,088	1,013,088	-	-	-
Shareholders' loans (1)	2,108,205	2,108,205	-	-	-
Total	$4,500,874	$4,500,874	-	-	-

(1) Translated at current exchange rate.

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

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

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

The Company mitigates these risks by:

- utilizing competent, professional consultants as support to management,
- reviewing available petrophyisical analysis of prospects,
- focusing on a limited number of core properties.

(i) Commodity Price Risk

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

The Company believes that movement in commodity prices that are reasonably possible over the next twelve month period may have a significant impact on the Company as all its oil properties are still in a development stage.

Commodity Price Sensitivity

The following table summarizes the sensitivity of the fair value of the Company's risk management position for the year ended August 31, 2014 and 2013 to fluctuations in natural gas prices, with all other variables held constant. When assessing the potential impact of these price changes, the Company believes that 10 percent volatility is a reasonable measure. Fluctuations in natural gas prices potentially could have resulted in unrealized gains (losses) impacting net income as follows:

	2014		**2013**	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Net revenue	$72,451	$57,597	$32,946	$27,178
Net loss	$(6,108,158)	$(6,123,012)	$(4,263,162)	$(4,268,930)

(ii) Currency Risk

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

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

The following assets and liabilities are denominated in US dollars at August 31, 2014 and 2013:

	August 31, 2014	**August 31, 2013**
Cash	$73,099	$150,901
Trade and other receivables	74,091	14,349
Exploration and evaluation assets	4,638,600	2,681,541
Prepaid expenses and deposits	27,478	150,000
Trade and other payables	(882,877)	(821,787)
Provisions	(32,948)	(265,117)
Derivative liabilities	(4,899,511)	(1,873,290)
Shareholders' loans	(904,250)	(1,733,500)
Secured note payable	-	(960,000)
Deferred revenue	(165,000)	-
Net assets denominated in US$	$(2,071,318)	$(2,656,903)
Net asset CDN dollar equivalent at period end [1]	$(2,249,038)	$(2,803,830)

[1] Translated at the exchange rate in effect at August 31, 2014 $1.0858 (August 31, 2013 $1.0553)

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

	August 31, 2014		**August 31, 2013**	
	Increase	Decrease	Increase	Decrease
Percentage change in US Dollar	In total comprehensive loss from a change in % in the US Exchange Rate ($)		In total comprehensive loss from a change in % in the US Exchange Rate ($)	
2%	(48,840)	48,840	(59,178)	59,178
4%	(97,680)	97,680	(118,355)	118,355
6%	(146,250)	146,250	(177,533)	177,533
8%	(195,360)	195,360	(236,711)	236,711
10%	(244,201)	244,201	(295,888)	295,888

(iii) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The majority of the Company's debt is short-term in nature with fixed rates. Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

(iv) Fair Value of Financial Instruments

The Company's financial instruments included on the consolidated statement of financial position as at August 31, 2014 and 2013 are comprised of cash, derivative liabilities, trade and other receivables, trade and other payables, secured note payable, shareholders' loans and provisions.

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

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

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

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

Financial Instrument Classification	August 31, 2014 Carrying Value $	 Fair Value $	August 31, 2013 Carrying Value $	 Fair Value $
Fair value through profit or loss:				
Cash	103,215	103,215	196,837	196,837
Derivative liabilities	5,325,407	5,325,407	1,976,883	1,976,883
Loans and receivables:				
Trade and other receivables	157,121	157,121	27,786	27,786
Other financial liabilities:				
Trade and other payables	1,483,775	1,483,775	1,379,581	1,379,581
Secured note payable	-	-	1,013,088	1,013,088
Shareholders' loans	981,834	981,834	2,108,205	2,108,205
Provisions	47,543	47,543	298,295	298,295

Cash and derivative liabilities are stated at fair value (Level 1 measurement). The carrying value of trade and other receivables, trade and other payables, secured note payable, shareholders' loans and provisions approximate their fair value due to the short-term maturity of these financial instruments (Level 3 measurement).

Capital Management

The Company's objectives when managing capital are to ensure the Company will have sufficient financial capacity, liquidity and flexibility to funds its operations, growth and ongoing exploration and development commitments on its oil and gas interests. The Company is dependent on funding these activities through debt and equity financings 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 favourable market conditions to sustain future development of the business. As at August 31, 2014 and August 31, 2013 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 August 31, 2014. The Company is not subject to any externally imposed restrictions on its capital requirements.

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 and opportunities to sustain future development of the business.

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

SELECTED ANNUAL INFORMATION

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

	For the Years Ended August 31 2014	 2013	 2012
Revenue, net of royalties	$65,024	$30,062	$39,218
Net loss	(6,115,585)	(4,266,046)	$(2,809,188)
Loss per share, basic and diluted	$(0.482)	$(0.407)	$(0.344)
Assets	$5,296,928	$6,918,196	$8,998,016
Long term liabilities	$4,266,790	$1,407,822	$1,881,078

August 31, 2014 - 2013

For the year ended August 31, 2014, revenue, net of royalties was up $34,962 to $65,024 compared to $30,062 for the year ended August 31, 2013. The increase in net revenue during 2014, was primarily attributed to increases in natural gas production volume and prices received from the Company's Botha, Alberta property. Net loss for the year ended August 31, 2014 was $6,115,585 compared to a net loss of $4,266,046 for the year ended August 31, 2013. The increase in net loss during 2014, was primarily related to a loss on derivative liabilities of $2,735,476 compared to a loss of $128,041 during fiscal 2013. This increase in 2014 was attributed to the exchange of a secured note for a secured convertible note during fiscal 2014 which terms and features of the conversion meet the definition of an embedded derivative liability that requires fair value measurement at each reporting period. During the year ended August 31, 2014, the Company recorded an increase in loss on settlement of debt in the amount of $933,671 to $1,335,935 compared to a loss on settlement of debt in the amount of $$402,264 during fiscal 2013. During fiscal 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. The increases during fiscal 2014, were partially offset by a reduction in the impairment of exploration and evaluation assets in the amount of $1,375,292 to $1,315,276 compared to $2,690,568 in fiscal 2013.

August 31, 2013 – 2012

For the year ended August 31, 2013, revenue, net of royalties was $30,062 compared to $39,218 for the same period in 2012. The decrease in net revenue was primarily attributed to declines in natural gas production volume and prices received from the Company's Botha, Alberta property. Net loss for the year ended August 31, 2013, was $4,266,046 compared to a net loss of $2,809,188 for the year ended August 31, 2012. The increase in net loss during 2013, was primarily related to an impairment of exploration and evaluation assets in the amount of $2,690,568 partially offset by a reduction in loss on settlement of debt in the amount of $1,063,201 to $402,264 compared to a loss on settlement of debt in the amount of $1,465,465 in 2012, a reduction in general and administrative costs of $122,014 to $583,577 compared to general and administrative costs of $705,591 during 2012, stock based compensation expense of $Nil compared to $170,972 in 2012. For the year ended August 31, 2013, assets decreased by $2,079,820 compared to assets of $8,998,016 for the year ended August 31, 2012. The decrease in assets for the year ended August 31, 2013, was primarily as result of an impairment in exploration and evaluation assets of $2,690,568 to $6,535,278 compared to $8,475,487 for the same period in 2012, an impairment of property and equipment of $168,954 in 2013 compared to $50,774 in 2012 and a decrease in cash during 2013 of $133,166 to $196,837 compared to cash of $330,003 in 2012. These decreases were offset by an increase in prepaid expenses and deposits of $158,295 compared to $Nil in 2012 and an increase of $10,261 in accounts receivable to $27,786 compared to $17,525 in 2012. Long term liabilities decreased in fiscal 2013 by $473,256 to $1,407,822 compared to $1,881,078 in 2012. These decreases are primarily a result of a reallocation of derivative warrant liabilities in the amount of $688,803 to current liabilities and a reallocation $178,553 of long term provisions to current liabilities.

RESULTS OF OPERATIONS

Historical Production	**For the Years Ended August 31**		
	2014	**2013**	**2012**
Natural gas – mcf/d	53	37	54
Historical Prices			
Natural Gas - $/mcf	$4.34	$2.15	$2.24
Royalties costs - $/mcf	$0.96	$0.62	$0.57
Production costs - $/mcf	$0.89	$0.62	$.055
Net back - $/mcf	$2.49	$0.89	$1.16
Operations			
Revenue, net of royalties	$65,024	$30,062	$39,218
Net loss	$(6,115,585)	$(4,266,046)	$(2,809,188)
Loss per share, basic and diluted	$(0.482)	$(0.407)	$(0.344)

Production Volume

For the year ended August 31, 2014, average natural gas sales volumes increased by 16 mcf/d to 53 mcf/d compared to 37 mcf/d for the same period in 2013. Total production volume for the year ended August 31, 2014, was 19,244 mcf compared to 13,431 mcf for the twelve month period ended August 31, 2013.

For the year ended August 31, 2013, average natural gas sales volumes decreased by 17 mcf/d to 37 mcf/d compared to 54 mcf/d for the same period in 2012. Total production volume for the year ended August 31, 2013, was 13,431 mcf compared to 19,593 mcf for the twelve month period ended August 31, 2012.

Commodity Prices
For the year ended August 31, 2014, average natural gas prices received per mcf increased to $4.34 compared to $2.15 for the year ended August 31, 2013. The increase in average natural gas prices received was attributed to higher commodity prices received for natural gas.

For the year ended August 31, 2013, average natural gas prices received per mcf decreased by 4% to $2.15 compared to $2.24 for the year ended August 31, 2012. The decrease in average natural gas prices received was attributed to lower commodity prices for received natural gas.

Revenue, Net of Royalties	**For the Years Ended August 31,**		
	2014	**2013**	**2012**
Natural gas sales	$83,471	$38,620	$44,408
Royalties	(18,447)	(8,558)	(5,190)
Revenue, net of royalties	$65,024	$30,062	$39,218

Natural gas sales for the year ended August 31, 2014, was up $44,851 to $83,471 compared to $38,620 for the year ended August 31, 2013.The increase in sales for fiscal 2014 was attributed to higher production volume and increased commodity prices received for natural gas.

Natural gas sales for the year ended August 31, 2013, was down $5,788 to $38,620 compared to $44,408 for the year ended August 31, 2012. The decrease in sales for the twelve month period ended August 31, 2013, was attributed to lower commodity prices received for natural gas and lower production volume.

Royalties for the year ended August 31, 2014, were up $9,889 to $18,447 versus $8,558 for the same twelve month period in 2013 resulting from higher production volume in fiscal 2014.

Royalties for the year ended August 31, 2013, were up $3,368 to $8,558 versus $5,190 for the same twelve month period in 2012. The increase during fiscal 2013 was attributed to receipt of royalty credits in recorded in fiscal 2012.

Revenue, net of royalties for the year ended August 31, 2014, increased by $34,962 to $65,024 compared to $30,062 for the same twelve month period ended August 31, 2013.

Revenue, net of royalties for the year ended August 31, 2013, decreased by 23% to $30,062 compared to $39,218 for the same twelve month period in 2012

Operating Costs
For year ended August 31, 2014, operating costs were $17,138 compared to operating costs of $9,234 for the year ended August 31, 2013. The increase in operating costs for the year ended August 31, 2014, was primarily a result of higher production volume and activity on the Company's Botha, Alberta wells.

For year ended August 31, 2013, operating costs were $9,234 down $19,237 compared to operating costs of $28,471 for the year ended August 31, 2012. The decrease in operating costs for the year ended August 31, 2013 was primarily a result of lower production volume and the shut in of the Company's Botha, Alberta wells in the 4th quarter.

Depletion and Accretion
Depletion and accretion for the year ended August 31, 2014, decreased by $10,834 to $2449 compared to $13,283 for the year ended August 31, 2013. The decrease in depletion and accretion for the year ended August 31, 2014, was primarily attributed to the previous fiscal year end impairment of the carrying costs of the Company's Botha, Alberta property.

Depletion and accretion for the year ended August 31, 2013, decreased by $7,226 to $13,283 compared to $20,509 for the year ended August 31, 2012. The decrease in depletion and accretion for the twelve months ended August 31, 2013, was primarily attributed to lower production volume and the shut in of the Company's Botha, Alberta wells in the 4th quarter.

General and Administrative Expenses	**For the Years Ended August 31,**		
	2014	**2013**	**2012**
Professional fees	$157,106	$251,165	$352,315
Head office costs	44,925	48,850	55,500
Management fees	75,000	75,000	75,000
Transfer and registrar costs	18,218	7,591	29,172
Shareholders information	35,689	33,017	39,708
Office and general costs	3,338	5,179	16,385
Advisory fees	--	65,724	46,192
Directors fees	3,100	3,200	4,100
Salaries and wages	-	-	-
Reserve report fees	-	10,059	5,655
Consulting fees and expenses	65,744	83,792	81,564
Total	$403,120	$583,577	$705,591

General and administrative expenses for the year ended August 31, 2014, were $180,457 lower to $403,120 compared to $583,577 for the year ended August 31, 2013. The decrease in expenses during fiscal 2014 was primarily attributed to a decrease in professional fees of $94,059 to $157,106 compared to 251,165 for the year ended August 31, 2013. The professional fee decreases were primarily related to a reduction in litigation costs related to the Matthews Lease, Texas as a result of the settlement of claims in 2013. During the year ended August 31, 2014, advisory fees decreased by $65,724 to $Nil compared to $65,724 for the same twelve month period in 2013 as a result of the expiry of an investment banking agreement. For the year ended August 31, 2014, consulting fees were reduced by $18,048 to $65,744 compared to $83,792 during fiscal 2013. In addition, during fiscal 2014 the Company recorded an increase in transfer and registrar costs of $10,627 to $18,218 compared to $7,591 for the year ended August 31, 2013. During fiscal 2014, the Company completed a 1-for-10 stock consolidation which resulted in higher transfer and registrar costs. During fiscal 2014, the Company recorded a decrease in reserve report fees of $10,059 to $Nil compared to $10,059 in fiscal 2013 as a result of no reserves and no future net revenue being assigned to the Company's Botha Alberta Property by an independent reserves evaluator.

General and administrative expenses for the year ended August 31, 2013 were $122,014 lower to $583,577 compared to $705,591 for the year ended August 31, 2012. The decrease in expenses during fiscal 2013 was primarily attributed to a decrease in professional fees of $101,150 to $251,165 compared to $352,315 in 2012. In addition, during fiscal 2013 the Company recorded a decrease in transfer and registrar costs of $21,581 to $7,591 compared to $29,172 for the year ended August 31, 2012. During fiscal 2012 the Company completed a forward stock split which resulted in higher costs incurred during the year ended August 31, 2012. During the year ended August 31, 2013 advisory fees increased by $19,532 to $65,724 compared to $46,192 for the same twelve month period in 2012.

Interest Expense

For the year ended August 31, 2014, the Company recorded interest costs of $284,038 versus interest costs of $76,783 for the year ended August 31, 2013. The increase in interest costs during the year ended August 31, 2014 was primarily attributed to decreases in borrowing costs capitalized as a result of the impairment loss recorded on exploration and evaluation assets.

For the year ended August 31, 2013, the Company recorded interest costs of $76,783 versus interest costs of $88,789 for the year ended August 31, 2011. The decrease in interest costs during the year ended August 31, 2013 was attributed to decreases in shareholders' loans.

Loss on Derivative Liabilities

Derivative Warrant Liabilities

For the year ended August 31, 2014, the Company recorded an unrealized loss on derivative warrant liabilities of $57,725 compared to an unrealized loss of $128,041 for the year ended August 31, 2013.

For the year ended August 31, 2013, the Company recorded an unrealized loss on derivative warrant liabilities of $128,041 compared to an unrealized loss of $46,655 for the year ended August 31, 2012.

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

Derivative Unit Liabilities

During the year ended August 31, 2014, the Company recorded a loss on derivative unit liabilities of $2,677,751 compared to $Nil for the year ended August 31, 2013.

At August 31, 2014, the Company exchanged a secured note payable with a carrying value of $1,322,347 (US$1,216,175) for a secured convertible promissory note payable with a face value of $1,322,347 (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 under IAS 32"Financial Instruments: Presentation". As a result, the Conversion Unit is a derivative liability that requires fair value measurement each period.

Loss on Foreign Exchange

For the year ended August 31, 2014, the Company recorded a loss on foreign exchange of $101,427 versus a loss on foreign exchange of $197,640 for year ended August 31, 2013.

For the year ended August 31, 2013, the Company recorded a loss on foreign exchange of $197,640 versus a loss on foreign exchange of $36,283 for year ended August 31, 2012.

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.

Marketing and Public Relations

For the year ended August 31, 2014, the Company recorded a recovery of marketing and public relations expense of $14,250 compared to marketing and public relations costs of $25,763 for the year ended August 31, 2013.

For the year ended August 31, 2013, the Company incurred marketing and public relations costs of $25,763 versus $46,272 for the year ended August 31, 2012.

Loss on Settlement of Debt

For the year ended August 31, 2014, the Company recorded a loss on settlement of debt in the amount of $1,335,935 compared to $402,264 for the same twelve month period in 2013. During fiscal 2014, the Company issued 14,757,102 units as full settlement of shareholders' loans and interest in the aggregate amount of $1,180,570. 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.

For the year ended August 31, 2013, the Company recorded a loss on settlement of debt in the amount of $402,264 compared to $1,465,465 for the same twelve month period in 2012. During fiscal 2013, the Company issued 2,366,257 units as full settlement of shareholders' loans in the amount of $198,333 and interest due on shareholders' loans in the amount of $345,906. The amount allocated to common shares based on fair value was $946,503 and $402,264 was recorded as a loss on settlement of debt.

Impairment Loss on Exploration and Evaluation Assets

As at and for the year ended August 31, 2014, the Company recorded a net impairment loss of $1,315,276 compared to an impairment loss of $2,690,568 on its Murphy Lease, Zavala County, Texas. In fiscal 2014 the impairment was recognized upon the dissolution of Dyami Energy.

As at and for the year ended August 31, 2013, the Company recorded an impairment of $2,690,568 on its Murphy Lease, Zavala County, Texas based on the amount for which management believes the assets could be sold or farmed out in an arms' length transaction, less estimated costs to sell compared to $Nil in the prior period in 2012.

During the year ended August 31, 2013, the Company, Dyami Energy and OGR Energy Corporation, the Lessees, were litigating a dispute with the Lessors of the Matthew's property. During the last quarter of fiscal year August 2013, the Company and the Lessors agreed to resolve the litigation and continue with the development of the Matthew's property. In order to comply with certain State legal requirements, it was deemed necessary by the Lessors counsel to continue with the development through a newly executed lease document and the Company formed, Zavala Inc. a new wholly owned subsidiary to execute the new lease. The new lease was signed effective September 1, 2013 and the first of two payments of US$150,000 were paid to the Lessors upon signing the new lease as required initial pre-payment of anticipated production royalties along with a continuing development obligation under the lease to complete the previously drilled Matthews #1H horizontal well or drill a new well on the Matthews property no later than March 30, 2014. On September 1, 2013, the Matthews lease was renewed by the Company through Zavala Inc. and based on the concept of faithful representation under IAS 8, the carrying value of the Matthew's lease by Dyami Energy was considered to be the value for Zavala Inc. as this arrangement is simply a reorganization in substance.

Subsequent to September 1, 2013 and the continuing development of the Matthews lease, Dyami Energy continued its development efforts with the Murphy lease. A tentative joint venture agreement with Stratex was reached but did not materialize and efforts to develop the Murphy lease were not successful. The Company had solicited lenders and investors in an attempt to obtain debt/equity financings as a means to improve Dyami Energy's financial situation. Despite the Company's attempts, these efforts were unsuccessful and management determined that it could no longer fund the Murphy operations, hence the lease was considered impaired and an impairment loss was recorded by Dyami Energy during the third quarter. 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 effective April 3, 2014, Dyami Energy was dissolved. All prior obligations with respect to the Matthew's and Murhpy's lease on the books of Dyami Energy prior to its dissolution were recorded by the Company.

The Company's investment in Dyami Energy has 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.

The following table presents the effect of the dissolution of Dyami Energy on the consolidated financial statements of the Company at April 3, 2014:

	April 3, 2014
Exploration and evaluation assets – Murphy Lease	$(1,675,749)
Provisions	58,589
Foreign currency translation reserve	301,884
Net assets and liabilities	**$(1,315,276)**

Impairment Loss on Property and Equipment
For the year ended August 31, 2014 the Company recorded an impairment loss of $Nil compared to an impairment loss of $168,954 during fiscal 2013. The impairment recorded in 2013 was a result of no reserves and no future net revenue being assigned to the Company's Botha Alberta Property by an independent reserves evaluator

Impairment Loss on Marketable Securities
For the year ended August 31, 2013, the fair value of the securities was written down to $Nil (August 31, 2012 fair value - $1).

Net Loss
Net loss for the year ended August 31, 2014, was $6,115,585 compared to a net loss of $4,266,046 for the year ended August 31, 2013. The increase in net loss during 2014 was primarily related to a loss on derivative liabilities of $2,735,476 compared to a loss of $128,041 during fiscal 2013. This increase in 2014 was attributed to the exchange of a secured note for a secured convertible note during fiscal 2014 which terms and features of the conversion meet the definition of an embedded derivative liability that requires fair value measurement at each reporting period. During the year ended August 31, 2014, the Company recorded an increase in loss on settlement of debt in the amount of $933,671 to $1,335,935 compared to a loss on settlement of debt in the amount of $402,264 during fiscal 2013. During fiscal 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. The increases during fiscal 2014, were partially offset by a reduction in the impairment of exploration and evaluation assets in the amount of $1,375,292 to $1,315,276 compared to $2,690,568 in fiscal 2013.

Net loss for the year ended August 31, 2013, was $4,266,046 compared to a net loss of $2,809,188 for the year ended August 31, 2012. The increase in net loss was primarily related to an impairment of exploration and evaluation assets in the amount of $2,690,568 compared to $Nil in 2012 and an impairment of property and equipment of $168,954 compared to $50,774 in 2012. These increases were partially offset by a reduction in loss on settlement of debt in the amount of $1,063,201 to $402,264 compared to a loss on settlement of debt in the amount of $1,465,465 in 2012, a reduction in general and administrative costs of $122,014 to $583,577 compared to general and administrative costs of $705,591 during 2012 and a reduction stock based compensation expense of $Nil compared to $170,972 in 2012.

Foreign Currency Translation
For the year ended August 31, 2014, the Company recorded a loss on translation of foreign subsidiary of $199,965 versus a gain of $314,120 for the year ended August 31, 2013.

For the year ended August 31, 2013, the Company recorded a gain on translation of foreign subsidiary of $314,120 versus a loss of $160 for the year ended August 31, 2012.

These losses are related to translation differences between Dyami Energy's and 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.

Net Loss and Comprehensive Loss
Total loss and comprehensive loss for the year ended August 31, 2014, was $6,315,550 compared to a comprehensive loss of $3,951,926 for the year ended August 31, 2013.

Total loss and comprehensive loss for the year ended August 31, 2013, was $3,951,926 compared to a comprehensive loss of $2,809,348 for the year ended August 31, 2012.

Loss per Share, Basic and Diluted
Basic and diluted net loss per share for the year ended August 31, 2014, was $0.482 compared to a basic and diluted net loss per share of $0.407 for the same period in 2013.

Basic and diluted net loss per share for the year ended August 31, 2013, was $0.407 compared to a basic and diluted net loss per share of $0.344 for the same period in 2012.

SUMMARY OF QUARTERLY RESULTS

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

For the quarter ending	2014 August 31	2014 May 31	2014 February 29	2013 November 30
Revenue, net of royalties	$ 19,551	$ 22,116	$ 9,754	$ 13,603
Net income (loss) for the period	$ (4,332,092)	$ (1,269,732)	$ (401,602)	$ (112,159)
Loss per share, basic and diluted	$ (0.327)	$ (0.098)	$ (0.030)	$ (0.010)

Fiscal 2014
Revenue, net of royalties for the four quarters fluctuated as a result of changes in production volume and commodity prices. 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 a net impairment loss on exploration and evaluation assets in the amount of $1,315,276. During the three months ended February 2014, the Company recorded a loss on foreign exchange of $146,645. 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.

For the quarter ending	2013 August 31	2013 May 31	2013 February 29	2012 November 30
Revenue, net of royalties	$ 171	$ 10,206	$ 9,787	$ 9,898
Net loss for the period	$ (3,557,922)	$ (116,520)	$ (374,673)	$ (216,931)
Loss per share, basic and diluted	$ (0.340)	$ (0.010)	$ (0.04)	$ (0.02)

Fiscal 2013
Revenue, net of royalties for the four quarters fluctuated as a result of changes in production volume and commodity prices. In addition during fiscal 2013 the remaining wells in the Company's Botha, Alberta property were shut in. 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. During the three months ended February 2013 the Company recorded a loss on foreign exchange of $111,369. 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.

FOURTH QUARTER RESULTS

Historical Production	**For the Three Months Ended August 31**	
	2013	**2013**
Natural gas – mcf/d	62	-
Historical Prices		
Natural Gas - $/mcf	$4.30	$-
Royalties costs - $/mcf	$.82	$-
Production costs - $/mcf	$1.22	$-
Net back - $/mcf	$2.26	$-
Operations		
Revenue, net of royalties	$19,551	$171
Net loss	$(4,332,092)	$(3,557,922)
Loss per share, basic and diluted	$(0.327)	$(0.34)

Production Volume
For the three months ended August 31, 2014 average natural gas sales volumes was 62 mcf/d compared to Nil mcf/d for the same period in 2013. Total production volume for the three months ended August 31, 2014 was 5,622 mcf compared to Nil mcf for the same twelve month period in 2013. During the three months ended August 31, 2013, the Company's wells in the Botha Property, Alberta were shut in.

Commodity Prices
For the three months ended August 31, 2014 average natural gas prices received per mcf was $4.30 compared to $Nil for the three months ended August 31, 2013. During the three months ended August 31, 2013, the Company's wells in the Botha Property, Alberta were shut in.

Revenue, Net of Royalties	**For the Three Months Ended August 31,**	
	2014	**2013**
Natural gas sales	$24,174	$1,395
Royalties	(4,623)	(1,224)
Revenue, net of royalties	$19,551	$171

Natural gas sales for the three months ended August 31, 2014, was up $18,156 to $19,551 compared to $1,395 for the three months ended August 31, 2013. The increase in sales for the three month period ended August 31, 2014 was attributed to the Company's Botha, Alberta wells producing versus being shut in for the same three month period in 2013.

Royalties for the three months ended August 31, 2014, were $4,623 versus $1,224 for the comparable three month period in 2013. The increase in royalties for the three months ended August 31, 2014 was primarily attributed to higher production volume.

As a result of the above, revenue, net of royalties for the three months ended August 31, 2014, increased to $19,551 compared to $171 for the same three month period in 2013.

Operating Costs
For three months ended August 31, 2014, the Company incurred operating costs of $6,843 versus operating costs of in the amount of $1,473 for the same three month period ended August 31, 2013. Increased operating costs for the three months ended August 31, 2014 was primarily a result of higher production volume from the Company's Botha, Alberta wells.

Depletion and Accretion
Depletion and accretion for the three months ended August 31, 2014, decreased by $657 to $333 compared to $990 for the three months ended August 31, 2014. The decrease in depletion and accretion for the three months ended August 31, 2014 was primarily attributed to a reduction in the carrying value of the Company's Botha, Alberta property to $Nil.

General and Administrative Expenses	**For the Three Months Ended August 31**	
	2014	**2013**
Professional fees	$94,588	$80,208
Head office costs	11,250	11,250
Management fees	18,750	18,750
Transfer and registrar costs	12,402	2,629
Shareholders information	2,857	933
Office and general costs	2,147	523
Directors fees	600	700
Consulting fees and expenses	16,146	43,211
Reserve report fees	-	5,500
Total	$158,740	$163,704

General and administrative expenses for the three months ended August 31, 2014, were down by $4,964 to $158,740 compared to $163,704 for the year ended August 31, 2013. The decrease in general and administrative expenses during 2014 was primarily attributed to a decrease in consulting fees and expenses of $27,065 to $16,146 compared to $43,211 and a decrease of $5,500 in reserve report fees to $Nil compared to $5,500 during 2013. The decreases during the 2014 quarter were partially offset by higher professional fees in of $14,380 to $94,588 compared to $80,208 and higher transfer agent fees of $9,773 to $12,402 compared to $2,629 for the same three month period in 2013.

Interest Expense
For the three months ended August 31, 2014 the Company incurred interest of $171,323 versus interest costs of $15,412 for the three months ended August 31, 2013. The increase in interest for the quarter in 2014 was attributed a decrease in borrowing costs capitalized as a result of the dissolution of Dyami Energy.

Loss on Derivative Liabilities
Derivative Warrant Liabilities
For the three months ended August 31, 2014, the Company recorded an unrealized gain on derivative warrant liabilities of $1,098 compared to an unrealized loss of $38,375 for the three months ended August 31, 2013.

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

Derivative Unit Liabilities
During the three months ended August 31, 2014 the Company recorded a loss on derivative unit liabilities of $2,677,753 compared to $Nil for the three months ended August 31, 2013.

At August 31, 2014, the Company exchanged a secured note payable with a carrying value of $1,322,347 (US$1,216,175) for a secured convertible promissory note payable with a face value of $1,322,347 (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 under IAS 32"Financial Instruments: Presentation". As a result, the Conversion Unit is a derivative liability that requires fair value measurement each period.

Loss on Foreign Exchange
For the three months ended August 31, 2014, the Company recorded a loss on foreign exchange of $1,813 versus a loss on foreign exchange of $197,643 for the same three month period in 2013.

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.

Marketing and Public Relations
For the three months ended August 31, 2014, the Company incurred marketing and public relations costs of $Nil compared to $13,085 in the comparable three month period in 2013.

Loss on Settlement of Debt
For the three months ended August 31, 2014, the Company recorded a loss on settlement of debt in the amount of $1,335,935 compared to $402,264 for the same three month period in 2013.

During the quarter in fiscal 2014, the Company issued 14,757,120 units as full settlement of shareholders' loans and interest in the aggregate amount of $1,180,570. 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.

During the quarter in fiscal 2013, the Company issued 2,366,257 common shares as full settlement of shareholders' loans in the amount of $198,333 and interest due on shareholders' loans in the amount of $345,906. The amount allocated to common shares based on fair value was $946,503 and $402,264 was recorded as a loss on settlement of debt.

Impairment Loss on Exploration and Evaluation Assets
For the three month ended August 31, 2014, the Company record an impairment of $Nil on its exploration and evaluation assets compared to $2,690,568 during the three month period ended August 31, 2013.

During the three month period ended August 31, 2013 the Company record an impairment of $2,690,568 on its Murphy Lease, Zavala County, Texas based on the amount for which management believes the assets could be sold or farmed out in an arms' length transaction, less estimated costs to sell compared to $Nil in the prior period in 2012.

Impairment Loss on Property and Equipment
For the three months ended August 31, 2014, the Company recorded an impairment loss on property and equipment of $Nil compared to $168,954 for the three months ended August 31, 2013 as result of no reserves and no future net revenue being assigned to the Company's Botha Alberta Property by an independent reserves evaluator.

Write down of Marketable Securities
At August 31, 2014, the Company had no marketable securities. For the three months ended August 31, 2013, the fair value of the securities were written down to $Nil.

Impairment loss on dissolution of subsidiary
For the three months ended August 31, 2014, the Company recorded an impairment gain on dissolution of subsidiary in the amount of $8,892.

Net Loss
Net loss for the three months ended August 31, 2014, increased by $774,170to $4,332,092 compared to a net loss of $3,557,922 for the three ended August 31, 2013. The increase in net loss during 2014, was primarily related to a loss on derivative liabilities of $2,676,665 compared to a loss of $38,375 for the three months ended August 31, 2013, a loss on settlement of debt of $1,335,935 compared to a loss on settlement of debt of $402,264 during the three months ended August 31, 2013. The increases in loss during 2014, were partially offset by a decrease in the impairment of exploration and evaluation assets in the amount of $2,690,568 to $Nil versus $2,690,568 in the 2013 three month period, and a decrease in impairment of property and equipment of $168,954 to $Nil compared to $168,954 for the three month period ended August 31, 2013. In addition, during the three month ended August 31, 2014, the Company recorded a decrease in foreign exchange of $61,449 to $1,813 compared to $63,262 for the comparable three month period in 2013.

Foreign Currency Translation
For the three months ended August 31, 2014, the Company recorded a loss on translation of foreign subsidiaries of $96,275 versus a gain of $98,027 for the same period in 2013.

These losses are related to translation differences between Dyami Energy's and Eagleford Zavala'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.

Loss and Comprehensive Loss
Comprehensive loss for the three months ended August 31, 2014 was $4,428,367 compared to a comprehensive loss of $3,459,895 for the three months August 31, 2013.

Loss per Share, Basic and Diluted
Basic and diluted net loss per share for the three months ended August 31, 2014 was $0.327 compared to basic and diluted net loss per share of $$0.340 for the same period in 2013.

CAPITAL EXPENDITURES

For the year ended August 31, 2014, the Company recorded net additions to exploration and evaluation assets of $113,578 on its Leases located in Zavala County, Texas (August 31, 2013: $404,818).

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

FINANCING ACTIVITIES

During the year ended August 31, 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 August 31, 2014 was $103,215 compared to cash of $196,837 at August 31, 2013. During the year ended August 31, 2014, the Company entered into Joint Development Agreements on the Matthews Lease and received cash of $340,811 and the payment of certain obligations under the Matthews Lease.

For the year ended August 31, 2014, 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 August 31, 2014 was $3,489,237 compared to a working capital deficiency of $4,985,312 at August 31, 2013.

Our current assets of $260,336 as at August 31, 2014, ($382,918 as of August 31, 2013) include the following items: cash $103,215 ($196,837 as of August 31, 2013); trade and other receivables $112,285 ($27,786 as of August 31, 2013); and prepaid expenses and deposits of $44,836 ($158,295 as of August 31, 2013).

Our current liabilities of $3,749,573 as of August 31, 2013 ($5,368,230 as of August 31, 2013) include the following items: trade and other payables $1,483,775 ($1,379,581 as of August 31, 2013); shareholders' loans $981,834 ($2,108,205 as of August 31, 2013); secured note payable of $Nil ($1,013,088 as of August 31, 2013); derivative liabilities of $1,094,392

($688,803 as of August 31, 2013); deferred revenue of $177,804 ($Nil as of August 31, 2013); and provisions of $11,768 ($178,553 as of August 31, 2013).

At August 31, 2014, the Company had outstanding the following common share purchase warrants: 7,378,560 warrants exercisable at $0.10 per share; 1,915,000 warrants exercisable at $0.50 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 may be required to define reserves and extract hydrocarbons. Amounts expended on future exploration and development is dependent on the nature of future opportunities evaluated by us 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 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, 2012	$114,755	$125,917	$240,672
Accretion expense	3,071	-	3,071
Change in estimate	(5,104)	-	(5,104)
Additions	-	169,196	169,196
Reductions	-	(125,917)	(125,917)
Foreign exchange	7,020	9,357	16,377
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)
De-consolidation of Dyami Energy	(58,589)		(58,589)
Foreign exchange	4,630	(9,357)	(4,727)
Balance, August 31, 2014	**$47,543**	**$-**	**$47,543**

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 $47,543 ($11,768 current and $35,775 long term) at August 31, 2014 (August 31, 2013: $119,742) based on an undiscounted total future liability of $60,629 (August 31, 2013: $166,578). These payments are expected to be incurred between 2016 and 2031. The discount factor, being the risk free rate related to the liability is 2.57% (August 31, 2013: 3.09%). The above amount has been classified as long term.

b) Other Provisions
In February 2013, a vendor of Dyami Energy applied a lien on the Murphy #4 well and filed a claim in the District Court of Zavala County, Texas (Case No. 13-02-12941-ZCV) seeking payment of US$169,196 for services. Dyami Energy was disputing the amount on the basis of negligence by the vendor. On January 28, 2014 the vendor 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 plus interest at a rate of 5% per annum from the date of judgment until paid. The full amount of the provision had been recorded together with legal fees and interest. The provision, legal fees and interest were transferred to trade and other payables (see Note 16 to the Consolidated Financial Statements).

In May 2012 a vendor of Dyami Energy filed a claim in the District Court of Harris County, Texas seeking payment of US$64,866. Dyami Energy was disputing the amount charged due to faulty equipment. The full amount of the provision which was accrued in the prior year 2012 was reversed in 2013 as the vendor is no longer in good standing as a Texas corporation and the vendor's attorney filed in the District Court of Harris County, Texas a motion to withdraw as counsel (see Note 16 to the Consolidated Financial Statements).

In December 2011, a vendor of Dyami Energy filed a claim in the District Court of Harris County, Texas (Case No. 2011-74035/Court: 113) seeking payment of US$62,800. Dyami Energy disputed the claim on the basis of excessive charges. In December 2013 an agreed final judgment in favour of the vendor was entered into court in the amount of $42,803 and post judgment interest at 5% per annum until paid in full. The provision was transferred to trade and other payables (see Note 16 to the Consolidated Financial Statements).

SECURED NOTE PAYABLE AND SHAREHOLDERS' 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 promissory 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%. The Note 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 CDN$
Secured promissory note (old debt instrument)	$ 1,322,347
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 (see Note 11).

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

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

The following 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, 2012	784,273	1,640,406	4.70
Warrants issued	112,490	163,541	5.00
Broker warrants issued	17,998	44,895	2.50
Change in fair value estimates	-	128,041	-
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**

* Reflects the March 16, 2012 two-for-one stock split and the August 25, 2014 one-for-ten consolidation

On September 25, 2012 the Company issued 112,490 common share purchase warrants exercisable at US$5.00 and 17,998 common share purchase broker warrants exercisable at US$2.50 expiring September 25, 2015. The fair value measured using the Black-Scholes option pricing model was $163,541 and $45,895, respectively.

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 August 31, 2014 and 2013 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)	0.62	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**

(1) Current
* Reflects the March 16, 2012 two-for-one stock split and the August 25, 2014 one-for-ten consolidation

Number of Warrants*	Exercise Price US ($)*	Expiry Date	Weighted Average Remaining Life (Years)	Fair Value CDN ($)
170,923	5.00	August 31, 2014(1)	1.00	688,803
187,500	5.00	April 13, 2015	1.62	355,208
30,000	2.50	April 13, 2015	1.62	96,629
91,250	5.00	July 20, 2015	1.88	129,683
14,600	2.50	July 20, 2015	1.88	34,906
250,000	5.00	August 7, 2015	1.93	355,685
40,000	2.50	August 7, 2015	1.93	91,542
112,490	5.00	September 25, 2015	2.07	176,087
17,998	2.50	September 25, 2015	2.07	48,340
914,761			**1.70**	**1,976,883**

(1) Current
* Reflects the March 16, 2012 two-for-one stock split and the August 25, 2014 one-for-ten consolidation

The fair value of the warrants issued during the year ended August 31, 2013, were estimated using the Black-Scholes option pricing model with the following assumptions:

Black-Scholes Assumptions used	**2013**
Risk-free interest rate	1.5%
Expected volatility	217%
Expected life (years)	3.00 Years
Dividend yield	-

Derivative Unit Liabilities

The following tables summarize the components of the Company's derivative liabilities reflected in US Dollars and linked common shares as at August 31, 2014:

	August 31, 2014	
The financings giving rise to derivative financial instruments	Indexed Shares	Fair Values $CDN
Conversion unit (1 common share and 1 common share purchase warrant)	15,202,188	$ (4,000,100)

The Company's face value $1,322,347 (US$1,216,175) Secured Convertible Promissory Note issued on August 31, 2014 gave rise to a derivative financial instrument. As more fully discussed in Note 10 the Company issued a face value $1,322,347 (US$1,216,175) Secured Convertible Promissory Note on August 31, 2014 (the "Note"). 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.

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 the Binomial Lattice model 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:

	August 31, 2014
Underlying price on valuation date*	$0.3090
Contractual conversion rate	$0.08
Contractual term to maturity	1.00 Years
Implied expected term to maturity	0.613 Years
Market volatility:	
Range of volatilities	78.41% - 269.09%
Equivalent volatility	181.25%
Contractual interest rate	10.0%
Equivalent market risk adjusted interest rate	10.00%
Equivalent credit risk adjusted yield	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 of August 31, 2014:

	August 31, 2014
Market value on valuation date	$0.16
Contractual exercise rate	$0.092
Term (years)	5.00 Years
Expected market volatility	179.21%
Risk free rate using zero coupon US Treasury Security rate	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.

For the year ended August 31, 2014	**Canada**	**United States**	**Total**
Net revenue	$65,024	-	$65,024
Net loss	$(4,683,624)	$(1,431,961)	$(6,115,585)

For the year ended August 31, 2013	Canada	United States	Total
Net revenue	$30,062	-	$30,062
Net loss	$(1,431,363)	$(2,834,683)	$(4,266,046)

For the year ended August 31, 2012	Canada	United States	Total
Net revenue	$39,218	-	$39,218
Net loss	$(2,585,129)	$(224,059)	$(2,809,188)

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

As at August 31, 2013	Canada	United States	Total
Total Assets	$3,914,928	$3,003,268	$6,918,196
Total Liabilities	$6,029,577	$746,475	$6,776,052

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 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. During low commodity price periods, acquisition costs drop, as do internally generated funds to spend on exploration and development activities. With decreased demand, the prices charged by the various service suppliers also decline.

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

RELATED PARTY TRANSACTIONS AND BALANCES

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

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

	August 31, 2014	August 31, 2013	August 31, 2012
Short term employee benefits (1)	$75,000	$75,000	$75,000
Directors stock based compensation (2)	-	-	95,910
	$75,000	$75,000	$170,910

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

	August 31, 2014	August 31, 2013
Short term employee benefits (1)	$281,250	$206,250
Expenses paid on behalf of the Company	-	1,747
	$281,250	$207,997

(1) The Company accrues management fees for the President of the Company at a rate of $6,250 per month.
(2) On March 1, 2012, the Company granted 60,000 share purchase options to directors with an exercise price of $1.60 per share expiring on February 28, 2017.

At August 31, 2014, the amount of directors' fees included in trade and other payables was $19,200 (August 31, 2013: $16,100).

At August 31, 2014, the Company had a promissory note payable to the President of $Nil (August 31, 2013: $28,845 and US$300,000). For the year ended August 31, 2014, the Company recorded interest of $24,162 (August 31, 2013: $35,324). At August 31, 2014, included in trade and other payables is interest of $91,727 (August 31, 2013: $65,826). The notes were due on demand and bear interest at 10% per annum. Interest was payable annually on the anniversary date of the notes. Effective February 27, 2014, 651,904 common share purchase warrants were exercised by the President at $0.35 expiring February 27, 2014 for settlement of cash advances of $228,167 (see Note 8 (b) (c)). On August 30, 2014, the Company issued 1,628,700 units at $0.08 per unit as full settlement of a promissory note payable of US$120,000 (see Note 8 (b) (e) and Note 10 to the Consolidated Financial Statements). At August 31, 2014, the Company had a note payable to Core Energy Enterprises Inc. ("Core") of US$249,250. The President is a major shareholder, officer and a director of Core.

At August 31, 2014, the Company had a secured convertible promissory note of $1,322,347 (US$1,216,175), 10% per annum secured promissory note payable to Benchmark Enterprises LLC ("Benchmark") (2013: US$960,000). Benchmark is a shareholder of the Company. For the year ended August 31, 2014, the Company recorded interest of $104,237 (August 31, 2013: $101,309). At August 31, 2014 included in trade and other payables is interest of $Nil (August 31, 2013: $169,033) (see Note 10 and Note 11 to the Consolidated Financial Statements).

At August 31, 2014, the Company had shareholders' loans payable of US$655,000. (August 31, 2013: US$1,433,500 and $250,000). For the year ended August 31, 2014, the Company recorded interest of $180,349 (August 31, 2013: $183,490). At August 31, 2014, included in trade and other payables, is interest of $269 August 31, 2013: $47,037). 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) (e)). During the year ended August 31, 2013, the Company issued 2,366,257 common shares as full settlement of shareholders' loans in the amount of $198,333 and interest due on shareholders' loans in the amount of $345,906 (see Note 8 (b) (b) and Note 10 to the Consolidated Financial Statements).

NATURE OF BUSINESS AND GOING CONCERN

Eagleford Energy Corp. ("Eagleford" or the "Company") was amalgamated under the Business Corporations Act (*Ontario)* on November 30, 2009. The principal activities of the Company consist of exploration, development and production of petroleum and natural gas properties. In addition, the Company holds a 0.3% net smelter return royalty on 8 mining claim blocks located in Red Lake, Ontario which is carried on the consolidated statement of financial position at nil.

The company's registered office is 1 King Street West, Suite 1505, Toronto, Ontario, M5H 1A1.

The Company's common shares trade on the Over-the-Counter Bulletin Board (OTCQB) under the symbol EGFDF.

These consolidated financial statements (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, as they come due for the foreseeable future. The Company is in the process of exploring and developing its oil and gas properties and has not yet realized profitable operations. The Company requires additional financing for its working capital and for the costs of exploration and development of its oil and gas properties.

Due to continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. The Company will continue to seek additional forms of debt or equity financing, or other means of funding its operations, however, there is no assurance that it will be successful in doing so or that funds will be available on terms acceptable to the Company or at all. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company.

The Company has accumulated significant losses and negative cash flows from operations in recent years which raise doubt as to the validity of the going concern assumption. The Company has a working capital deficiency of $3,489,237 (2013: $4,985,312) and an accumulated deficit of $15,328,146 (2013: $9,212,561). These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern. Accordingly, the consolidated financial statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the accompanying consolidated financial statements.

During the year, the Company entered into two separate Joint Development Agreements on the Matthews Lease and received cash of $340,811 and the payment of certain obligations under the Matthews Lease. The Company extinguished debt of $1,408,737 (2013: $544,239) through the issuance of share capital.

Basis of Preparation

Statement of Compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements of the Company were approved by the Board of Directors on December 26, 2014.

Basis of Preparation
These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (the "IASB") which is incorporated in the Chartered Professional Accountants of Canada ("CPA Canada") Handbook-Accounting.

The accounting policies applied in these consolidated financial statements are based on IFRS effective for the period ended August 31, 2014, as issued and outstanding as of the date the Board of Directors approved the consolidated financial statements.

Principles of Consolidation
Subsidiaries are all entities controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

The consolidated financial statements include the accounts of Eagleford, the legal parent, together with its wholly-owned subsidiaries, 1354166 Alberta Ltd. a company operating in the province of Alberta, Canada ("1354166 Alberta"), Eagleford Energy, Zavala Inc. a Nevada company ("Zavala Inc.") effective August 29, 2013 and Dyami Energy Inc. ("Dyami") which was dissolved effective April 3, 2014 by filing a Certificate of Termination of a Domestic Entity with the Secretary of State, Texas (see Note 16 to the consolidated financial statements.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Company and its subsidiaries.

Revenue Recognition
Revenues from the production of oil and gas properties from 1354166 Alberta are recognized, on the basis of the Company's working interest in those properties, when the significant risks and rewards of ownership of the product is transferred to the buyer, which is usually when legal title passes to an external party. During the fiscal year ended August 31, 2012, the wells were shut in and the asset was considered impaired and the property was written off but the Company is still receiving its share of gas revenue from the operator. Revenue is measured net of royalties and other duties.

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

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

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the year- end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in the foreign currency translation reserve under the equity section of the consolidated statement of financial position.

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

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

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

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

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

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

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

Derivative Financial Instruments
The Company's derivative instruments consist of derivative liabilities in relation to its i) share purchase warrants; and ii) its secured convertible note payable.

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

The Company's secured convertible note payable has a conversion feature which may 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 rolling weighted average price 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"). The terms and features of the conversion 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. The Company has selected the Binomial Lattice model to fair value the warrant component of the conversion unit and the Monte Carlo Simulations process for the common share component of the conversion unit (see Note 11 to the consolidated financial statements).

Property and Equipment and Exploration and Evaluation Assets

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

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

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

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

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

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

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

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

Joint Oil and Gas Activities
All of the Company's oil and gas activities are conducted jointly with others. The Company's accounts reflect only the Company's share of assets, liabilities, revenue and expenses in the joint operations. For interests in joint operations, the Company's share of the jointly controlled assets are classified according to the nature of the assets, the Company's share of any liabilities incurred jointly with the other parties, and the Company's share of any income and expenses incurred jointly with the partners are recognized in the consolidated financial statements. The adoption of IFRS 11 did not change the definition of a joint arrangement/joint control and proportionate share method previously adopted by the company.

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

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

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

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

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

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

Impairment

Financial Assets

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

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

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

All impairment losses are recognized in the profit or loss.

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

Non-financial Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Title to Oil and Gas Property Interests
Although the Company has taken steps to verify title to oil and gas properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

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

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

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

Assessment of Commercial Reserves
Management is required to assess the level of the Company's commercial reserves together with the future expenditures to access those reserves, which are utilized in determining the depletion charge for the period, assessing whether any impairment charge is required against developed or undeveloped properties, and the determination of the deferred tax liability. By their nature, these estimates of discovered proved and probable crude oil and natural gas reserves, including the estimates of future prices, costs, related future cash flows and the selection of a pre-tax risked discount rate relevant to the asset in question are subject to measurement uncertainty.

The Company employs an independent reserves evaluator who periodically assesses the Company's level of commercial reserves by reference to data sets including geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Company's assets. Significant judgment is involved when determining whether there have been any significant changes in the Company's reserves.

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

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

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

Recent Accounting Pronouncements 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) IFRIC 21 Levies. The Company intends to adopt IFRIC 21 in its consolidated financial statements for the annual period beginning September 1, 2014. The Company does not expect the amendments 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.

Recent Adopted Accounting Standards
The following standards, amendments and interpretations have been adopted by the Company as of September 1, 2013. There were no material impacts on the consolidated financial statements as a result of the adoption of these standards, amendments and interpretations: (i) IFRS 10 Consolidated Financial Statements; (ii) IFRS 11 Joint Arrangements; (iii) IFRS 12 Disclosures of Interests in Other Entities; (iv) IFRS 13 Fair Value Measurement; and (v) Amendments to IFRS 7 Financial Instrument Disclosures.

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.

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

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, 2012	9,671,281	$5,906,633
Private Placement of units (Note 8 (b) (a))	224,979	197,214
Debt settlement (Note 8 (b) (b))	2,366,257	946,503
Balance August 31, 2013	12,262,517	7,050,350
Warrants exercised (Note 8 (b) (c))	651,904	306,405
Debt settlement (Note 8 (b) (e))	14,757,120	1,715,426
Balance August 31, 2014	**27,671,541**	**$9,072,181**

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

Warrants	August 31, 2014 Number of Warrants*	August 31, 2014 Weighted Average Price*	August 31, 2013 Number of Warrants*	August 31, 2013 Weighted Average Price*
Outstanding, beginning of period	4,020,095	$0.40	4,020,095	$0.04
Warrants exercised (Note 8 (c))	(651,904)	$0.35		
Warrants expired (Note 8 (d))	(1,453,191)	$0.35		
Warrants issued (Note 8 (e))	7,378,560	$0.10		
Balance, end of period	**9,293,560**	**$0.18**	**4,020,095**	**$0.40**

* Reflects the March 16, 2012 two-for-one stock split and the August 25, 2014 one-for-ten stock consolidation

(a) On September 25, 2012, the Company completed private placements for gross proceeds of $441,004 of equity capital from arm's length private placement funding through the issuance of 224,979 units at a price of US$2.00 per unit. Each unit was comprised of one common share and one-half a common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Company at US$5.00 for a period of three years from the date of issuance. The amount allocated to derivative warrant liabilities based on fair value using the Black-Scholes option pricing model was $163,541 (retranslated as $176,087 at August 31, 2013). In connection with the private placement, the Company paid cash commissions and other expenses of $35,354 and issued an aggregate of 17,998 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at an exercise price of US$2.50 for a period of three years from the date of issuance. The amount allocated to derivative liabilities based on fair value using the Black-Scholes option pricing model was $44,895 (retranslated as $48,340 at August 31, 2013) with a corresponding decrease in common shares (see Note 11).

(b) On June 1, 2013, the Company issued 2,366,257 common shares as full settlement of shareholders' loans in the amount of $198,333 and interest due on shareholders' loans in the amount of $345,906. The amount allocated to common shares based on fair value was $946,503 and $402,264 was recorded as a loss on settlement of debt in the consolidated statement of operations and comprehensive loss.

(c) 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).

(d) 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.

(e) 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).

The following table summarizes the outstanding warrants as at August 31, 2014 and 2013 respectively:

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 March 16, 2012 two-for-one stock split and the August 25, 2014 one-for-ten stock consolidation

Number of Warrants*	Exercise Price*	Expiry Date	Weighted Average Remaining Life (Years)	Warrant Value ($)
200,000	$0.40	February 5, 2014	0.43	$ 24,000
80,052	$0.40	February 25, 2014	0.49	9,606
1,825,043	$0.40	February 27, 2014	0.49	219,031
600,000	$0.50	January 24, 2015	1.40	507,038
1,115,000	$0.50	February 17, 2015	1.47	595,310
200,000	$0.50	February 17, 2015	1.47	67,541
4,020,095	$0.40		**0.94**	**$ 1,422,526**

* Reflects the March 16, 2012 two-for-one stock split and the August 25, 2014 one-for-ten stock consolidation

Weighted Average Shares Outstanding

The following table summarizes the weighted average shares outstanding:

Weighted Average Shares Outstanding*	August 31, 2014	August 31, 2013
Weighted Average Shares Outstanding Basic and diluted	**12,675,329**	**10,477,429**

* Reflects the March 16, 2012 two-for-one stock split and the August 25, 2014 one-for-ten stock 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.

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, 2012 and 2013	105,000	$1.64
Granted	-	-
Balance, August 31, 2014	**105,000**	**$1.64**

* Reflects the March 16, 2012 two-for-one stock split and 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 August 31, 2014 and 2013 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	$ 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 March 16, 2012 two-for-one stock split and 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 (see Note 17).

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
$ 1.60	100,000	$ 1.60	3.50	1,00,000	$ 1.60
$ 2.50	5,000	$ 2.50	3.90	5,000	$ 2.50
	105,000	$ 1.64	3.52	105,000	$ 1.64

* Reflects the March 16, 2012 two-for-one stock split and the August 25, 2014 one-for-ten stock consolidation

Contributed Surplus

Contributed surplus transactions for the respective periods are as follows:

	Amount
Balance, August 31, 2012 and 2013	$506,200
Warrants expired	174,399
Derivative warrants expired	709,299
Balance, August 31, 2014	**$1,389,898**

SUBSEQUENT EVENTS

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).

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). The Company is seeking a declaration that Gaines breached his duty to the Company, an accounting and disgorgement of profits made by Gaines in breach of his duties or in the alternative, damages and/or restitution for breach of fiduciary duty, deceit, and unjust enrichment in an amount to be determined before trial and $1.0 million in punitive damages.

On October 29, 2014, 5,000 share purchase options expired and $11,112 was recorded as a decrease in share purchase options and a corresponding increase in contributed surplus.

On October 30, 2014 the President of the Company loaned the Company $10,000. The loan is payable on demand and bears interest at 10% per annum.

On November 4, 2014 1288131 Alberta Ltd., loaned the Company US$121,000. Colin McNeil a director of the Company is also an officer, director and shareholder of 1288131 Alberta Ltd. The loan is payable on demand and bears interest at 10% per annum.

On November 12, 2014 the Company granted immediately vesting share purchase options to acquire 1,000,000 common shares at an exercise price of $0.12 per share for a period of 5 years to directors and a consultant and recorded stock based compensation expense and share purchase options with a fair value of $112,693.

EXHIBIT C

Management's Discussion and Analysis for three and nine months ended May 31, 2016

Intelligent Content Enterprises Inc.

(formerly: Eagleford Energy Corp.)

Management's Discussion and Analysis
For the Three and Nine Months Ended
May 31, 2016

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

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*	$	30,550

*Transaction costs were recorded as a reduction in share capital

The Company's Unaudited Interim Condensed Consolidated Financial Statements for the three and nine months ended May 31, 2016, 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 nine months ended May 31, 2016 and notes thereto. This Management's Discussion and Analysis is dated July 27, 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 nine months ended May 31, 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 nine months ended May 31, 2016, was $13,657,327, compared to a net loss of $1,533,065 for the nine months ended May 31, 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 share capital in 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.

During the period ended May 31, 2016, 448,683 common share purchase warrants were exercised at $1.00 for proceeds of $448,683.

Effective February 29, 2016, the Company acquired the net assets of Digital Widget Factory Inc.

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 May 31, 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:

May 31, 2016	**Payments Due by Period**				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	$268,649	-	-	-	-
Total	$268,649	-	-	-	-

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 May 31, 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 May 31, 2016. The Company is not subject to any externally imposed restrictions on its capital requirements.

RESULTS OF OPERATIONS-CONTINUING OPERATIONS

Research, Content Development and Technology Support

For the three months and nine months ended May 31, 2016, the Company incurred research, content development and technology support costs of $91,700 compared to $Nil in the prior comparable periods in 2015.

The increase in research, content development and technology support costs during 2016 is related to the acquisition of the DWF Technology effective February 29, 2016.

Hosting and Technology Services

For the three months and nine months ended May 31, 2016, the Company incurred hosting and technology costs of $43,382 compared to $Nil for the three and nine months ended May 31, 2015.

The increase in hosting and technology costs experienced in the three and nine months ended May 31, 2016, was a result of the costs associated with the operations of DWF Ontario.

General and Administrative Expenses

	Three Months Ended May 31		Nine Months Ended May 31	
	2016	**2015**	**2016**	**2015**
Professional fees	$35,726	$(21,351)	$46,624	$37,398
Head office costs	25,500	25,500	76,500	76,500
Management fees	15,000	37,500	45,000	112,500
Transfer and registrar costs	1,074	3,460	4,546	5,991
Shareholders information	15,250	-	56,760	34,187
Office and general costs	2,466	614	4,158	3,478
Directors fees	-	-	1,200	2,000
Government fees and taxes	4,800	-	4,800	-
Total	$99,816	$45,723	$239,578	$272,054

General and administrative expenses for the three months ended May 31, 2016 were $54,093 higher to $99,816 compared to $45,723 for the three months ended May 31, 2015. The increase in expenses during the three month period in 2016, was primarily attributed to an increase in professional fees of $57,077 to $35,726 versus a recovery of professional fees of $21,351 for the prior three month period in 2015. Also during the three months ended May 31, 2016, the Company recorded an increase in shareholders information costs of $15,250 compared to $Nil for the same three month period in 2015. The increased shareholder information costs were primarily attributed to costs of the consolidation of the Company's common shares on February 1, 2016. These increases were partially offset by a decrease in management fees of $22,500 to $15,000 compared to $37,500 for the same comparable period during 2015.

General and administrative expenses for the nine months ended May 31, 2016, decreased by $32,476 to $239,578 compared to $272,054 for the nine month period ended May 31, 2015. The decrease in 2016, was primarily attributed to a decrease in management fees of $67,500 to $45,000 compared to $112,500 for the nine month period in 2015. The decrease in management fees was partially offset by higher shareholder information costs of $22,573 to $56,760 compared to $34,187 incurred during the same nine month period ended May 31, 2015. During the nine month period in 2016, professional fees were higher by $9,226 to $46,624 compared to $37,398 for the same nine month period in 2015 as a result of increased activity due to the acquisition of the DWF Technology.

Interest Expense
For the three months ended May 31, 2016, the Company incurred interest costs of $Nil versus interest costs of $73,884 for the three months ended May 31, 2015.

For the nine months ended May 31, 2016, the Company incurred interest costs of $12,812 versus interest costs of $202,333 for the nine months ended May 31, 2015.

The decrease in interest costs during the three and nine months ended May 31, 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 during the current period.

Loss on Foreign Exchange
For the three months ended May 31, 2016, the Company recorded a loss on foreign exchange of $1,930 compared to a gain of $2,876 for the same three month period in 2015.

For the nine months ended May 31, 2016, the Company recorded a loss on foreign exchange of $21,779 compared to a loss of $286,136 for the same nine 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 May 31, 2016, the Company recorded a loss on settlement of debt in the amount of $Nil compared to $Nil for the same three month period in 2015.

For the nine months ended May 31, 2016, the Company recorded a loss on settlement of debt in the amount of $13,474,507 compared to $Nil for the same nine month period in 2015.

The primary factors attributed to the resulting net loss on settlement of debt during the nine months ended May 31, 2016 were as follows:

On May 31, 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 May 31, 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 nine months ended May 31, 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 May 31, 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 nine months ended May 31, 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 May 31, 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 nine months ended May 31, 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
For the three months ended May 31, 2016, the Company recorded a gain on disposal of subsidiary in the amount of $Nil compared to $Nil for the three months ended May 31, 2015.

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 nine months ended May 31, 2016 compared to $Nil for the nine months ended May 31, 2015.

Stock Based Compensation Expense
For the three months ended May 31, 2016, the Company recorded stock based compensation of $615,924 compared to $Nil for the same period in 2015.

For the nine months ended May 31, 2016, the Company recorded stock based compensation of $615,924 compared to $84,520 for the same period in 2015.

On April 1, 2016, the Company granted options to purchase 300,000 common shares to a director. These options are exercisable at $2.19 per share, vest immediately and expire on March 31, 2021. The Company recorded non-cash stock based compensation expense of $615,924.

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 May 31, 2016 the Company recorded stock based compensation of $Nil compared to $Nil for the same period in 2015.

For the nine months ended May 31, 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.

Loss on Derivative Liabilities
For the three and nine months ended May 31, 2016, the Company had no derivative liabilities.

For the three and nine months ended May 31, 2015, the Company recorded a loss on derivative liabilities of $738,652 and $250,701 respectively as follows:

Derivative Warrant Liabilities
For the three months ended May 31, 2015, the Company recorded a gain on derivative warrant liabilities of $3,407.

For the nine months ended May 31, 2015, the Company recorded a loss on derivative warrant liabilities of $197,990.

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 May 31, 2015, the Company recorded a loss on derivative unit liabilities of $742,059.

For the nine months ended May 31, 2015, the Company recorded a loss on derivative unit liabilities of $52,711.

At, May 31, 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 May 31, 2016, the Company recorded accretion on the secured convertible note in the amount of $Nil compared to $327,793 in the three month period in 2015.

For the nine months ended May 31, 2016, the Company recorded accretion on the secured convertible note in the amount of $Nil compared to $475,755 for the nine months ended May 31, 2015.

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

Gain on settlement of Litigation
For the three months ended May 31, 2016, the Company recorded a gain on settlement of litigation in the amount of $Nil compared to $120,125 for the same three month period in 2015.

For the nine months ended May 31, 2016, the Company recorded a gain on settlement of litigation in the amount of $Nil compared to $120,125 for the same three month period in 2015.

Effective March 25, 2015, the Company entered into a settlement agreement with a former director of the Company and received 1,200,000 common shares and 1,200,000 common share purchase warrants of Stratex Oil & Gas Holdings, Inc. ("Stratex") exercisable at US$0.15 per expiring December 31, 2018. The 1,200,000 common shares and warrants were recorded at fair value of $120,125 and allocated to gain on settlement of litigation and marketable securities.

Unrealized loss on marketable securities
For the three months ended May 31, 2016, the Company recorded an unrealized loss on marketable securities in the amount of $Nil compared to $53,518 for the same three month period in 2015.

For the nine months ended May 31, 2016, the Company recorded an unrealized loss on marketable securities in the amount of $Nil compared to $53,518 in the same three month period in 2015.

Effective March 25, 2015, the Company entered into a settlement agreement with a former director of the Company and received 1,200,000 common shares and 1,200,000 common share purchase warrants of Stratex exercisable at US$0.15 per expiring December 31, 2018. The 1,200,000 common shares and warrants were recorded at fair value of $120,125 and allocated to marketable securities and gain on settlement of litigation.

Effective March 31, 2015, the Company entered into a settlement with Stratex and received 1,333,333 common shares of Stratex as repayment of the disputed minimum royalty amount of US$152,293 and recorded the fair value of CDN$186,017 in marketable securities and a corresponding decrease in exploration and evaluation assets.

At each financial reporting period, the Company estimates the fair value of investments which are held-for-trading, based on quoted closing bid prices at the consolidated statements of financial position date or the closing bid price on the last day the security traded if there were no trades at the consolidated statements of financial position date and such valuations are reflected in the consolidated financial statements.

Net Loss from Continuing Operations
Net loss from continuing operations for the three months ended May 31, 2016, was $852,752, compared to a net loss of $1,116,569 for the three months ended May 31, 2015. The decrease in loss during 2016 was related to a decrease of $738,652 in loss on derivative liabilities to $Nil versus $738,652 in 2015, and a decrease of $327,793 in accretion of convertible secured note to $Nil versus $327,793 the three month period in 2015.

Net loss from continuing operations for the nine months ended May 31, 2016, was $13,657,327, compared to a net loss of $1,533,065 for the nine months ended May 31, 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 the nine month period in 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 nine month period ended May 31, 2016, the Company recorded an increase in stock based compensation of $531,404 to $615,924 compared to $84,520 in 2015 and an impairment loss on 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 loss from discontinued operations net of tax for the three months ended May 31, 2016, was $Nil compared to a net loss from discontinued operations net of tax of $4,750,694 for the three months ended May 31, 2015.

Net income from discontinued operations net of tax for the nine months ended May 31, 2016, was $4,829 compared to a net loss from discontinued operations net of tax of $4,754,118 for the nine months ended May 31, 2015.

The Company entered into a Share Purchase and Debt Settlement Agreement effective May 31, 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 May 31, 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 May 31		Nine Months Ended May 31	
	2016	2015	**2016**	2015
Revenue				
Natural gas sales, net of royalties	$-	$11,904	$13,998	$37,264
Expenses				
Operating costs	-	7,442	5,170	17,499
General and administrative	-	78	97	275
	-	(7,520)	(5,267)	17,774
Net income and comprehensive income from discontinued operations	$-	$4,384	$8,731	$19,490
Earnings per share basic from discontinued operations	$0.000	$0.002	$0.001	$0.007
Earnings per share diluted from discontinued operations	$0.000	$0.001	$0.001	$0.007

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 May 31		Nine Months Ended May 31	
	2016	2015	**2016**	2015
Expenses				
Accretion	$-	$462	$-	$930
General and administrative	-	34,422	3,902	52,484
Impairment loss on exploration and evaluation assets	-	4,720,194	-	4,720,194
Loss from discontinued operations	-	(4,755,078)	(3,902)	(4,773,608)
Foreign currency translation		(17,235)	-	691,207
Comprehensive loss from discontinued operations	$-	$(4,737,843)	$(3,902)	$(4,082,401)
Loss per share basic and diluted from discontinued operations	$-	$(1.718)	$(0.000)	$(1.724)

Net Loss

Net loss for the three months ended May 31, 2016, was $852,752, compared to a net loss of $5,867,263 for the three months ended May 31, 2015. The decrease in loss during 2016, was primarily related to an impairment loss on exploration and evaluation assets of $4,720,194 recorded in discontinued operations in the prior period in 2015.

Net loss for the nine months ended May 31, 2016, was $13,652,498, compared to a net loss of $6,287,183 for the nine months ended May 31, 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 the nine months ended in 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 nine month period ended May 31, 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 (Loss)
Impairment Loss on Marketable Securities-Continuing Operations
For the three months ended May 31, 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 (May 31, 2015 $Nil).

For the nine months ended May 31, 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 (May 31, 2015 $Nil).

Foreign Currency Translation-Discontinued Operations
For the three months ended May 31, 2016, the Company incurred a loss on foreign currency translation of $Nil versus a loss of $17,235 for the same three month period in 2015.

For the nine months ended May 31, 2016, the Company incurred a gain on foreign currency translation of $Nil versus a gain of $691,207 for the same nine 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 (Loss)
Total other comprehensive loss for the three months ended May 31, 2016, was $Nil compared to $17,235 for the three months ended May 31, 2015.

Total other comprehensive income for the nine months ended May 31, 2016, was $110,525 compared to $691,207 for the three months ended May 31, 2015.

Net Loss and Comprehensive Loss
Net loss and comprehensive loss for the three months ended May 31, 2016, was $852,752 compared to $5,884,498 for the three months ended May 31, 2015. The decrease in net loss and comprehensive loss during 2016, was primarily related to an impairment loss on exploration and evaluation assets of $Nil compared to $4,720,194 recorded in discontinued operations in the prior period in 2015.

Total loss and comprehensive loss for the nine months ended May 31, 2016, was $13,541,973 compared to $5, 595,976 for the nine months ended May 31, 2015. The increase in net loss and comprehensive loss during 2016 was primarily related to an increase in loss on settlement of debt of $13,474,507 compared to $Nil in 2015.

Earnings (Loss) per Share, Basic
Basic loss per share from continuing operations for the three months ended May 31, 2016, was $0.022 compared to basic loss per share of $0.403 for the same three month period in 2015.

Basic income per share from discontinued operations for the three months ended May 31, 2016, was $Nil compared to basic loss per share of $1.717 for the same three month period in 2015.

Basic loss per share from continuing operations for the nine months ended May 31, 2016, was $0.591 compared to basic loss per share of $0.554 for the same nine month period in 2015.

Basic income per share from discontinued operations for the nine months ended May 31, 2016, was $Nil compared to basic loss per share of $1.718 for the same nine month period in 2015.

Total Loss per Share, Basic
Total basic loss per share for the three months ended May 31, 2016 was $0.022 compared to total basic loss per share of $2.120 for the same three month period in 2015.

Total basic loss per share from for the nine months ended May 31, 2016 was $0.591 compared to total basic loss per share of $2.272 for the same nine month period in 2015.

Earnings (Loss) per Share, Diluted
Diluted loss per share from continuing operations for the three months ended May 31, 2016, was $0.022 compared to diluted loss per share of $0.403 for the same three month period in 2015.

Diluted loss per share from discontinued operations for the three months ended May 31, 2016, was $Nil compared to diluted loss per share of $1.717 for the same three month period in 2015.

Diluted loss per share from continuing operations for the nine months ended May 31, 2016, was $0.591 compared to diluted loss per share of $0.554 for the same nine month period in 2015.

Diluted income per share from discontinued operations for the nine months ended May 31, 2016, was $Nil compared to diluted loss per share of $1.718 for the same nine month period in 2015.

Total Loss per Share, Diluted
Total diluted loss per share for the three months ended May 31, 2016, was $0.022 compared to total diluted loss per share of $2.120 for the same three month period in 2015.

Total diluted loss per share for the nine months ended May 31, 2016, was $0.591 compared to total diluted loss per share of $2.272 for the same nine 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.

For the quarter ending	2016 May 31	2016 February 29	2015 November 30	2015 August 31
Net income (loss) for the period	$(852,752)	$(497,465)	$(12,307,110)	$3,519,182
Earnings (loss) per share, basic	$(0.022)	$(0.020)	$(1.907)	$0.960
Earnings (loss) per share, diluted	$(0.022)	$(0.020)	$(1.907)	$0.937

During the quarter ended May 31, 2016, the Company recorded stock based compensation expense of $615,924. For the three months ended February 29, 2016, the Company recorded a loss on settlement of debt in the amount of $483,431 and 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 quarter ending	2015 May 31	2014 February 28	2014 November 30	2014 August 31
Net income (loss) for the period	$(1,116,569)	$269,539	$(686,033)	$(4,326,068)
Earnings (loss) per share, basic	$(0.403)	$0.097	$(0.248)	$(2.821)
Earnings (loss) per share, diluted	$(0.403)	$0.044	$(0.248)	$(2.821)

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. 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.

CAPITAL EXPENDITURES

For the nine months ended May 31, 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

During the period ended May 31, 2016, 448,683 common share purchase warrants were exercised at $1.00 for proceeds of $448,683.

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 nine months ended May 31, 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.

LIQUIDITY AND CAPITAL RESOURCES

Cash as of May 31, 2016, was $332,838 (August 31, 2015: $32,192). During the nine months ended May 31, 2016, the Company completed a private placements for gross proceeds of $80,000 and received $448,683 upon the exercise of 448,683 common share purchase warrants.

For the nine months ended May 31, 2016, the primary use of funds was related to general administrative expenses. The Company's working capital at May 31, 2016 was $94,372 (August 31, 2015 working capital deficiency: $3,233,160). During the nine months ended May 31, 2016, the Company converted debt in the aggregate amount of $1,714,010 through the issuance of share capital.

Our current assets of $363,021 as at May 31, 2016 ($93,115 as of August 31, 2015) include the following items: cash $332,838 ($32,192 as of August 31, 2015), trade and other receivables $30,182 ($51,323 as of August 31, 2015) and marketable securities of $1 ($9,600 as of August 31, 2015).

Our current liabilities of $268,649 as of May 31, 2016 ($3,326,275 as of August 31, 2015) include the following items: trade and other $268,649 ($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 May 31, 2016, the Company had outstanding 5,454,165 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, May 31, 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 May 31, 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 May 31, 2016, the Company had shareholders' loans payable of $Nil (August 31, 2015: $339,588). For the period ended May 31, 2016, the Company recorded interest of $Nil on shareholders' loans (August 31, 2015: $86,611). As at May 31, 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 May 31, 2016, the Company had loans payable of $Nil (August 31, 2015: $1,063,105). For the period ended May 31, 2016, the Company recorded interest on the loans payable of $4,945. As at May 31, 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 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 May 31, 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 May 31, 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			Nine Months Ended		
May 31, 2016	**$ Canada**	**$ United States**	**$ Total**	**$ Canada**	**$ United States**	**$ Total**
Net loss, continuing operations	(852,752)	-	(852,752)	(13,657,527)	-	(13,657,527)
Net income, discontinued operations	-	-	-	4,829	-	4,829
Net loss	(852,752)	-	(852,752)	(13,652,498)	-	(13,652,498)
May 31, 2015						
Net loss, continuing operations	(1,116,569)	-	(1,116,569)	(1,553,065)	-	(1,533,065)
Net loss, discontinued operations	4,384	(4,755,078)	(4,750,694)	19,490	(4,773,608)	(4,754,118)
Net loss	(1,112,185)	(4,755,078)	5,867,263	(1,513,575)	(4,773,608)	(6,287,183)

As at May 31, 2016	**$ Canada**	**$ United States**	**$ Total**
Total Assets	9,893,271	-	9,893,271
Total Liabilities	(268,649)	-	(268,649)

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 May 31,		Nine Months Ended May 31	
	2016	2015	**2016**	2015
Short term employee benefits (1)	$15,000	$37,500	$45,000	$112,500
Directors stock based compensation (2)	615,924	-	615,924	84,520
	$630,924	$37,500	$660,924	$197,020

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:

	May 31, 2016	August 31, 2015
Short term employee benefits (1)	$25,000	$125,000
	$25,000	$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. The options are exercisable at $1.20 per share, vest immediately and expire on November 11, 2019. On April 1, 2016, the Company granted options to purchase 300,000 common shares to a director. The options are exercisable at $2.19 per share, vest immediately and expire on March 31, 2021 (Note 13 d).

As at May 31, 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 (Note 10).

As at May 31, 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 May 31, 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 (Note 10).

As at May 31, 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 May 31, 2016, the Company recorded interest on the promissory note of $Nil (August 31, 2015: $32,958). As at May 31, 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

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. On February 29, 2016, the Company filed articles of amendment, amending the attributes of the preferred shares.

a Share Capital
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 13 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	5,040,575
Common shares issued on exercise of warrants (Note b (i))	448,683	763,355
Balance May 31, 2016	**38,694,603**	**27,413,109**

*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 May 31, 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:

	May 31, 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 b (a)	-	-	(191,500)	$5.00
Warrants issued (Note b (e))	5,164,992	$1.00	-	-
Warrants issued (Note b (f))	100,000	$0.35	-	-
Warrants issued (Note b (g))	1,505,190	$0.35	-	-
Warrants exercised (Note b (i))	(448,683)	$1.00	-	-
Balance, end of period	**7,059,355**	**$0.85**	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 (Note 10).

(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 (Note 10).

(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 (Note 10).

(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 (Note 10).

(h) Effective February 29, 2016, the Company acquired the net assets 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 $9,499,700 (net of transaction costs of $30,550) and allocated to common shares in the amount of $5,040,575 and Preferred Shares in the amount of $4,459,125. All of the Purchase Price Shares are subject to the provisions of an Escrow Agreement and a Lock-up and Leak-out Agreement (Note 5).

(i) During the quarter ended May 31, 2016, 448,683 common share purchase warrants were exercised at $1.00 expiring August 30, 2017 for proceeds of $448,683. The amount allocated to warrants using a Binomial Lattice model was $314,672.

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

Number of Warrants*	**Exercise Price***	**Expiry Date**	**Weighted Average Remaining Life (Years)**	**Warrant Value ($)**
5,454,165	$1.00	August 30, 2017	1.25	3,825,498
1,605,190	$0.35	March 1, 2019	2.75	603,760
7,059,355	**$0.85**		**1.59**	**4,429,258**

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 May 31,		**Six Months Ended May 31**	
	2016	2015	**2016**	2015
Weighted Average Shares Outstanding, basic*	**38,379,842**	2,767,640	**23,099,092**	2,767,640
Weighted Average Shares Outstanding, diluted*	**57,530,491**	6,088,376	**39,678,541**	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	110,000	2.50
Expired	(27,000)	(2.30)
Granted	300,000	2.19
Balance, May 31, 2016	**383,000**	**$2.28**

*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 May 31, 2016 and August 31, 2015, respectively:

Options Outstanding					Options Exercisable	
Exercise Price*	Number of Options*	Weighted Average Exercise Price*	Weighted Average Remaining Life (Years)	Expiry Date	Number of Options*	Weighted Average Exercise Price*
$16.00	8,000	$0.33	0.75	February 17, 2017	8,000	$0.33
$1.20	75,000	$0.23	3.45	November 11, 2019	75,000	$0.23
$2.19	300,000	$1.72	4.84	March 31, 2021	300,000	$1.72
	383,000	**$2.28**	**4.48**		**383,000**	**$2.28**

*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)	Expiry Date	Number of Options*	Weighted Average Exercise Price*
$16.00	10,000	$16.40	1.50	February 17, 2017	10,000	$16.40
$1.20	100,000	$1.20	4.20	November 11, 2019	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.

On March 21, 2016, 2,000 options exercisable at $16.00 expired and 25,000 options exercisable at $1.20 expired. The Company recorded an increase to contributed surplus of $60,143.

On April 1, 2016, the Company granted options to purchase 300,000 common shares to a director. These options are exercisable at $2.19 per share, vest immediately and expire on March 31, 2021. The Company recorded non-cash stock based compensation expense of $615,924.

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 assumptions:

	April 1, 2016	November 12, 2014*
Weighted average fair value per option	$2.05	$1.10
Weighted average risk free interest rate	0.70%	1.54%
Forfeiture rate	0%	0%
Weighted average expected volatility	165.35%	287.49%
Expected life (years)	5	5
Dividend yield	Nil	Nil

*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
Stock options expired (Note 13 d)	60,143
Balance, May 31, 2016	**4,170,458**

SUBSEQUENT EVENTS

Subsequent to May 31, 2016, 70,000 common share purchase warrants were exercised for proceeds of $70,000.

Subsequent to May 31, 2016, the Company entered into a consulting agreement and as part of the consideration for the services the Company has issued 1,750,000 common share purchase warrants, valid for 5 years with cashless exercise provisions issued at a price of C$1.50 vesting 437,500 per quarter.

Subsequent to May 31, 2016, the Company's wholly owned Ontario subsidiary, ICE Studio Productions Inc. signed an agreement with the YES Network and Catch Star Studios LLC to air Catch Star Studios LLC's original programming series, *Stars and PinStripes* on the YES Network beginning in August. This new and original series will feature an elite cast of some of today's iconic and inspirational celebrities from all walks of life sharing their personal New York Yankees and life experiences.

EXHIBIT D

Audited Consolidated Financial Statement for the year ended August 31, 2015, August 31, 2014 and August 31, 2013

EAGLEFORD ENERGY CORP

(Formerly: Eagleford Energy Inc.)

Consolidated Financial Statements

For the years ended August 31, 2015, 2014 and 2013

(Expressed in Canadian Dollars)

EAGLEFORD
ENERGY CORP
(Formerly: Eagleford Energy Inc.)

Consolidated Financial Statements
For the years ended August 31, 2015, 2014 and 2013
(Expressed in Canadian Dollars)

Contents

Schwartz Levitsky Feldman llp
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO • MONTREAL

INDEPENDENT AUDITOR'S REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Eagleford Energy Corp.
(Formerly Eagleford Energy Inc.)

We have audited the accompanying consolidated financial statements of Eagleford Energy Corp. (formerly: Eagleford Energy Inc.) (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2015 and 2014, the consolidated statements of operations and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years ended August 31, 2015, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Tel: 416 785 5353
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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Eagleford Energy Corp. (formerly: Eagleford Energy Inc.) as at August 31, 2015 and 2014, and its financial performance and its cash flows for the years ended August 31, 2015, 2014 and 2013 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net loss of $2,695,018 during the year ended August 31, 2015 and, as of that date its current liabilities exceeded its current assets by $3,233,160. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that, raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

"Schwartz Levitsky Feldman, llp"

Toronto, Ontario, Canada | Chartered Accountants
December 23, 2015 | Licensed Public Accountants

EAGLEFORD ENERGY CORP

(Formerly: Eagleford Energy Inc.)

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	August 31, 2015	August 31, 2014
Assets		
Current assets		
Cash	$32,192	$103,215
Trade and other receivables	51,323	157,121
Marketable securities (Note 6)	9,600	-
Total current assets	93,115	260,336
Non-current assets		
Exploration and evaluation assets (Note 7)	-	5,036,592
Total non-current assets	-	5,036,592
Total Assets	**$93,115**	$5,296,928
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities		
Trade and other payables	$1,630,809	$1,483,775
Shareholders' loans (Note 8 and 9)	339,588	981,834
Derivative liabilities (Note 10)	281,210	1,094,392
Provisions (Note 11 a)	11,563	11,768
Loans payable (Note 9)	1,063,105	-
Deferred revenue	-	177,804
Total current liabilities	3,326,275	3,749,573
Non-current liabilities		
Provisions (Note 11(a))	-	35,775
Derivative liabilities (Note 10)	-	4,231,015
Total non-current liabilities	-	4,266,790
Total liabilities	3,326,275	8,016,363
Shareholders' equity (deficiency)		
Share capital (Note 12 a)	9,997,792	9,072,181
Share purchase warrants (Note 12 b)	801,079	1,970,968
Share purchase options (Note 12 d)	272,553	170,972
Contributed surplus (Note 12 e)	3,829,105	1,389,898
Available-for-sale reserve	(110,525)	-
Foreign currency translation reserve	-	4,692
Accumulated deficit	(18,023,164)	(15,328,146)
Total shareholders' equity (deficiency)	(3,233,160)	(2,719,435)
Total Liabilities and Shareholders' Equity (Deficiency)	**$93,115**	$5,296,928

Going Concern (Note 1)
Related Party Transactions and Balances (Note 8)
Discontinued Operations and Dissolution of Subsidiary (Note 16)
Subsequent Events (Note 17)

The accompanying notes are an integral part of these consolidated financial statements

Approved by the Board of Directors

(signed) "James Cassina"
James Cassina, Director

(signed) "Milton Klyman"
Milton Klyman, Director

EAGLEFORD ENERGY CORP
(Formerly: Eagleford Energy Inc.)

Consolidated Statements of Operations and Comprehensive Loss
For the years ended August 31,
(Expressed in Canadian Dollars)

	2015	2014	2013
Revenue			
Natural gas sales, net of royalties	$53,055	$65,024	$30,062
Expenses			
Operating costs	24,910	17,138	9,234
Depletion and accretion	-	1,536	13,283
General and administrative	89,007	403,425	582,364
Interest	280,299	284,038	76,783
(Gain) loss on derivative liabilities (Note 10)	(2,653,591)	2,735,476	128,041
Loss on foreign exchange	415,345	101,427	197,640
Marketing and public relations	(22,800)	(14,250)	25,763
Gain on disposal of subsidiary (Note 16 a)	(615,881)	-	-
Stock based compensation (Note 12 d)	84,520	-	-
Stock based compensation - non employees (Note 12 d)	28,173	-	-
Accretion of secured convertible note (Note 9)	475,755	-	-
Gain on settlement of litigation (Note 6)	(120,125)	-	-
Loss on settlement of debt (Note 12 b (c) and Note 9)	-	1,335,935	402,264
Impairment loss on exploration and evaluation assets (Note 7 and 16 a)	-	1,315,276	2,690,568
Impairment loss on property and equipment	-	-	168,954
Impairment loss on marketable securities	-	-	1
	(2,014,388)	6,180,001	4,294,895
Net income (loss) from continuing operations	2,067,443	(6,114,977)	(4,264,833)
Net loss from discontinued operations net of tax (Note 16 a)	(4,762,461)	(608)	(1,213)
Net loss	**(2,695,018)**	(6,115,585)	(4,266,046)
Other comprehensive income (loss)			
Items that may be re-classified subsequently to statements of operations			
Unrealized loss on marketable securities	(110,525)	-	-
Foreign currency translation			
Continuing operations	-	(203,765)	313,228
Discontinued operations	(4,692)	3,800	892
Total other comprehensive income (loss)	(115,217)	(199,965)	314,120
Net loss and comprehensive loss	**$(2,810,235)**	$(6,315,550)	$(3,951,926)
Earnings (loss) per share, basic			
Continuing operations	**$0.075**	$(0.482)	$(0.407)
Discontinued operations	**$(0.172)**	$(0.000)	$(0.000)
Total loss per share, basic	**$(0.097)**	$(0.482)	$(0.407)
Earnings (loss) per share, diluted			
Continuing operations	**$0.055**	$(0.482)	$(0.407)
Discontinued operations	**$(0.172)**	$(0.000)	$(0.000)
Total loss per share, diluted	**$(0.117)**	$(0.482)	$(0.407)
Weighted average shares outstanding, basic (Note 12 c)*	**27,698,938**	12,675,329	10,477,429
Weighted average shares outstanding, diluted (Note 12 c)*	**37,555,135**	12,675,329	10,477,429

* Reflects the August 25, 2014 one-for-ten stock consolidation (Note 12 a)

The accompanying notes are an integral part of these consolidated financial statements

EAGLEFORD ENERGY CORP

(Formerly: Eagleford Energy Inc.)

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended August 31, 2015, 2014 and 2013
(Expressed in Canadian Dollars)

	SHARE CAPITAL Number of Shares*	SHARE CAPITAL Amount $	SHARE PURCHASE WARRANTS $	SHARE PURCHASE OPTIONS $	CONTRI-BUTED SURPLUS $	FOREIGN CURRENCY TRANS-LATION RESERVE $	AVAILABLE FOR SALE RESERVE $	ACCU-MULATED DEFICIT $	TOTAL SHARE-HOLDERS' EQUITY DEFICIENCY $
Balance, August 31, 2012	9,671,281	5,906,633	1,422,526	170,972	506,200	(109,463)	-	(4,946,515)	2,950,353
Private placement of units	224,979	197,214	-	-	-	-	-	-	197,214
Issuance of shares as debt settlement	2,366,257	946,503	-	-	-	-	-	-	946,503
Foreign currency translation									
-continuing operations	-	-	-	-	-	313,228	-	-	313,228
-discontinued operations	-	-	-	-	-	892	-	-	892
Net loss									
-continuing operations	-	-	-	-	-	-	-	(4,264,833)	(4,264,833)
-discontinued operations	-	-	-	-	-	-	-	(1,213)	(1,213)
Balance, August 31, 2013	12,262,517	7,050,350	1,422,526	170,972	506,200	204,657	-	(9,212,561)	142,144
Warrants exercised	651,904	306,405	(78,238)	-	-	-	-	-	228,167
Warrants expired	-	-	(174,399)	-	174,399	-	-	-	-
Derivative warrants expired	-	-	-	-	709,299	-	-	-	709,299
Issuance of units as debt settlement	14,757,120	1,715,426	801,079	-	-	-	-	-	2,516,505
Foreign currency translation									
-continuing operations	-	-	-	-	-	(203,765)	-	-	(203,765)
-discontinued operations	-	-	-	-	-	3,800	-	-	3800
Net loss									
-continuing operations	-	-	-	-	-	-	-	(6,114,977)	(6,114,977)
-discontinued operations	-	-	-	-	-	-	-	(608)	(608)
Balance, August 31, 2014	27,671,541	9,072,181	1,970,968	170,972	1,389,898	4,692	-	(15,328,146)	(2,719,435)
Stock options expired	-	-		(11,112)	11,112	-	-	-	-
Warrants expired	-	-	(1,169,889)	-	1,169,889	-	-	-	-
Derivative warrants expired	-	-	-	-	1,258,206	-	-	-	1,258,206
Stock based compensation	-	-	-	112,693	-	-	-	-	112,693
Shares to be issued as debt extinguishment**	10,000,000	925,611	-	-	-	-	-	-	925,611
Unrealized loss on marketable securities	-	-	-	-	-	-	(110,525)	-	(110,525)
Foreign currency translation									
-discontinued operations	-	-	-	-	-	(4,692)	-	-	(4,692)
Net income (loss)									
-continuing operations	-	-	-	-	-	-	-	2,067,443	2,067,443
-discontinued operations	-	-	-	-	-	-	-	(4,762,461)	(4,762,461)
Balance, August 31, 2015	**37,671,541**	**9,997,792**	**801,079**	**272,553**	**3,829,105**	**-**	**(110,525)**	**(18,023,164)**	**(3,233,160)**

* Reflects the August 25, 2014 one-for-ten stock consolidation (Note 12 a)

**Common shares issuable upon the settlement of the secured convertible note subsequent to August 31, 2015 (Note 9)

The accompanying notes are an integral part of these consolidated financial statements

EAGLEFORD ENERGY CORP
(Formerly: Eagleford Energy Inc.)

Consolidated Statements of Cash Flows
For the years ended August 31,
(Expressed in Canadian Dollars)

	2015	2014	2013
Cash provided by (used in)			
Operating activities			
Net loss	$(2,695,018)	$(6,115,585)	$(4,266,046)
Items not involving cash:			
Depletion and accretion	1,498	2,449	13,283
(Gain) loss on derivative liabilities (Note 10)	(2,653,591)	2,735,476	128,041
Impairment loss on exploration and evaluation assets (Note 7 and 16)	4,490,045	1,315,276	2,690,568
Gain on disposal of subsidiary	(615,881)	-	-
Stock based compensation (Note 12 d)	112,693	-	-
Accretion of secured note (Note 9 and Note 10)	475,755	-	-
Gain on settlement of litigation (Note 6)	(120,125)	-	-
Decommissioning obligation expenditure	(205)	(706)	-
Impairment loss on marketable securities (Note 16 a)	167,815	-	1
Loss on settlement of debt (Note 12 b(c) and Note 9)	-	1,335,935	402,264
Impairment loss on property and equipment	-	-	168,954
Net changes in non-cash working capital (Note 13)	113,327	538,244	569,428
Net cash used in operating activities	(723,687)	(188,911)	(293,507)
Investing activities			
Additions to exploration and evaluations assets, net	(109,874)	(113,578)	(404,818)
Net cash used in investing activities	(109,874)	(113,578)	(404,818)
Financing activities			
Shareholders' loans, net	502,908	62,380	126,763
Loans payable	196,998	-	-
Secured note payable, net	-	83,629	66,240
Private placement of units, net of share issue costs	-	-	405,650
Net cash provided by financing activities	699,906	146,009	598,653
Decrease in cash for the year	(133,655)	(156,480)	(99,672)
Effect of exchange rate changes on cash	62,632	62,858	(33,494)
Cash, beginning of year	103,215	196,837	330,003
Cash, end of year	**$32,192**	$103,215	$196,837

Supplemental Cash Flow Information and Non-cash Transactions (Note 13)

The accompanying notes are an integral part of these consolidated financial statements

1. Nature of Business and Going Concern

Eagleford Energy Corp. ("Eagleford" or the "Company") was amalgamated under the Business Corporations Act (*Ontario)* on November 30, 2009. The principal activities of the Company consist of exploration, development and production of petroleum and natural gas properties. In addition, the Company holds a 0.3% net smelter return royalty on 8 mining claim blocks located in Red Lake, Ontario which is carried on the consolidated statement of financial position at nil.

The Company's registered office is 1 King Street West, Suite 1505, Toronto, Ontario, M5H 1A1.

The Company's common shares trade on the Over-the-Counter Bulletin Board (OTCQB) under the symbol EGFDF.

The consolidated financial statements include the accounts of Eagleford, the legal parent, together with its wholly-owned subsidiary, 1354166 Alberta Ltd. ("1354166 Alberta") a company operating in the province of Alberta, Eagleford Energy, Zavala Inc., ("Zavala Inc.") a Nevada company and its wholly owned subsidiary EEZ Operating Inc. a Texas company ("EEZ Operating") a Texas company incorporated May 12, 2015, until the date of disposition of Zavala Inc., on August 31, 2015 and Dyami Energy LLC ("Dyami") which was dissolved effective April 3, 2014. These consolidated financial statements (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, as they come due for the foreseeable future. The Company is in the process of exploring and developing its oil and gas properties and has not yet realized profitable operations. The Company requires additional financing for its working capital and for the costs of exploration and development of its oil and gas properties.

Due to continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. The Company will continue to seek additional forms of debt or equity financing, or other means of funding its operations, however, there is no assurance that it will be successful in doing so or that funds will be available on terms acceptable to the Company or at all. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company.

The Company has accumulated significant losses and negative cash flows from operations in recent years which raise doubt as to the validity of the going concern assumption. The Company has a working capital deficiency of $3,233,160 (2014: $3,489,237) and an accumulated deficit of $18,023,164 (2013: $15,328,146). These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern. Accordingly, the consolidated financial statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the accompanying consolidated financial statements.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Committee ("IFRAC"). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 23, 2015, the date the Board of Directors approved the consolidated financial statements.

Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value.

2. Basis of Preparation (continued)

Functional and Presentation Currency

The functional and presentation currency of the Company is the Canadian dollar. The functional currency of the Company's wholly-owned Alberta subsidiary, 1354166 Alberta, a company operating in the province of Alberta, Canada, is Canadian dollars. The functional currency of the Company's former wholly-owned Nevada subsidiary, Zavala Inc., and its' wholly-owned subsidiary EEZ Operating a Texas company, incorporated May 12, 2015 was United States dollars. The Company's former wholly-owned Texas subsidiary, Dyami functional currency was United States dollars.

Use of Estimates and Judgements

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

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

Valuation and Classification of Exploration and Evaluation Assets

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

Title to Oil and Gas Property Interests

Although the Company has taken steps to verify title to oil and gas properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Stock Based Compensation

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

Decommissioning Liabilities

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

Fair Value of Financial Instruments

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

2. Basis of Preparation (continued)

Assessment of Commercial Reserves

Management is required to assess the level of the Company's commercial reserves together with the future expenditures to access those reserves, which are utilized in determining the depletion charge for the period, assessing whether any impairment charge is required against developed or undeveloped properties, and the determination of the deferred tax liability. By their nature, these estimates of discovered proved and probable crude oil and natural gas reserves, including the estimates of future prices, costs, related future cash flows and the selection of a pre-tax risked discount rate relevant to the asset in question are subject to measurement uncertainty.

The Company employs an independent reserves evaluator who periodically assesses the Company's level of commercial reserves by reference to data sets including geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Company's assets. Significant judgment is involved when determining whether there have been any significant changes in the Company's reserves.

Income taxes

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

Provisions

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

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

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Company and its subsidiaries.

Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

The consolidated financial statements include the accounts of Eagleford, the legal parent, together with its wholly-owned subsidiary, 1354166 Alberta a company operating in the province of Alberta, Zavala Inc. a Nevada company and its wholly owned subsidiary EEZ Operating a Texas company incorporated May 12, 2015, until the date of disposition of Zavala Inc., on August 31, 2015 and Dyami which was dissolved effective April 3, 2014.

Revenue Recognition

Revenue is recognized when there is persuasive evidence that an arrangement exits which is when a contract or sales order is signed by both parties, delivery has occurred, ownership has been transferred to the customer, price is fixed or determinable and ultimate collection is reasonably assured at the time of delivery.

3. Summary of Significant Accounting Policies (continued)

Revenues from the production of oil and gas properties from 1354166 Alberta are recognized, on the basis of the Company's working interest in those properties, when the significant risks and rewards of ownership of the product is transferred to the buyer, which is usually when legal title passes to an external party.

Foreign Currency

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

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the year-end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in the foreign currency translation reserve under other comprehensive income.

Loss per Share

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

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

Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period. Effective August 31, 2015, the Company assigned all of its right, title and interest in Zavala Inc., as partial settlement of a secured convertible note payable and accordingly its operations have been treated as discontinued operations in the Company's consolidated financial statements.

Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations. The Company's other comprehensive income (loss) is comprised of foreign currency translation reserve and available for-sale-assets.

Foreign currency translation is related to translation differences between the Company's US dollar functional currency subsidiaries converted into Canadian dollars at the period end exchange rates, and their results of operations converted at average rates of exchange for the period.

3. Summary of Significant Accounting Policies (continued)

Financial Instruments

Classification and Measurement

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

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

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

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

Financial assets classified as “available-for-sale” are measured at fair value, with changes in fair value recognized in other comprehensive income. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company has classified its marketable securities as “available for sale”.

Marketable Securities

At each financial reporting period, the Company estimates the fair value of investments which are available-for-sale, based on quoted closing bid prices at the consolidated statements of financial position date or the closing bid price on the last day the security traded if there were no trades at the consolidated statements of financial position date and such valuations are reflected in the consolidated financial statements. Adjustments to the fair value of the marketable securities at the financial position date are recorded to comprehensive income. The resulting values for unlisted securities whether of public or private issuers, may not be reflective of the proceeds that could be realized by the Company upon their disposition.

Derivative Financial Instruments

The Company’s derivative instruments consist of derivative liabilities in relation to its i) share purchase warrants; and ii) its secured convertible note payable.

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

3. Summary of Significant Accounting Policies (continued)

The Company had a secured convertible note payable that had a conversion feature which may convert any unpaid principal and accrued interest into conversion units. A conversion unit was 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 was the lesser of a price equal to the 30-day rolling weighted average price 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"). The terms and features of the conversion met 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 met the definition of a financial liability under IAS 32 "Financial Instruments: Presentation". As a result, the Conversion Unit was a derivative liability that required fair value measurement each period. The Company had selected the Binomial Lattice model to fair value the warrant component of the conversion unit and the Monte Carlo Simulations process for the common share component of the conversion unit.

Exploration and Evaluation Assets ("E&E")

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

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

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

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

Development and Production Costs

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

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

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

3. Summary of Significant Accounting Policies (continued)

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

Joint Oil and Gas Activities
All of the Company's oil and gas activities are conducted jointly with others. The Company's accounts reflect only the Company's share of assets, liabilities, revenue and expenses in the joint operations. For interests in joint operations, the Company’s share of the jointly controlled assets are classified according to the nature of the assets, the Company’s share of any liabilities incurred jointly with the other parties, and the Company’s share of any income and expenses incurred jointly with the partners are recognized in the consolidated financial statements.

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

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

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

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

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

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

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

3. Summary of Significant Accounting Policies (continued)

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

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

All impairment losses are recognized in the profit or loss.

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

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

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

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

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

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

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

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

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

3. Summary of Significant Accounting Policies (continued)

Decommissioning Obligations

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

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

Borrowing Costs

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

Taxes

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

Current Income Tax

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

Deferred Tax

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

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

Share-Based Compensation

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

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

3. Summary of Significant Accounting Policies (continued)

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

Warrants

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

4. 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.

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.

5. Segmented Information

The Company's reportable and geographical segments are Canada and the United States. The accounting policies used for the reportable segments are the same as the Company's accounting policies. For the purposes of monitoring segment performance and allocating resources between segments, the Company's executive officer monitors the tangible, intangible and financial assets attributable to each segment. 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.

(Expressed In Canadian Dollars)

5. Segmented Information (continued)

For the year ended August 31, 2015	**Canada**	**United States**	**Total**
Net revenue, continuing operations	$53,055	-	$53,055
Net income, continuing operations	$2,067,443		$2,067,443
Net loss, discontinued operations	-	$(4,762,461)	$(4,762,461)
Net income (loss)	$2,067,443	$(4,762,461)	$(2,695,018)

For the year ended August 31, 2014	Canada	United States	Total
Net revenue, continuing operations	$65,024	-	$65,024
Net loss, continuing operations	$(6,114,977)	-	$(6,114,977)
Net loss, discontinued operations	-	$(608)	$(608)
Net loss	$(6,114,977)	$(608)	$(6,115,585)

For the year ended August 31, 2013	Canada	United States	Total
Net revenue, continuing operations	$30,062	-	$30,062
Net loss, continuing operations	$(4,264,833)	-	$(4,264,833)
Net loss, discontinued operations	-	$(1,213)	$(1,213)
Net loss	$(4,264,833)	$(1,213)	$(4,266,046)

As at August 31, 2015	**Canada**	**United States**	**Total**
Total Assets	$93,115	-	$93,115
Total Liabilities	$(3,326,275)	-	$(3,326,275)

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

6. Marketable Securities

As at August 31, 2015, the Company held 1,200,000 common shares in a quoted company security that had been acquired as a settlement of litigation. As at August 31, 2015, the Company recorded a change in the fair value of the securities in the statement of comprehensive income (loss) in the amount of $110,525 as follows:

Market value on acquisition	$120,125
Change in fair value	(110,525)
Market value, August 31, 2015	$ 9,600

7. Exploration and Evaluation Assets

Cost	
Balance August 31, 2013	$6,535,278
Additions, net	113,578
Change in decommissioning obligation estimates	7,225
Disposal of decommissioning obligations, Matthews Lease JDA	(26,426)
Impairment of Murphy Lease	(1,675,749)
Foreign exchange	82,686
Balance August 31, 2014	$5,036,592
Additions, net	109,874
Change in decommissioning obligation estimates	(11,253)
Impairment of Matthews Lease (Note 16 a)	(4,490,045)
Deconsolidation of Zavala Inc. (Note 16 a)	(1,212,996)
Foreign exchange	567,828
Balance August 31, 2015	**$-**

7. Exploration and Evaluation Assets (continued)

The Company's exploration and evaluation assets were located in Texas, USA. During the year ended August 31, 2015, the Company recorded an impairment of $4,490,045 on its Matthews Lease as a result of the estimated reduction of leasehold acreage of the Matthews Lease and fair value upon the settlement of a secured convertible note. Effective August 31, 2015, the Company deconsolidated Zavala Inc. upon the assignment of Zavala Inc.'s common shares as partial satisfaction of the secured note extinguishment (Note 9 and Note16 a). During the year ended August 31, 2014, an impairment of $1,675,749 was recorded on the Murphy Lease (Note 16 b).

Matthews Lease, Zavala County, Texas
During the year ended August 31, 2013, the Company, Dyami Energy and OGR Energy Corporation, the Lessees, were litigating a dispute with the Lessors of the Matthew's property. During the last quarter of fiscal year August 2013, the Company and the Lessors agreed to resolve the litigation and continue with the development of the Matthew's property. In order to comply with certain State legal requirements, it was deemed necessary by the Lessors counsel to continue with the development through a newly executed lease document and the Company formed, Zavala Inc. a new wholly owned subsidiary to execute the new lease. The new lease was signed effective September 1, 2013 and the first of two payments of US$150,000 were paid to the Lessors upon signing the new lease as required initial pre-payment of anticipated production royalties along with a continuing development obligation under the lease to complete the previously drilled Matthews #1H horizontal well or drill a new well on the Matthews property no later than March 30, 2014. On September 1, 2013, the Matthews lease was renewed by the Company through Zavala Inc. and based on the concept of faithful representation under IAS 8, the carrying value of the Matthew's lease by Dyami Energy was considered to be the value for Zavala Inc. as this arrangement is simply a reorganization in substance.

On December 3, 2013, (amended January 21, 2014) the Company entered into a Joint Development Agreement with Stratex Oil and Gas Holdings, Inc. ("Stratex") (the "Stratex JDA") to further develop the Matthews Lease. Under the terms of the Stratex JDA, Stratex acted as operator and upon Stratex delivering i) US$150,000 to the lessors of the Matthews Lease on behalf of Zavala Inc., ii) delivering US $150,000 to the Company; and iii) commencing a hydraulic fracture of the Matthews #1H not later than March 31, 2014, Stratex earned a 66.67% working interest before payout (50% working interest after payout) in the Matthews #1H well and a 50% working interest in the 2,629 acre Matthews Lease (Note 17).

On April 11, 2014, the Company entered into a further Joint Development Agreement ("JDA2") with Stratex and Quadrant Resources LLC, ("Quadrant") for the development of the San Miguel formation on the Matthews Lease. Pursuant to the terms of the JDA2, upon satisfaction of certain conditions including the Phase 1 Work Program and the cash consideration described below, Quadrant could earn an undivided 66.67% before payout and a 50% working interest after payout to the base of the San Miguel formation of the Matthews Lease by i) drilling 3 new wells and reworking 5 wells at its sole cost and expense by June 30, 2015 (the "Phase I Work Program"); ii) deliver US$100,000 to the Company upon execution of the JDA2 (paid); and iii) deliver US$65,000 to the Company on each of July 8, 2014, October 6, 2014, January 5, 2015 and April 6, 2015. The Company recorded the cash payments and the payment of certain obligations under the Matthews Lease by Quadrant totaling $378,577 (US$303,712) as a reduction in exploration and evaluation assets. Under the terms of the JDA2 Quadrant was required to complete the Phase I Work Program and pay the Company cash consideration totaling US$360,000 by June 30, 2015, which it did not and accordingly the JDA2 expired without Quadrant earning any interest in the development area.

Effective March 31, 2015, the Company entered into a settlement with Stratex and Quadrant pursuant to which Stratex assigned all of its rights, title and interest in, to and under the Matthews Lease and the JDA, to the Company and Quadrant, and issued to the Company 1,333,333 common shares of Stratex as repayment of the disputed minimum royalty of US$152,293 and a further payment of US$25,000 was to be paid to the Company. EEZ Operating thereafter became the operator of the Matthews Lease (Note 17).

(Expressed In Canadian Dollars)

7. Exploration and Evaluation Assets (continued)

On July 2, 2015, the 2629 acre Matthews Lease transitioned into its production unit phase. A total of 340 acres were held as production units. Accordingly, the Company wrote down the lease to fair value of $1,212,996 and recorded an impairment of exploration and evaluation assets at August 31, 2015 of $4,490,045.

Murphy Lease, Zavala County, Texas
Subsequent to September 1, 2013 and the continuing development of the Matthews lease, Dyami Energy continued its development efforts with the Murphy lease. A tentative joint venture agreement with Stratex was reached but did not materialize and efforts to develop the Murphy lease were not successful. The Company had solicited lenders and investors in an attempt to obtain debt/equity financings as means to improve Dyami Energy's financial situation. Despite the Company's attempts, these efforts were unsuccessful and management determined that it could no longer fund the Murphy operations, hence the lease was considered impaired and an impairment loss was recorded by Dyami Energy during the third quarter of fiscal 2014 (Note 16 b).

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 effective April 3, 2014, Dyami Energy was dissolved. All prior obligations with respect to the Matthew's and Murphy lease on the books of Dyami Energy prior to its dissolution were recorded by the Company.

8. Related Party Transactions and Balances

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

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

	August 31, 2015	August 31, 2014	August 31, 2013
Short term employee benefits (1)	$150,000	$75,000	$75,000
Directors stock based compensation (2)	84,520	-	-
	$234,520	$75,000	$75,000

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

	August 31, 2015	August 31, 2014
Short term employee benefits (1)	$125,000	$281,250
	$125,000	$281,250

(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.
(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 (Note 12 d).

As at August 31, 2015 the amount of directors' fees included in trade and other payables was $21,600 (August 31, 2014: $19,200).

8. Related Party Transactions and Balances (continued)

As at August 31, 2015, the Company had a promissory note payable to the President of the Company of $10,000 (August 31, 2014: $Nil). For the year ended August 31, 2015, the Company recorded interest on a promissory note to the President of $838 (August 31, 2014: $24,162). As at August 31, 2015, included in trade and other payables is outstanding interest of $111,009 (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 (Note 12 b (a)). 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 (Note 12 b (c) and Note 10).

As at August 31, 2015, the Company had a note payable to Core Energy Enterprises Inc. ("Core") of $339,588 (US$249,250) (August 31, 2014: US$249,250). For the year ended August 31, 2015, the Company recorded interest on the promissory note of $32,958 (August 31, 2014: $Nil). As at August 31, 2015, included in trade and other payables, is interest of $33,049 (August 31, 2014: $Nil). The note is due on demand and bears interest at 10% per annum. Interest is payable annually on the anniversary date of the note. During the year ended August 31, 2015, Zavala Inc. issued a note to Core in the amount $279,053 and recorded interest on the note of $4,353 (Note 9 and Note 16 a). The President of the Company is a major shareholder, officer and a director of Core.

As at August 31, 2015, the Company had, loans payable of $196,998 to 1288131 Alberta Ltd. (August 31, 2014: $Nil). For the year ended August 31, 2015, the Company recorded interest on the loans payable of $15,619. As at August 31, 2015, included in trade and other payables, is interest of $15,619 (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., (Note 17).

As at August 31, 2015, the Company had shareholders' loans payable of $866,107 (US$655,000). (August 31, 2014: US$655,000). For the year ended August 31, 2015, the Company recorded interest of $86,611 (August 31, 2014: $180,349) on the shareholders' loans. As at August 31, 2015, the Company received notice that the shareholders loans were assigned and the Company has reclassified the amount to loans payable. As at August 31, 2015, included in trade and other payables, is interest of $86,848 (August 31, 2014: $269). The loans are payable on demand and bear interest at 10% per annum. Interest is payable annually on the anniversary date of the loans. On August 30, 2014, the Company issued 13,128,420 units at $0.08 per unit as full settlement of shareholder loans payable of US$529,250, $250,000 and interest payable of $225,614 (Note 12 b (c), Note 9 and Note17).

9. Secured Note Payable and Shareholders' Loans

Secured Note Payable

As 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 promissory note payable to Benchmark with a face value of $1,322,347 (US$1,216,175) (the "Note"). The Note had an interest rate of 10%. 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

(Expressed In Canadian Dollars)

9. Secured Note Payable and Shareholders' Loans (continued)

The Company had 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 had a conversion option, the terms were considered substantially different and therefore gave 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.

As at August 31, 2014, 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 CDN$
Secured promissory note (old debt instrument)	$ 1,322,347
Derivative liability (Conversion Unit)	(4,000,100)
Loss on exchange of debt instruments	2,677,753
	$ -

The Note was being 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 year ended August 31, 2015, the Company recorded interest on the Note of $154,179 (August 31, 2014: $104,237).

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 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 10,000,000 shares of common stock of the Company.

As a result the Company's extinguishment of the Note, the Company's investment in Zavala Inc. has been deconsolidated from the Company's Consolidated Financial Statements as at August 31, 2015 (Note 16 a).

(Expressed In Canadian Dollars)

9. Secured Note Payable and Shareholders' Loans (continued)

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 12 a)	(925,611)
	$-

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 14,757,120 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%

10. Derivative Liabilities

At August 31, 2015, the Company recorded a net gain on derivative liabilities of $2,653,591 comprised of a loss on derivative warrant liabilities of $214,109 and a gain derivative unit liabilities of $2,867,700 (August 31, 2014: loss of $2,735,476 comprised of a loss on derivative warrant liabilities of $57,725 and a loss on derivative unit liabilities of $2,677,751).

Derivative Warrant Liabilities

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

The following 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	4.72
Warrants expired	(170,923)	(709,299)	(0.93)
Change in fair value estimates	-	57,723	-
As at August 31, 2014	743,838	1,325,307	3.74
Warrants expired	(613,350)	(1,258,206)	(4.66)
Change in fair value estimates	-	214,109	
As at August 31, 2015	**130,488**	**281,210**	**4.66**

* 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.

On April 13, 2015, 187,500 and 30,000 warrants exercisable at US$5.00 and US$2.50, 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, 91,250 and 14,600 warrants exercisable at US$5.00 and US$2.50, 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, 250,000 and 40,000 warrants exercisable at US$5.00 and US$2.50, 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.

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

Number of Warrants*	Exercise Price US ($)*	Expiry Date	Weighted Average Remaining Life (Years)	Fair Value CDN ($)
112,490	5.00	September 25, 2015(1)	0.07	220,640
17,998	2.50	September 25, 2015(1)	0.07	60,570
130,488			**0.07**	**281,210**

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

10. Derivative Liabilities (continued)

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

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

Derivative Unit Liabilities
The following tables summarize the components of the Company's derivative liabilities reflected in US Dollars and linked common shares as at August 31, 2015 and 2014:

	August 31, 2015		August 31, 2014	
The financings giving rise to derivative financial instruments	Indexed Shares	Fair Values $CDN	Indexed Shares	Fair Values $CDN
Conversion unit (1 common share and 1 common share purchase warrant)	-	-	15,202,188	(4,000,100)

Effective August 31, 2015, the Company entered into a Settlement and Exercise of Security Agreement and extinguished the Note and its underlying derivative financial instruments. At August 31, 2014 the Company issued a face value $1,322,347 (US$1,216,175) Secured Convertible Promissory Note which gave rise to a derivative financial instrument (the "Note"). The Note had embodied certain terms and conditions that were not clearly and closely related to the host debt agreement in terms of economic risks and characteristics and met the definition of a financial liability under IAS 32 "Financial Instruments: Presentation". These terms and conditions consisted of a conversion unit which was 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 (Note 9).

Accounting principles provided in IAS 32 and IAS 39 required derivative financial instruments to be classified in liabilities and carried at fair value with changes recorded in profit and loss. The Company had selected the Monte Carlo Simulations valuation technique to fair value the common share component of the conversion unit because it believed that this technique was reflective of significant assumption types, and ranges of assumption inputs, that market participants would likely consider in transactions involving common share components. Such assumptions included, 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 had selected the Binomial Lattice model to fair value the warrant component of the conversion unit because it believed this technique is reflective of significant assumption types market participants would likely consider in transactions involving warrants.

(Expressed In Canadian Dollars)

10. Derivative Liabilities (continued)

Significant inputs and results arising from the Monte Carlo Simulations process were as follows for the common share component contained in the conversion unit:

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

*The underlying price of the common share component of the conversion unit was 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 was as follows:

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

11. Provisions

	Decommissioning Obligations (Note a)	**Other Provisions (Note b)**	**Total Provisions**
Balance, August 31, 2013	$119,742	$178,553	$298,295
Accretion expense	961	-	961
Change in estimates	7,225	-	7,225
Disposals	(26,426)	-	(26,426)
Reductions	-	(169,196)	(169,196)
Dissolution of subsidiary (Note 16 b)	(58,589)		(58,589)
Foreign exchange	4,630	(9,357)	(4,727)
Balance, August 31, 2014	$47,543	$ -	$47,543
Accretion expense	1,498	-	1,498
Change in estimates	(11,253)	-	(11,253)
Additions	98,357	-	98,357
Obligations settled	(205)	-	(205)
Deconsolidation of Zavala Inc.(Note 16 a)	(102,143)	-	(102,143)
Foreign exchange	(22,234)	-	(22,234)
Balance, August 31, 2015	**$11,563**	**$-**	**$11,563**

(Expressed In Canadian Dollars)

11. Provisions (continued)

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 $11,563 as at August 31, 2015 (August 31, 2014: $47,543 ($11,768 current and $35,775 long term)) based on an undiscounted total future liability of $11,563 (August 31, 2014: $60,629). These payments are expected to be incurred during 2016.

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 the full amount of the provision was recorded together with legal fees and interest and transferred to trade and other payables.

12. 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.

a 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 12 b (a))	651,904	306,405
Debt settlement (Note 12 b (c))	14,757,120	1,715,426
Balance August 31, 2014	27,671,541	9,072,181
Common shares issuable upon the settlement of secured convertible note (Note 9)**	10,000,000	925,611
Balance August 31, 2015	**37,671,541**	**$9,997,792**

* Reflects the August 25, 2014 one-for-ten stock consolidation
**Common shares issuable upon the settlement of the secured convertible note subsequent to August 31, 2015 (Note 9)

(Expressed In Canadian Dollars)

12. Share Capital and Reserves (continued)

b Share Purchase Warrants

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

Warrants	August 31, 2015 Number of Warrants*	August 31, 2015 Weighted Average Price*	August 31, 2014 Number of Warrants*	August 31, 2014 Weighted Average Price*
Outstanding, beginning of period	9,293,560	$0.18	4,020,095	$0.40
Warrants exercised (Note 12 b (a))			(651,904)	$0.35
Warrants expired (Note 12 b (d) and (b))	(1,915,000)	$0.50	(1,453,191)	$0.35
Warrants issued (Note 12 (c))			7,378,560	$0.10
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 (Note 8).

(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 14,757,120 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 (Note 9 and 10).

(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.

(e) 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 shares of common stock of the Company with a fair value of $925,611 (Note 9).

(Expressed In Canadian Dollars)

12. Share Capital and Reserves (continued)

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

Number of Warrants*	Exercise Price*	Expiry Date	Weighted Average Remaining Life (Years)	Warrant Value ($)
7,378,560	**$0.10**	**August 30, 2017**	**2.00**	**801,079**

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

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

c Weighted Average Shares Outstanding

The following table summarizes the weighted average shares outstanding:

	August 31, 2015	August 31, 2014*
Weighted Average Shares Outstanding, basic	**27,698,938**	12,675,329
Weighted Average Shares Outstanding, diluted	**37,555,135**	12,675,329

* Reflects the August 25, 2014 one-for-ten stock 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 and 2013	105,000	$1.64
Granted	1,000,000	0.12
Expired	(5,000)	(1.64)
Balance, August 31, 2015	**1,100,000**	**$0.25**

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

(Expressed In Canadian Dollars)

12. Share Capital and Reserves (continued)

The following table is a summary of the Company's stock options outstanding and exercisable as at August 31, 2015 and 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	$1.60	1.50	100,000	$1.60
$0.12	1,000,000	$0.12	4.20	1,000,000	$0.12
	1,100,000	**$0.25**	**3.95**	**1,100,000**	**$0.25**

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

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

Stock Based Compensation
On November 12, 2014, the Company granted options to purchase 750,000 common shares to directors. 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	$0.11
Weighted average risk free interest rate	1.54%
Forfeiture rate	0%
Weighted average expected volatility	287.49%
Expected life (years)	5
Dividend yield	Nil

(Expressed In Canadian Dollars)

12. Share Capital and Reserves (continued)

e Contributed Surplus

Contributed surplus transactions for the respective periods are as follows:

	Amount
Balance, August 31, 2013	$506,200
Warrants expired (Note 12 b)	174,399
Derivative warrants expired (Note 10)	709,299
Balance, August 31, 2014	1,389,898
Stock options expired (Note 12 d)	11,112
Warrants expired (Note 12 b)	1,169,889
Derivative warrants expired Note 10)	1,258,206
Balance, August 31, 2015	**$3,829,105**

13. Supplemental Cash Flow Information and Non-Cash Transactions

The following table summarizes the non-cash transactions for the years set out:

Non-cash transactions	**August 31, 2015 ($)**	August 31, 2014 ($)	August 31, 2013 ($)
Warrants expired	(1,169,889)	-	-
Stock options expired	(11,112)	-	-
Stock based compensation	112,693	-	-
Derivative warrants expired	(1,258,206)	(709,299)	-
Warrants exercised for settlement of cash advances	-	228,167	-
Disposal of decommissioning obligation	135,064	26,426	-
Royalties paid under Matthews JDA	-	(167,715)	-
Units issued to settle debt	-	1,180,570	-
Warrants exercised	-	(78,238)	-
Shares issued for interest on secured note and shareholders' loans	-	-	601,576
Broker warrants issued	-	-	44,895
Shares to be issued to settle debt	925,611	-	344,927

The following table summarizes the changes in non-cash working capital for the years set out:

Changes in non-cash working capital	**August 31, 2015**	August 31, 2014	August 31, 2013
Trade and other receivables	$137,652	$(129,335)	$(10,261)
Trade and other payables	153,479	331,480	339,622
Deferred revenue	(177,804)	177,804	-
Prepaid expenses and deposits	-	158,295	(158,295)
Provisions	-	-	398,362
Net change	$113,327	$538,244	$569,428

(Expressed In Canadian Dollars)

14. Financial Instruments and Concentration of Risks

The Company has classified its financial instruments as follows:

Financial Instrument	Category	Measurement method
Cash	Fair value through profit or loss	Fair value
Marketable securities	Available-for-sale	Fair value
Derivative liabilities	Fair value through profit or loss	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Provisions	Other financial liabilities	Amortized cost
Secured note payable, shareholders' loans and loans payable	Other financial liabilities	Amortized cost

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

Credit Risk

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

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

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

	August 31, 2015	August 31, 2014
Cash	$32,192	$103,215
Trade and other receivables	51,323	157,121
Balance	$83,515	$260,336

Liquidity Risk

The Company monitors its liquidity position regularly to assess whether it has the funds necessary to fulfill planned exploration commitments on its oil and gas properties or that viable options are available to fund such commitments from new equity issuances or alternative sources such as farm-out agreements. However, as an exploration company at an early stage of development and without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual exploration expenditures may exceed those planned. The current uncertainty in global markets have had an impact on the Company's ability to access capital or other viable options on terms that are acceptable to the Company.

The following table illustrates the contractual maturities of financial liabilities:

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.

14. Financial Instruments and Concentration of Risks (continued)

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	-	-	-

(2) Translated at current exchange rate.

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

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

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

The Company mitigates these risks by:

- attempts to utilize competent, professional consultants as support to management,
- reviewing available petrophyisical analysis of prospects,
- focusing on a limited number of properties.

(i) Commodity Price Risk

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

The Company believes that movement in commodity prices that are reasonably possible over the next twelve month period may have a significant impact on the Company as all its oil properties are still in a development stage.

14. Financial Instruments and Concentration of Risks (continued)

Commodity Price Sensitivity

The following table summarizes the sensitivity of the fair value of the Company's risk management position for the year ended August 31, 2015 and 2014 to fluctuations in natural gas prices, with all other variables held constant. When assessing the potential impact of these price changes, the Company believes that 10 percent volatility is a reasonable measure. Fluctuations in natural gas prices potentially could have resulted in unrealized gains (losses) impacting net income as follows:

	2015		2014	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Net revenue	$59,918	$46,192	$72,451	$57,597
Net income (loss)	$2,074,306	$2,060,580	$(6,107,550)	$(6,122,404)

(ii) Currency Risk

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

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

The following assets and liabilities are denominated in US dollars at August 31, 2015 and 2014:

	August 31, 2015	August 31, 2014
Cash	22,166	$73,099
Trade and other receivables	24,154	74,091
Trade and other payables	(873,523)	(882,877)
Shareholders' loans	(249,250)	(904,250)
Derivative liabilities	(212,668)	(4,899,511)
Loans payable	(776,000)	-
Prepaid expenses and deposits	-	27,478
Exploration and evaluation assets	-	4,638,600
Deferred revenue	-	(165,000)
Provisions	-	(32,948)
Net assets denominated in US$	$(2,065,121)	$(2,071,318)
Net asset CDN dollar equivalent at period end [1]	$(2,730,710)	$(2,249,038)

(1) Translated at the exchange rate in effect at August 31, 2015 $1.3223 (August 31, 2014 $1.0858)

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

	August 31, 2015		August 31, 2014	
	Increase	Decrease	Increase	Decrease
Percentage change in US Dollar	In total comprehensive loss from a change in % in the US Exchange Rate ($)		In total comprehensive loss from a change in % in the US Exchange Rate ($)	
5%	(180,541)	180,541	(122,100)	122,100
10%	(361,082)	361,082	(244,201)	244,201
15%	(541,623)	541,623	(366,301)	366,301
20%	(722,163)	722,163	(488,401)	488,401

(Expressed In Canadian Dollars)

14. Financial Instruments and Concentration of Risks (continued)

(iii) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The majority of the Company's debt is short-term in nature with fixed rates. Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

(iv) Fair Value of Financial Instruments

The Company's financial instruments included on the consolidated statement of financial position as at August 31, 2015 and 2014 are comprised of cash, derivative liabilities, trade and other receivables, trade and other payables, loans payable, shareholders' loans and provisions.

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

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

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

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

	August 31, 2015		August 31, 2014	
Financial Instrument Classification	Carrying Value $	Fair Value $	Carrying Value $	Fair Value $
Fair value through profit or loss:				
Cash	32,192	32,192	103,215	103,215
Derivative liabilities	281,210	281,210	5,325,407	5,325,407
Loans and receivables:				
Trade and other receivables	51,323	51,323	157,121	157,121
Other financial liabilities:				
Trade and other payables	1,630,809	1,630,809	1,483,775	1,483,775
Shareholders' loans	339,588	339,588	981,834	981,834
Loans payable	1,063,105	1,063,105	-	-
Provisions (short and long term)	11,563	11,563	47,543	47,543

Cash and derivative liabilities are stated at fair value (Level 1 measurement). The carrying value of trade and other receivables, trade and other payables, loans payable, secured note payable and provisions approximate their fair value due to the short-term maturity of these financial instruments (Level 3 measurement). Shareholders' loans are measured at the exchange amount.

(Expressed In Canadian Dollars)

14. Financial Instruments and Concentration of Risks (continued)

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.

The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management and favourable market conditions to sustain future development of the business. As at August 31, 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 August 31, 2015. The Company is not subject to any externally imposed restrictions on its capital requirements.

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 and opportunities to sustain future development of the business.

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

15. Income Taxes

The Company has unused capital losses in the amount of approximately $195,852 (2014: $195,852) which may be carried forward indefinitely to offset future capital gains, and unused non capital losses available to reduce income in future years expiring as follows:

2015	47,434
2026	55,415
2027	42,337
2028	49,166
2029	252,898
2030	275,165
2031	648,310
2032	780,686
2033	829,530
2034	659,384
2035	839,494
	$4,479,819

(Expressed In Canadian Dollars)

15. Income Taxes (continued)

A reconciliation between income taxes provided at actual rates and at the basic rate ranging from 26.50% to 34% (2014: 26.50%% to 34%) for federal and provincial taxes is as follows:

	2015	2014
Net Loss	$2,695,018	$6,115,585
Taxes at statutory rates	(714,180)	(1,620,630)
Non-taxable items and others	564,318	1,412,019
Change in unrecognized deferred tax asset	149,862	208,611
	$ -	$ -

The significant components of the Company's unrecognized deferred income tax asset are summarized as follows:

	2015	2014
Operating loss carry forwards	$1,187,152	$1,019,911
Share issue costs	3,748	19,112
Marketable securities	-	777
Capital losses carry forwards	28,070	28,070
Oil and gas interests	76,713	76,713
Cumulative eligible capital	-	1,237
Unrecognized deferred tax asset	$1,295,683	$1,145,821

16. Discontinued Operations and Dissolution of Subsidiary

a Discontinued Operations of Eagleford Energy, Zavala Inc.

In accordance with the terms of a Secured Note and 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.

At August 31, 2015, the Company was unable to pay the Note of $1,608,149 plus interest of $154,179, totaling $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) Issue 10,000,000 shares of common stock of the Company;

As a result the extinguishment of the Note, the Company's investment in Zavala Inc. has been deconsolidated from the Company's Consolidated Financial Statements as at the effective date (August 31, 2015) and presented as discontinued operations on the Consolidated Statements of Operations and Comprehensive Loss and the Consolidated Statements of Cash Flows.

(Expressed In Canadian Dollars)

16. Discontinued Operations and Dissolution of Subsidiary (continued)

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

	August 31, 2015	August 31, 2014	August 31, 2013
Expenses			
Accretion	$1,498	$913	$-
General and administrative (recovery)	73,347	(305)	1,213
Bad debt expense	29,756	-	-
Impairment loss on marketable securities	167,815	-	-
Impairment loss on exploration and evaluation assets	4,490,045	-	-
Loss from discontinued operations	(4,762,461)	(608)	(1,213)
Foreign currency translation	(4,692)	3,800	892
Comprehensive income (loss) from discontinued operations	$(4,767,153)	$3,192	$(321)
Loss per share basic and diluted from discontinued operations	$(0.172)	$(0.000)	$(0.000)

The following table presents the consolidated statements of cash flows of Zavala Inc. for the years set out:

	August 31, 2015	August 31, 2014	August 31, 2013
Cash provided by (used in)			
Operating activities			
Net loss from discontinued operations	$(4,762,461)	$(608)	$(1,213)
Accretion	1,498	913	-
Impairment loss on marketable securities	167,815		
Impairment loss on exploration and evaluation assets	4,490,045	-	-
Net changes in non-cash working capital			
Accounts receivable	79,790	(80,448)	-
Accounts payable	(58,979)	64,169	1,266
Deferred revenue	(177,804)	177,804	
Cash provided by (used in) operating activities, discontinued operations	(260,096)	161,830	53
Investing activities			
Additions to exploration and evaluation assets	(109,874)	(113,578)	-
Cash used in investing activities, discontinued operations	(109,874)	(113,578)	
Financing activities			
Loans payable	279,053	-	-
Cash provided by financing activities, discontinued operations	279,053	-	-
Net cash provided by (used in) discontinued operations	$(90,917)	$48,252	$53

The following table presents the effect of the de-consolidation of Zavala Inc., on the Consolidated Statement of Financial Position of the Company at August 31, 2015:

	August 31, 2015
Accounts receivable	$658
Restricted cash	33,058
Marketable securities	10,578
Exploration and evaluation assets	1,212,996
Provisions	(135,064)
Loan payable	(279,053)
Accounts payable	(6,456)
Net assets and liabilities of Zavala Inc.	$836,717

Upon disposition of Zavala Inc., the Company realized a foreign exchange translation gain of $615,881.

(Expressed In Canadian Dollars)

16. Discontinued Operations and Dissolution of Subsidiary (continued)

b Dissolution of Dyami Energy LLC

During the year ended August 31, 2013, the Company, Dyami Energy and OGR Energy Corporation, the Lessees, were litigating a dispute with the Lessors of the Matthew's property. During the last quarter of fiscal year August 2013, the Company and the Lessors agreed to resolve the litigation and continue with the development of the Matthew's property. In order to comply with certain State legal requirements, it was deemed necessary by the Lessors counsel to continue with the development through a newly executed lease document and the Company formed, Zavala Inc. a new wholly owned subsidiary to execute the new lease. The new lease was signed effective September 1, 2013 and the first of two payments of US$150,000 were paid to the Lessors upon signing the new lease as required initial pre-payment of anticipated production royalties along with a continuing development obligation under the lease to complete the previously drilled Matthews #1H horizontal well or drill a new well on the Matthews property no later than March 30, 2014. On September 1, 2013, the Matthews lease was renewed by the Company through Zavala Inc. and based on the concept of faithful representation under IAS 8, the carrying value of the Matthew's lease by Dyami Energy was considered to be the value for Zavala Inc. as this arrangement is simply a reorganization in substance.

Subsequent to September 1, 2013 and the continuing development of the Matthews lease, Dyami Energy continued its development efforts with the Murphy lease. A tentative joint venture agreement with Stratex was reached but did not materialize and efforts to develop the Murphy lease were not successful. The Company had solicited lenders and investors in an attempt to obtain debt/equity financings as a means to improve Dyami Energy's financial situation. Despite the Company's attempts, these efforts were unsuccessful and management determined that it could no longer fund the Murphy operations, hence the lease was considered impaired and an impairment loss was recorded by Dyami Energy during the third quarter. 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 effective April 3, 2014, Dyami Energy was dissolved. All prior obligations with respect to the Matthew's and Murphy leases on the books of Dyami Energy prior to its dissolution were recorded by the Company.

The Company's investment in Dyami Energy has 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.

The following table presents the effect of the dissolution of Dyami Energy on the consolidated financial statements of the Company at April 3, 2014:

	April 3, 2014
Exploration and evaluation assets – Murphy Lease	$(1,675,749)
Provisions	58,589
Foreign currency translation reserve	301,884
Net assets and liabilities of Dyami Energy	$(1,315,276)

17. Subsequent Events

On August 13, 2015, the Company filed a petition against Stratex in the District Court of Harris County, Texas seeking breach of the settlement agreement dated March 31, 2015, for monies owed under the settlement agreement and unpaid production revenue of approximately US$44,000 in the aggregate plus damages. On December 4, 2015, the Company obtained a judgment against Stratex in the amount of $62,069.

On September 25, 2015, 112,490 and 17,998 derivative warrants exercisable at US$5.00 and US$2.50, 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.

17. Subsequent Events (continued)

On December 22, 2015, the Company issued 5,000,000 common shares in the capital of the Company at a price of $0.01 per share for gross proceeds of $50,000.

On December 22, 2015, the Company issued a total of 103,299,838 units at CDN $0.01 in the capital of the Company pursuant to the anti-dilution clause of the August 30, 2014 debt settlement agreements of $1,180,570. 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 $7,882,072 was allocated to common shares $4,542,981 and warrants $3,339,091 based on their relative fair values and $7,882,072 was recorded as a loss on settlement of debt.

On December 22, 2015, the Company issued a total of 95,431,100 common shares in the capital of the Company at a price of US$0.01 per share upon the conversion of debt in the aggregate amount of $1,274,291 (US$954,311). The amount allocated to common shares based on fair value was $6,371,457 and $5,097,166 was recorded as a loss on settlement of debt.

EXHIBIT E

1) Unaudited Interim Condensed Consolidated Financial Statements for the three months ended November 30, 2015;

2) Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended February 29, 2016; and

3) Unaudited Interim Condensed Consolidated Financial Statements for the three and nine months ended May 31, 2016

Interim Condensed Consolidated Financial Statements
For the Three Months Ended November 30, 2015
(Unaudited)
(Expressed in Canadian Dollars)

Notice of No Auditor Review of
Interim Condensed Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor. The accompanying unaudited interim consolidated financial statements of Eagleford Energy Corp. (the "Company") have been prepared by and are the responsibility of the management of the Company. The Company's independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

Unaudited		**November 30, 2015**		August 31, 2015
Assets				
Current assets				
Cash	$	13,583	$	32,192
Trade and other receivables		38,150		51,323
Marketable securities (Note 6)		1		9,600
Total current assets		51,734		93,115
Total Assets	**$**	**51,734**	$	93,115
Liabilities and Shareholders' Equity (Deficiency)				
Current liabilities				
Trade and other payables	$	675,345	$	1,630,809
Shareholders' loans (Note 8 and 9)		10,000		339,588
Loans payable (Note 9)		198,329		1,063,105
Provisions (Note 11)		11,563		11,563
Derivative liabilities (Note 10)		-		281,210
Total current liabilities		895,237		3,326,275
Shareholders' equity (deficiency)				
Share capital (Note 12 a)		20,962,230		9,997,792
Share purchase warrants (Note 12 b)		4,140,170		801,079
Share purchase options (Note 12 d)		272,553		272,553
Contributed surplus (Note 12 e)		4,110,315		3,829,105
Available-for-sale reserve		-		(110,525)
Accumulated deficit		(30,328,771)		(18,023,164)
Total shareholders' equity (deficiency)		(843,503)		(3,233,160)
Total Liabilities and Shareholders' Equity (Deficiency)	**$**	**51,734**	$	93,115

Going Concern (Note 1)
Related Party Transactions and Balances (Note 8)
Discontinued Operations and Dissolution of Subsidiary (Note 16)
Subsequent Events (Note 17)

The accompanying notes are an integral part of these consolidated financial statements

EAGLEFORD ENERGY CORP

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss
For the Three Months Ended November 30,
(Expressed in Canadian Dollars)
Unaudited

		2015		2014
Revenue				
Natural gas sales, net of royalties	$	8,963	$	13,565
Expenses				
Operating costs		3,527		3,680
General and administrative		63,575		88,549
Interest		7,618		96,022
Loss on foreign exchange		18,738		81,452
Loss on settlement of debt (Note 8, 9 and 12 b)		12,991,076		-
Impairment loss on marketable securities		120,124		-
Gain on derecognition of financial liabilities (16 b)		(893,990)		
Loss on derivative liabilities (Note 10)		-		263,551
Accretion of convertible secured note (Note 9)		-		43,947
Stock based compensation (Note 12 d)		-		84,520
Stock based compensation-non employees (Note 13 d)		-		28,173
		12,310,668		689,894
Net loss from continuing operations		(12,301,705)		(676,329)
Net loss from discontinued operations net of tax (Note 16 a)		(3,902)		(276)
Net loss		(12,305,607)		(676,605)
Other comprehensive income				
Item re-classified to statement of operations				
Impairment loss on marketable securities (Note 6)		110,525		-
Foreign currency translation				
Discontinued operations		-		213,686
Total other comprehensive income		110,525		213,686
Net loss and comprehensive loss	**$**	**(12,195,082)**	$	(462,919)
Loss per share, basic and diluted				
Continuing operations	**$**	**(0.191)**	$	(0.024)
Discontinued operations	**$**	**(0.000)**	$	(0.000)
Total loss per share, basic and diluted	**$**	**(0.191)**	$	(0.024)
Weighted average shares outstanding, basic and diluted		**64,537,159**		27,671,451

The accompanying notes are an integral part of these consolidated financial statements

EAGLEFORD ENERGY CORP

Interim Condensed Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)
Unaudited

	SHARE CAPITAL Number of Shares*	SHARE CAPITAL	SHARE PURCHASE WARRANTS	SHARE PURCHASE OPTIONS	CONTRI-BUTED SURPLUS	FOREIGN CURRENCY TRANS-LATION RESERVE	AVAILABLE FOR SALE	ACCUMULATED DEFICIT	TOTAL SHARE-HOLDERS' DEFICIENCY
		$	$	$	$	$	$	$	$
Balance, August 31, 2014	27,671,541	9,072,181	1,970,968	170,972	1,389,898	4,692	-	(15,328,146)	(2,719,435)
Stock options expired	-	-	-	(11,112)	11,112	-	-	-	-
Stock based compensation	-	-	-	112,693	-	-	-	-	112,693
Foreign currency translation -discontinued operations	-	-	-	-	-	213,686	-	-	213,686
Net loss for the period, continuing operations	-	-	-	-	-	-	-	(676,329)	(676,329)
Net loss for the period, discontinued operations	-	-	-	-	-	-	-	(276)	(276)
Balance, November 30, 2014	27,671,541	9,072,181	1,970,968	272,553	1,401,010	218,378	-	(16,004,751)	(3,069,661)
Warrants expired	-	-	(1,169,889)	-	1,169,889	-	-	-	-
Derivative warrants expired	-	-	-	-	1,258,206	-	-	-	1,258,206
Shares to be issued as debt extinguishment*	10,000,000	925,611	-	-	-	-	-		925,611
Unrealized loss on marketable securities	-	-	-	-	-	-	(110,525)	-	(110,525)
Foreign currency translation -discontinued operations	-	-	-	-	-	(218,378)	-	-	(218,378)
Net loss for the period, discontinued operations	-	-	-	-	-	-	-	2,743,772	2,743,772
Net loss for the period, discontinued operations	-	-	-	-	-	-	-	(4,762,185)	(4,762,185)
Balance, August 31, 2015	37,671,541	9,997,792	801,079	272,553	3,829,105	-	(110,525)	(18,023,164)	(3,233,160)
Item re-classified to statements of operations -loss on marketable securities	-	-	-	-	-	-	110,525	-	110,525
Derivative warrants expired	-	-	-	-	281,210	-	-	-	281,210
Shares to be issued as debt extinguishment*	95,431,100	6,371,457	-	-	-	-	-	-	6,371,457
Shares to be issued as private placement*	5,000,000	50,000	-	-	-	-	-	-	50,000
Shares to be issued as anti-dilution provision*	103,299,838	4,542,981	3,339,091	-	-	-	-	-	7,882,072
Net loss for the period, continuing operations	-	-	-	-	-	-	-	(12,301,705)	(12,301,705)
Net loss for the year, discontinued operations	-	-	-	-	-	-	-	(3,902)	(3,902)
Balance, November 30, 2015	**241,402,479**	**20,962,230**	**4,140,170**	**272,553**	**4,110,315**	**-**	**-**	**(30,328,771)**	**(843,503)**

*Issued subsequent to November 30, 2015

The accompanying notes are an integral part of these consolidated financial statements

Interim Condensed Consolidated Statements of Cash Flows
For the three months ended November 30,
(Expressed in Canadian Dollars)
Unaudited

		2015		2014
Cash provided by (used in)				
Operating activities				
Net loss	$	(12,305,607)	$	(676,605)
Items not involving cash:				
Loss on settlement of debt (Note 8, 9 and 12 b)		12,991,076		-
Impairment loss on marketable securities (Note 6)		120,124		-
Gain on derecognition of financial liability (Note 16 b)		(893,990)		-
Depletion and accretion		-		237
Loss on derivative liabilities (Note 10)		-		263,551
Accretion of secured note (Note 9)		-		43,947
Decomissioning obligation expenditure		-		(352)
Stock based compensation (Note 12 d)		-		112,693
Net changes in non-cash working capital (Note 13)		18,457		148,584
Net cash used in operating activites		(69,940)		(107,945)
Investing activities				
Additions to exploration and evaluation assets, net		-		(173,104)
Net cash used in investing activities		-		(173,104)
Financing activities				
Private placement of shares, net of share issue costs		50,000		-
Loans payable, net		1,331		137,901
Shareholders' loans, net		-		59,011
Net cash provided by financing activities		51,331		196,912
Decrease in cash for the period		(18,609)		(84,137)
Effect of exchange rate changes on cash		-		(8,961)
Cash, beginning of period		32,192		103,215
Cash, end of period	**$**	**13,583**	$	10,117

Supplemental Cash Flow Information and Non Cash Transactions (Note 13)

The accompanying notes are an integral part of these consolidated financial statements

1. Nature of Business and Going Concern

Eagleford Energy Corp. ("Eagleford" or the "Company") was amalgamated under the Business Corporations Act (*Ontario)* on November 30, 2009. The principal activities of the Company consist of development and production of petroleum and natural gas properties located in Alberta, Canada. In addition, the Company holds a 0.3% net smelter return royalty on 8 mining claim blocks located in Red Lake, Ontario which is carried on the consolidated statement of financial position at nil.

The Company's registered office is 1 King Street West, Suite 1505, Toronto, Ontario, M5H 1A1.

The Company's common shares trade on the Over-the-Counter Bulletin Board (OTCQB) under the symbol EGFDF.

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, as they come due for the foreseeable future. The Company is in the process of seeking additional opportunities and ventures of merit and has not yet realized profitable operations. The Company requires additional financing for its working capital and for the costs of further development opportunities.

Due to continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. The Company will continue to seek additional forms of debt or equity financing, or other means of funding its operations, however, there is no assurance that it will be successful in doing so or that funds will be available on terms acceptable to the Company or at all. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company.

The Company has accumulated significant losses and negative cash flows from operations in recent years which raise doubt as to the validity of the going concern assumption. The Company has a working capital deficiency of $843,503 (August 31, 2015: $3,233,160) and an accumulated deficit of $30,328,771 (August 31, 2015: $18,023,164). These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern. Accordingly, the Consolidated Financial Statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the accompanying Consolidated Financial Statements.

2. Basis of Preparation

Statement of Compliance
These 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. These unaudited interim condensed consolidated financial statements of the Company were approved by the Board of Directors on January 28, 2016.

Basis of Preparation
The policies applied in these unaudited interim condensed consolidated financial statements are based on IFRS issued and outstanding as of the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements as at and 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, 2015 could result in restatement of these unaudited condensed interim consolidated financial statements.

Basis of Consolidation
Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

(Expressed In Canadian Dollars) (Unaudited)

The unaudited interim condensed consolidated financial statements include the accounts of Eagleford, the legal parent, together with its wholly-owned subsidiary, 1354166 Alberta Ltd. ("1354166 Alberta") a company operating in the province of Alberta. The Company's former subsidiaries, Eagleford Energy, Zavala Inc., ("Zavala Inc.") a Nevada company, and its wholly owned subsidiary EEZ Operating Inc. a Texas company ("EEZ Operating") a Texas company were disposed of effective August 31, 2015 and Dyami Energy LLC ("Dyami Energy") was dissolved effective April 3, 2014.

3. Significant Accounting Policies

These 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. These unaudited interim condensed consolidated financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Reporting Standards have been omitted or condensed. These unaudited interim condensed consolidated financial statements should be read in conjunction with our consolidated financial statements as at and for the year ended August 31, 2015.

4. 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.

5. Segmented Information

The Company's reportable and geographical segments are Canada and the United States. The accounting policies used for the reportable segments are the same as the Company's accounting policies. For the purposes of monitoring segment performance and allocating resources between segments, the Company's executive officer monitors the tangible, intangible and financial assets attributable to each segment. 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.

November 30, 2015	**$ Canada**	**$ United States**	**$ Total**
Net revenue, continuing operations	8,963	-	$8,963
Net loss, continuing operations	(12,301,705)		(12,301,705)
Net loss, discontinued operations	-	(3,902)	(3,902)
Net loss	(12,301,705)	(3,902)	(12,305,607)

November 30, 2014	Canada	United States	Total
Net revenue, continuing operations	13,565	-	13,565
Net loss, continuing operations	(676,329)	-	(676,329)
Net loss, discontinued operations	-	(276)	(276)
Net loss	(676,329)	(276)	(676,605)

(Expressed In Canadian Dollars) (Unaudited)

As at November 30, 2015	$ Canada	$ United States	$ Total
Total Assets	51,734	-	51,734
Total Liabilities	895,237	-	895,237

As at August 31, 2015	Canada	United States	Total
Total Assets	93,115	-	93,115
Total Liabilities	(3,326,275)	-	(3,326,275)

6. Marketable Securities

As at November 30, 2015, 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. For the three months ended November 30, 2015, the Company re-classified the loss of $110,525 to the statement of operations together with a further impairment of $9,599.

Market value on acquisition	$120,125
Change in fair value	(110,525)
Market value, August 31, 2015	$ 9,600
Impairment	(9,599)
Market value, November 30, 2015	$1

7. Exploration and Evaluation Assets

Cost	
Balance August 31, 2014	$5,036,592
Additions, net	109,874
Change in decommissioning obligation estimates	(11,253)
Impairment of Matthews Lease (Note 16 a)	(4,490,045)
Deconsolidation of Zavala Inc. (Note 16 a)	(1,212,996)
Foreign exchange	567,828
Balance August 31, 2015 and November 30, 2015	**$-**

The Company's exploration and evaluation assets were located in Texas, USA. On July 2, 2015, the 2629 acre Matthews Lease transitioned into its production unit phase and a total of 340 acres were held as production units. Accordingly, the Company wrote the lease down to fair value of $1,212,996 and recorded an impairment of exploration and evaluation assets at August 31, 2015 of $4,490,045. Effective August 31, 2015, the Company deconsolidated Zavala Inc. upon the assignment of Zavala Inc.'s common shares as partial satisfaction of the secured note extinguishment (Note 9 and16 a).

8. 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:

	November 30, 2015	August 31, 2015
Short term employee benefits (1)	$15,000	$150,000
Directors stock based compensation (2)	-	84,520
	$15,000	$234,520

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:

	November 30, 2015	August 31, 2015
Short term employee benefits (1)	$140,000	$125,000
	$140,000	$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. For the period ended November 30, 2015, the Company accrued management fees for the President of the Company at a rate of $5,000 per month.
(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 (Note 12 d).

As at November 30, 2015, the amount of directors' fees included in trade and other payables was $21,600 (August 31, 2015: $21,600).

As at November 30, 2015, the Company had a promissory note payable to the President of the Company of $10,000 (August 31, 2015: $10,000). For the period ended November 30, 2015, the Company recorded interest on a promissory note to the President of $249 (August 31, 2015: $838). As at November 30, 2015, included in trade and other payables is outstanding interest of $112,116 (August 31, 2015: $111,009). 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 November 18, 2015, the Company issued to the President 11,400,000 Units in the capital of the Company pursuant to the anti-dilution provision contained in the August 30, 2014, debt conversion agreements (Note 9).

As at November 30, 2015, 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 November 30, 2015, the Company recorded interest on the promissory note of $Nil (August 31, 2015: $32,958). As at November 30, 2015, 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 27,424,300 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.

9. Secured Note Payable, Shareholders' Loans and Notes Payable

Secured Note Payable

As at August 31, 2014, the Company has 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 10,000,000 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 (Note 16 a).

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 12 a)	(925,611)
	$-

Shareholder Loans

As at November 30, 2015, the Company had shareholders' loans payable of $10,000 (August 31, 2015: $339,588). For the period ended November 30, 2015, the Company recorded interest of $Nil on shareholders' loans (August 31, 2015: $86,611). As at November 30, 2015, included in trade and other payables, is interest on shareholders' loans of $54,147 (August 31, 2015: $86,848) (Note 8).

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 14,757,120 units in the capital of the Company at a price of $0.08 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$0.10 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$0.08 (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 103,299,838 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 are as follows:

	November 18, 2015
Market value on valuation date	$0.112
Contractual exercise rate	$0.10
Term (years)	1.79 Years
Expected market volatility	209.66%
Risk free rate using zero coupon US Treasury Security rate	0.90%

Loans Payable

As at November 30, 2015, the Company had loans payable of $198,329 (August 31, 2015: $1,063,105). For the period ended November 30, 2015, the Company recorded interest on the loans payable of $4,945. As at November 30, 2015, included in trade and other payables, is interest of $20,673 (August 31, 2015: $15,619). The loans are payable on demand and bear 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 68,006,800 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.

10. Derivative Liabilities

At November 30, 2015, the Company recorded a net gain on derivative liabilities of $Nil (August 31, 2015: $2,653,591 comprised of a loss on derivative warrant liabilities of $214,109 and a gain derivative unit liabilities of $2,867,700).

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.

(Expressed In Canadian Dollars) (Unaudited)

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	743,838	1,325,307	3.74
Warrants expired	(613,350)	(1,258,206)	(4.66)
Change in fair value estimates	-	214,109	
As at August 31, 2015	130,488	281,210	4.66
Warrants expired	(130,488)	(281,210)	(4.66)
As at November 30, 2015	**-**	**-**	**-**

On April 13, 2015, 187,500 and 30,000 warrants exercisable at US$5.00 and US$2.50, 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, 91,250 and 14,600 warrants exercisable at US$5.00 and US$2.50, 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, 250,000 and 40,000 warrants exercisable at US$5.00 and US$2.50, 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, 112,490 and 17,998 warrants expired exercisable at US$5.00 and US$2.50, 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.

As at November 30, 2015, the Company had no derivative warrant liabilities outstanding. The following table sets out the number of derivative warrant liabilities outstanding as at August 31, 2015:

Number of Warrants	Exercise Price US ($)	Expiry Date	Weighted Average Remaining Life (Years)	Fair Value CDN ($)
112,490	5.00	September 25, 2015	0.07	220,640
17,998	2.50	September 25, 2015	0.07	60,570
130,488			**0.07**	**281,210**

Derivative Unit Liabilities
As at November 30, 2015 and August 31, 2015, the Company had no derivative unit liabilities.

11. 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 and November 30, 2015	**$11,563**

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 $11,563 as at November 30, 2015 (August 31, 2015: $11,563) based on an undiscounted total future liability of $11,563. These payments are expected to be incurred during 2016.

(Expressed In Canadian Dollars) (Unaudited)

12. Share Capital and Reserves

a 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, 2014	27,671,541	9,072,181
Common shares issuable upon the settlement of secured convertible note* (Note 12 b (b) and Note 9)	10,000,000	925,611
Balance August 31, 2015	37,671,541	9,997,792
Common shares to be issued as debt extinguishment* (Note 12 b (c))	95,431,100	6,371,457
Common shares to be issued as private placement*(Note 12 b (d))	5,000,000	50,000
Common Shares to be issued as anti-dilution provision* (Note 12 b (e))	103,299,838	4,542,981
Balance November 30, 2015	**241,079,479**	**20,962,230**

*Common shares issued subsequent to November 30, 2015

b Share Purchase Warrants

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

Warrants	November 30, 2015 Number of Warrants	November 30, 2015 Weighted Average Price	August 31, 2015 Number of Warrants	August 31, 2015 Weighted Average Price
Outstanding, beginning of period	7,378,560	$0.10	9,293,560	$0.18
Warrants expired (Note 12 b (a)			(1,915,000)	$0.50
Warrants to be issued (Note 12 (e))*	51,649,919	$0.10		
Balance, end of period	**59,028,479**	**$0.10**	**7,378,560**	**$0.10**

*Warrants issued subsequent to November 30, 2015

(a) 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.

(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 10,000,000 shares of common stock of the Company with a fair value of $925,611 (Note 9).

(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 95,431,100 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 9).

(d) Effective November 18, 2015, the Company completed a private placement for gross proceeds of $50,000 and issued 5,000,000 common shares in the capital of the Company at a purchase price of $0.01 per share.

(Expressed In Canadian Dollars) (Unaudited)

(e) Effective November 18, 2015, the Company issued 103,299,838 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$0.10 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 (Note 9).

The following table summarizes the outstanding warrants as at November 30, 2015 and August 31, 2015, respectively:

Number of Warrants	Exercise Price	Expiry Date	Weighted Average Remaining Life (Years)	Warrant Value ($)
59,028,479	**$0.10**	**August 30, 2017**	**1.75**	**4,140,170**

Number of Warrants	Exercise Price	Expiry Date	Weighted Average Remaining Life (Years)	Warrant Value ($)
7,378,560	$0.10	August 30, 2017	2.00	801,079

c Weighted Average Shares Outstanding

The following table summarizes the weighted average shares outstanding:

	November 30 2015	August 31, 2015
Weighted Average Shares Outstanding, basic	**64,537,159**	27,698,938
Weighted Average Shares Outstanding, diluted	**64,537,159**	37,555,135

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	105,000	$1.64
Granted	1,000,000	0.12
Expired	(5,000)	(1.64)
Balance, August 31, 2015 and November 30, 2015	**1,100,000**	**$0.25**

The following table is a summary of the Company's stock options outstanding and exercisable as at November 30, 2015 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
$1.60	100,000	$1.60	1.25	100,000	$1.60
$0.12	1,000,000	$0.12	3.95	1,000,000	$0.12
	1,100,000	**$0.25**	**3.71**	**1,100,000**	**$0.25**

(Expressed In Canadian Dollars) (Unaudited)

	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
$1.60	100,000	$1.60	1.50	100,000	$1.60
$0.12	1,000,000	$0.12	4.20	1,000,000	$0.12
	1,100,000	**$0.25**	**3.95**	**1,100,000**	**$0.25**

Stock Based Compensation
On November 12, 2014, the Company granted options to purchase 750,000 common shares to directors. 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	$0.11
Weighted average risk free interest rate	1.54%
Forfeiture rate	0%
Weighted average expected volatility	287.49%
Expected life (years)	5
Dividend yield	Nil

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 12 d)	11,112
Warrants expired (Note 12 b)	1,169,889
Derivative warrants expired (Note 10)	1,258,206
Balance, August 31, 2015	3,829,105
Derivative warrants expired (Note 10)	281,210
Balance, November 30, 2015	**4,110,315**

13. Supplemental Cash Flow Information and Non-Cash Transactions

The following table summarizes the non-cash transactions for the periods set out:

Non-cash transactions	November 30, 2015 ($)	November 30, 2014 ($)
Derivative warrants expired	(281,2110)	(709,299)
Units to be issued as anti-dilution provision	7,882,072	-
Shares to be issued to settle debt	6,371,457	-
Stock options expired		(11,112)

The following table summarizes the changes in non-cash working capital for the periods set out:

Changes in non-cash working capital	November 30, 2015 ($)	November 30, 2014 ($)
Trade and other receivables	13,173	78,870
Trade and other payables	5,284	58,972
Deferred revenue	-	10,742
Net change	18,457	148,584

(Expressed In Canadian Dollars) (Unaudited)

14. Financial Instruments and Concentration of Risks

The Company has classified its financial instruments as follows:

Financial Instrument	Category	Measurement method
Cash	Fair value through profit or loss	Fair value
Marketable securities	Available-for-sale	Fair value
Derivative liabilities	Fair value through profit or loss	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Provisions	Other financial liabilities	Amortized cost
Secured note payable, shareholders' loans and loans payable	Other financial liabilities	Amortized cost

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

Credit Risk

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

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

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

	November 30, 2015 ($)	August 31, 2015 ($)
Cash	13,583	32,192
Trade and other receivables	38,150	51,323
Balance	51,733	83,515

Liquidity Risk

The Company monitors its liquidity position regularly to assess whether it has the funds necessary to fulfill planned exploration commitments on its oil and gas properties or that viable options are available to fund such commitments from new equity issuances or alternative sources such as farm-out agreements. However, as an exploration company at an early stage of development and without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual exploration expenditures may exceed those planned. The current uncertainty in global markets have had an impact on the Company's ability to access capital or other viable options on terms that are acceptable to the Company.

The following table illustrates the contractual maturities of financial liabilities:

November 30, 2015	**Payments Due by Period**				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	$675,345	$675,345	-	-	-
Shareholders' loans	10,000	10,000	-	-	-
Loans payable (1)	198,329	198,329	-	-	-
Total	$883,674	$883,674	-	-	-

(1) Translated at current exchange rate.

(Expressed In Canadian Dollars) (Unaudited)

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	-	-	-

(2) Translated at current exchange rate.

Market Risk

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

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

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

The Company mitigates these risks by:

- attempts to utilize competent, professional consultants as support to management,
- reviewing available petrophyisical analysis of prospects,
- focusing on a limited number of properties.

(i) Commodity Price Risk

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

The Company believes that movement in commodity prices that are reasonably possible over the next twelve month period may have a significant impact on the Company as all its oil properties are still in a development stage.

Commodity Price Sensitivity

The following table summarizes the sensitivity of the fair value of the Company's risk management position for the periods ended November 30, 2015 and 2014 to fluctuations in natural gas prices, with all other variables held constant. When assessing the potential impact of these price changes, the Company believes that 10 percent volatility is a reasonable measure. Fluctuations in natural gas prices potentially could have resulted in unrealized gains (losses) impacting net income as follows:

	2015		2014	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Net revenue	$10,099	$7,827	$15,524	$11,606
Net loss, continuing operations	$(12,300,569)	$(12,302,841)	$(674,370)	$(678,288)

(ii) Currency Risk

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

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

The following assets and liabilities are denominated in US dollars as at November 30, 2015 and 2014:

	November 30, 2015 ($)	November 30, 2014 **($)**
Cash	139	5,097
Trade and other receivables	8,109	17,516
Trade and other payables	(148,665)	(870,897)
Loans payable	(121,000)	(121,000)
Shareholders' loans	-	(904,250)
Derivative liabilities	-	(5,072,255)
Prepaid expenses and deposits	-	30,229
Exploration and evaluation assets	-	4,773,479
Secured convertible note	-	(38,459)
Deferred revenue	-	(165,000)
Provisions	-	(33,522)
Net assets denominated in US$	(261,417)	(2,379,062)
Net asset CDN dollar equivalent at period end [(1)]	(348,547)	(2,718,554)

(1) Translated at the exchange rate in effect at November 30, 2015 $1.3333 (November 30, 2014 $1.1427)

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

	November 30, 2015		November 30, 2014	
	Increase	Decrease	Increase	Decrease
Percentage change in US Dollar	In total comprehensive loss from a change in % in the US Exchange Rate ($)		In total comprehensive loss from a change in % in the US Exchange Rate ($)	
10%	(46,472)	46,472	(244,201)	244,201
20%	(92,944)	92,944	(488,401)	488,401
30%	(139,415)	139,415	(732,602)	732,602
40%	(185,887)	185,887	(976,802)	976,802

(iii) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The majority of the Company's debt is short-term in nature with fixed rates. Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

(iv) Fair Value of Financial Instruments

The Company's financial instruments included on the consolidated statement of financial position as at November 30, 2015 and August 31, 2015 are comprised of cash, derivative liabilities, trade and other receivables, trade and other payables, loans payable, shareholders' loans and provisions.

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

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

(Expressed In Canadian Dollars) (Unaudited)

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

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

	November 30, 2015		August 31, 2015	
Financial Instrument Classification	Carrying Value ($)	Fair Value ($)	Carrying Value ($)	Fair Value ($)
Fair value through profit or loss:				
Cash	13,583	13,583	32,192	32,192
Derivative liabilities	-	-	281,210	281,210
Loans and receivables:				
Trade and other receivables	38,150	38,150	51,323	51,323
Other financial liabilities:				
Trade and other payables	675,345	675,345	1,630,809	1,630,809
Shareholders' loans	10,000	10,000	339,588	339,588
Loans payable	198,329	198,329	1,063,105	1,063,105
Provisions	11,563	11,563	11,563	11,563

Cash and derivative liabilities are stated at fair value (Level 1 measurement). The carrying value of trade and other receivables, trade and other payables, loans payable, secured note payable and provisions approximate their fair value due to the short-term maturity of these financial instruments (Level 3 measurement). Shareholders' loans are measured at the exchange amount.

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 favourable market conditions to sustain future development of the business. As at November 30, 2015 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 November 30, 2015. The Company is not subject to any externally imposed restrictions on its capital requirements.

16. Discontinued Operations and Dissolution of Subsidiary

a Discontinued Operations of Eagleford Energy, Zavala Inc.

In accordance with the terms of a Secured Note and General Security Agreement (the "Loan Agreements") dated August 31, 2014, the Company had granted and conveyed to Benchmark a first priority security interest in the Company and Zavala Inc. At August 31, 2015, the Company was unable to pay the Note of $1,608,149 plus interest of $154,179, totaling $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:

(Expressed In Canadian Dollars) (Unaudited)

(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) Issue 10,000,000 shares of common stock of the Company;

As a result the extinguishment of the Note, the Company's investment in Zavala Inc. had been deconsolidated from the Company's Consolidated Financial Statements as at the effective date (August 31, 2015) and presented as discontinued operations on the Consolidated Statements of Operations and Comprehensive Loss and the Consolidated Statements of Cash Flows.

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

	Three Months Ended November 30, 2015	2014
Expenses		
Accretion	$-	$237
General and administrative	3,902	39
Loss from discontinued operations	(3,902)	(276)
Foreign currency translation	-	213,686
Comprehensive income (loss) from discontinued operations	$(3,902)	$213,410
Loss per share basic and diluted from discontinued operations	$(0.000)	$(0.000)

The following table presents the consolidated statements of cash flows of Zavala Inc. for the periods set out:

	Three Months Ended November 30, 2015	2014
Cash provided by (used in)		
Operating activities		
Net loss from discontinued operations	$(3,902)	$(276)
Accretion	-	237
Net changes in non-cash working capital		
Accounts receivable	-	60,432
Accounts payable	-	(59,894)
Deferred revenue	-	10,742
Cash provided by (used in) operating activities, discontinued operations	(3,902)	11,241
Investing activities		
Additions to exploration and evaluation assets, net	-	(173,104)
Cash used in investing activities, discontinued operations	-	(173,104)
Net cash used in discontinued operations	$(3,902)	$(161,863)

The following table presents the effect of the de-consolidation of Zavala Inc., on the Consolidated Statement of Financial Position of the Company at August 31, 2015:

	August 31, 2015
Accounts receivable	$658
Restricted cash	33,058
Marketable securities	10,578
Exploration and evaluation assets	1,212,996
Provisions	(135,064)
Loan payable	(279,053)
Accounts payable	(6,456)
Net assets and liabilities of Zavala Inc.	$836,717

Upon disposition of Zavala Inc., the Company realized a foreign exchange translation gain of $615,881.

b Dissolution of Dyami Energy LLC

As previously disclosed, the Company had solicited lenders and investors in an attempt to obtain debt/equity financings as a means to improve Dyami Energy's financial situation. Despite the Company's attempts, these efforts were unsuccessful and management determined that it could no longer fund the Murphy Lease operations, hence the lease was considered impaired and during the year ended August 31, 2014 an impairment loss of $1,675,749 was recorded by Dyami Energy. 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, effective April 3, 2014, Dyami Energy was dissolved.

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 in the unaudited interim condensed consolidated statements of operations as at November 30, 2015.

17. Subsequent Events

On August 13, 2015, the Company filed a petition against Stratex in the District Court of Harris County, Texas seeking breach of the settlement agreement dated March 31, 2015, for monies owed under the settlement agreement and unpaid production revenue of approximately US$44,000 in the aggregate plus damages. On December 4, 2015, the Company obtained a judgment against Stratex in the amount of $62,069.

The Company filed articles of amendment and effective February 1, 2016, 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.

Intelligent Content Enterprises Inc.

(formerly: Eagleford Energy Corp.)

Interim Condensed Consolidated Financial Statements
For the Three and Six Months Ended February 29, 2016
(Unaudited)
(Expressed in Canadian Dollars)

Notice of No Auditor Review of
Interim Condensed Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor. The accompanying unaudited interim consolidated financial statements of Intelligent Content Enterprises Inc., (the “Company”) have been prepared by and are the responsibility of the management of the Company. The Company's independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

Intelligent Content Enterprises Inc.

Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	February 29, 2016	August 31, 2015
Assets		
Current assets		
Cash	$ 33,919	$ 32,192
Trade and other receivables	22,332	51,323
Marketable securities (Note 7)	1	9,600
Total current assets	56,252	93,115
Non-current assets		
Intangible assets (Note 5)	9,530,250	-
Total non-current assets	9,530,250	-
Total Assets	**$ 9,586,502**	$ 93,115
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities		
Trade and other payables	$ 171,384	$ 1,630,809
Shareholders' loans (Note 9 and 10)	-	339,588
Loans payable (Note 10)	-	1,063,105
Provisions (Note 12)	-	11,563
Derivative liabilities (Note 11)	-	281,210
Total current liabilities	171,384	3,326,275
Shareholders' equity (deficiency)		
Share capital (Note 13 a)	31,111,229	9,997,792
Share purchase warrants (Note 13 b)	4,743,930	801,079
Share purchase options (Note 13 d)	272,553	272,553
Contributed surplus (Note 13 e)	4,110,315	3,829,105
Available-for-sale reserve	-	(110,525)
Accumulated deficit	(30,822,909)	(18,023,164)
Total shareholders' equity (deficiency)	9,415,118	(3,233,160)
Total Liabilities and Shareholders' Equity (Deficiency)	**$ 9,586,502**	$ 93,115

Going Concern (Note 1)
Related Party Transactions and Balances (Note 9)
Discontinued Operations and Dissolution of Subsidiary (Note 16)
Subsequent Events (Note 17)

The accompanying notes are an integral part of these consolidated financial statements

Intelligent Content Enterprises Inc.

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended		Six Months Ended	
	February 29, 2016	February 28, 2015	**February 29, 2016**	February 28, 2015
Expenses				
General and administrative	$ 76,187	$ 137,962	$ 139,762	$ 226,331
Interest	5,194	32,427	12,812	128,449
Loss on foreign exchange	1,141	207,559	19,848	289,011
Loss on settlement of debt (Note 9 and 10)	483,431	-	13,474,507	-
Impairment loss on marketable securities (Note 7)	-	-	120,124	-
Gain on derecognition of financial liabilities (Note 16 c)	-	-	(893,990)	-
Gain on disposal of subsidiary (Note 16 b)	(68,489)	-	(68,489)	-
Gain on derivative liabilities		(751,502)	-	(487,951)
Accretion of convertible secured note		104,015	-	147,962
Stock based compensation		-	-	84,520
Stock based compensation-non employees		-	-	28,173
	497,464	(269,539)	12,804,574	416,495
Net income (loss) from continuing operations	(497,464)	269,539	(12,804,574)	(416,495)
Net income (loss) from discontinued operations net of tax (Note 16 a,b)	3,324	(12,853)	4,829	(3,424)
Net income (loss)	(494,140)	256,686	(12,799,745)	(419,919)
Other comprehensive income				
Item re-classified to statement of operations				
Impairment loss on marketable securities (Note 7)	-	-	110,525	-
Foreign currency translation				
Discontinued operations	-	494,756	-	708,442
Total other comprehensive income	-	494,756	110,525	708,442
Net income (loss) and comprehensive income (loss)	**$ (494,140)**	$ 751,442	**$ (12,689,220)**	$ 288,523
Earnings (loss) per share, basic				
Continuing operations	$ (0.020)	$ 0.097	$ (0.833)	$ (0.150)
Discontinued operations	$ 0.000	$ (0.005)	$ 0.000	$ (0.001)
Total earnings (loss) per share, basic	**$ (0.020)**	$ 0.093	**$ (0.833)**	$ (0.152)
Earnings (loss) per share, diluted				
Continuing operations	$ (0.016)	$ 0.044	$ (0.833)	$ (0.150)
Discontinued operations	$ 0.000	$ (0.002)	$ 0.000	$ (0.001)
Total earnings (loss) per share, diluted	**$ (0.016)**	$ 0.042	**$ (0.833)**	$ (0.152)
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 accompanying notes are an integral part of these consolidated financial statements

Intelligent Content Enterprises Inc.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)
Unaudited

	SHARE CAPITAL Number of Common Shares*	SHARE CAPITAL Number of Preferred Shares*	SHARE CAPITAL	SHARE PURCHASE WARRANTS	SHARE PURCHASE OPTIONS	CONTRI-BUTED SURPLUS	FOREIGN CURRENCY TRANS-LATION RESERVE	AVAILABLE FOR SALE	ACCUMULATED DEFICIT	TOTAL SHARE-HOLDERS' EQUITY (DEFICIENCY)
			$	$	$	$	$	$	$	$
Balance, August 31, 2014	2,767,637	-	9,072,181	1,970,968	170,972	1,389,898	4,692	-	(15,328,146)	(2,719,435)
Stock options expired	-	-	-	-	(11,112)	11,112	-	-	-	-
Stock based compensation	-	-	-	-	112,693	-	-	-	-	112,693
Warrants expired	-	-	-	(1,169,889)	-	1,169,889	-	-	-	-
Foreign currency translation										
-discontinued operations	-	-	-	-	-	-	708,442	-	-	708,442
Net loss for the period, continuing operations	-	-	-	-	-	-	-	-	(416,495)	(416,495)
Net loss for the period, discontinued operations	-	-	-	-	-	-	-	-	(3,424)	(3,424)
Balance, February 28, 2015	2,767,637	-	9,072,181	801,079	272,553	2,570,899	713,134	-	(15,748,065)	(2,318,219)
Derivative warrants expired	-	-	-	-	-	1,258,206	-	-	-	1,258,206
Shares issued as debt extinguishment	1,000,000	-	925,611	-	-	-	-	-		925,611
Unrealized loss on marketable securities	-	-	-	-	-	-	-	(110,525)	-	(110,525)
Foreign currency translation										
-discontinued operations	-	-	-	-	-	-	(713,134)	-	-	(713,134)
Net income for the period, continuing operations	-	-	-	-	-	-	-	-	2,468,831	2,468,831
Net loss for the period, discontinued operations	-	-	-	-	-	-	-	-	(4,743,930)	(4,743,930)
Balance, August 31, 2015	3,767,637	-	9,997,792	801,079	272,553	3,829,105	-	(110,525)	(18,023,164)	(3,233,160)
Item re-classified to statements of operations										
-loss on marketable securities	-	-	-	-	-	-	-	110,525	-	110,525
Derivative warrants expired	-	-	-	-	-	281,210	-	-	-	281,210
Shares issued as debt extinguishment	9,543,110	-	6,371,457	-	-	-	-	-	-	6,371,457
Shares issued as private placement	500,000	-	50,000	-	-	-	-	-	-	50,000
Shares issued as anti-dilution provision	10,329,983	-	4,542,981	3,339,091	-	-	-	-	-	7,882,072
Units issued as private placement	100,000	-	8,654	21,346	-	-	-	-	-	30,000
Units issued as debt extinguishment	1,505,190	-	638,295	582,414	-	-	-	-	-	1,220,709
Shares issued for acqusition of DWF Assets	12,500,000	5,750,000	9,502,050	-	-	-	-	-	-	9,502,050
Net loss for the period, continuing operations	-	-	-	-	-	-	-	-	(12,804,574)	(12,804,574)
Net income for the period, discontinued operations	-	-	-	-	-	-	-	-	4,829	4,829
Balance, February 29, 2016	**38,245,920**	**5,750,000**	**31,111,229**	**4,743,930**	**272,553**	**4,110,315**	**-**	**-**	**(30,822,909)**	**9,415,118**

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

The accompanying notes are an integral part of these consolidated financial statements

Intelligent Content Enterprises Inc.

Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Six Months Ended	
	February 29, 2016	February 28, 2015
Cash provided by (used in)		
Operating activities		
Net loss	$ (12,799,745)	$ (419,919)
Items not involving cash:		
Loss on settlement of debt (Note 9 and 10)	13,474,507	-
Impairment loss on marketable securities (Note 7)	120,124	-
Gain on derecognition of financial liability (Note 16 c)	(893,990)	-
Gain on disposal of subsidiary (Note 16 b)	(68,489)	-
Depletion and accretion	-	468
Loss on derivative liabilities	-	(487,951)
Accretion of secured note	-	147,962
Decomissioning obligation expenditure	-	(521)
Stock based compensation	-	112,693
Net changes in non-cash working capital (Note 14)	91,652	510,141
Net cash used in operating activites	(75,941)	(137,127)
Investing activities		
Additions to exploration and evaluation assets, net	-	(257,379)
Net cash used in investing activities	-	(257,379)
Financing activities		
Private placement of shares, net of share issue costs	50,000	-
Private placement of units, net of share issue costs	30,000	
Loans payable, net	-	159,204
Shareholders' loans, net	-	188,344
Net cash provided by financing activities	80,000	347,548
Increase (decrease) in cash for the period	4,059	(46,958)
Effect of exchange rate changes on cash	(2,332)	(24,712)
Cash, beginning of period	32,192	103,215
Cash, end of period	**$ 33,919**	$ 31,545

Supplemental Cash Flow Information and Non Cash Transactions (Note 14)

The accompanying notes are an integral part of these consolidated financial statements

1. Nature of Business and Going Concern

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. Through the Company's wholly owned subsidiary Digital Widget Factory Inc. the Company operates an expanding portfolio of web sites under the primary URL www.digiwidgy.com. Digital Widget Factory Inc., is a global, multi-language proprietary online content creation, management and advertising platform that powers user and advertising engagement programs in the US, Canada, Asia, Middle East, Europe, Central and South America in over 50 languages in real-time to desktop, mobile and portable devices (Note 5).

The Company's registered office is 1 King Street West, Suite 1505, Toronto, Ontario, M5H 1A1.

The Company's common shares trade on the OTCQB under the symbol ICEIF.

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, as they come due for the foreseeable future. The Company is in the process of seeking additional opportunities and ventures of merit and has not yet realized profitable operations. The Company requires additional financing for its working capital and for the costs of further development opportunities.

Due to continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. The Company will continue to seek additional forms of debt or equity financing, or other means of funding its operations, however, there is no assurance that it will be successful in doing so or that funds will be available on terms acceptable to the Company or at all. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company.

The Company has accumulated significant losses and negative cash flows from operations in recent years which raise doubt as to the validity of the going concern assumption. The Company has a working capital deficiency of $115,132 (August 31, 2015: $3,233,160) and an accumulated deficit of $30,822,909 (August 31, 2015: $18,023,164). These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern. Accordingly, the Consolidated Financial Statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the accompanying Consolidated Financial Statements. As at and for the period ended February 29, 2016, the Company settled approximately $2,054,350 in debt (Note 10 and 16 b).

2. Basis of Preparation

Statement of Compliance

These 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. These unaudited interim condensed consolidated financial statements of the Company were approved by the Board of Directors on April 26, 2016.

Basis of Preparation

The policies applied in these unaudited interim condensed consolidated financial statements are based on IFRS issued and outstanding as of the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements as at and 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, 2015, could result in restatement of these unaudited condensed interim consolidated financial statements.

Basis of Consolidation
Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

The unaudited interim condensed consolidated financial statements 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.

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., ("Zavala Inc.") a Nevada company, and its wholly owned subsidiary EEZ Operating Inc. a Texas company ("EEZ Operating") a Texas company, were disposed of effective August 31, 2015 and Dyami Energy LLC ("Dyami Energy") was dissolved effective April 3, 2014 (Note 16).

3. Significant Accounting Policies and Newly Adopted Accounting Policies

These 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. These unaudited interim condensed consolidated financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Reporting Standards have been omitted or condensed. These unaudited interim condensed consolidated financial statements should be read in conjunction with our consolidated financial statements as at and for the year ended August 31, 2015 and the newly adopted accounting policies described below:

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.

4. 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.

5. Intangible Assets

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").

(Expressed In Canadian Dollars) (Unaudited)

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

6. 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	-	9,586,502
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)

7. Marketable Securities

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. For the period ended February 29, 2016, the Company re-classified the loss of $110,525 to the statement of operations together with a further impairment of $9,599.

Market value on acquisition	$120,125
Change in fair value	(110,525)
Market value, August 31, 2015	$ 9,600
Impairment	(9,599)
Market value, February 29, 2016	$1

(Expressed In Canadian Dollars) (Unaudited)

8. Exploration and Evaluation Assets

Cost	
Balance August 31, 2014	$5,036,592
Additions, net	109,874
Change in decommissioning obligation estimates	(11,253)
Impairment of Matthews Lease (Note 16 a)	(4,490,045)
Deconsolidation of Zavala Inc. (Note 16 a)	(1,212,996)
Foreign exchange	567,828
Balance August 31, 2015 and February 29, 2016	**$-**

The Company's exploration and evaluation assets were located in Texas, USA. On July 2, 2015, the 2629 acre Matthews Lease transitioned into its production unit phase and a total of 340 acres were held as production units. Accordingly, the Company wrote the lease down to fair value of $1,212,996 and recorded an impairment of exploration and evaluation assets at August 31, 2015 of $4,490,045. Effective August 31, 2015, the Company deconsolidated Zavala Inc. upon the assignment of Zavala Inc.'s common shares as partial satisfaction of the secured note extinguishment (Note 10 and16 a).

9. 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 (Note 13 d).

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 (Note 10).

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 (Note 10).

(Expressed In Canadian Dollars) (Unaudited)

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.

10. Secured Note Payable, Shareholders' Loans, Notes Payable and Debt Conversion

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 (Note 16 a). 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).

(Expressed In Canadian Dollars) (Unaudited)

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%

11. Derivative Liabilities

Derivative Warrant Liabilities

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

Derivative Unit Liabilities

As at February 29, 2016 and August 31, 2015, the Company had no derivative unit liabilities.

(Expressed In Canadian Dollars) (Unaudited)

12. 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).

13. Share Capital and Reserves

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. On February 29, 2016, the Company filed articles of amendment, amending the attributes of the preferred shares.

a Share Capital

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 13 b (b))	1,000,000	925,611
Balance August 31, 2015	3,767,637	9,997,792
Common shares issued as debt extinguishment (Note 13 b (c))	9,543,110	6,371,457
Common shares issued as private placement(Note 13 b (d))	500,000	50,000
Common Shares issued as anti-dilution provision (Note 13 b (e))	10,329,983	4,542,981
Common shares issued as private placement (Note 13 b (f))	100,000	8,654
Common shares issued as debt extinguishment (Note 13 b (g))	1,505,190	638,295
Common shares issued on acquisition of DWF Technology (Note 13 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

(Expressed In Canadian Dollars) (Unaudited)

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 13 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 13 b (a)	-	-	(191,500)	$5.00
Warrants issued (Note 13 (e))	5,164,992	$1.00	-	-
Warrants issued (Note 13 (f))	100,000	$0.35		
Warrants issued (Note 13 (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 (Note 10).

(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).

(Expressed In Canadian Dollars) (Unaudited)

(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 (Note 10).

(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 (Note 10).

(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 (Note 10).

(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 (Note 5).

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

(Expressed In Canadian Dollars) (Unaudited)

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:

(Expressed In Canadian Dollars) (Unaudited)

	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
Dividend yield	Nil

*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**

14. Supplemental Cash Flow Information and Non-Cash Transactions

The following table summarizes the non-cash transactions for the periods set out:

Non-cash transactions	**February 29, 2016 ($)**	February 28, 2015 ($)
Derivative warrants expired	281,210	1,169,889
Units issued as anti-dilution provision	7,882,072	-
issued to settle debt	6,371,457	-
Units issued as debt extinguishment	1,220,709	-
Shares issued for acquisition of DWF Technology	7,374,550	-
Stock options expired	-	11,112

The following table summarizes the changes in non-cash working capital for the periods set out:

Changes in non-cash working capital	**February 29, 2016 ($)**	February 28, 2015($)
Trade and other receivables	28,991	133,933
Trade and other payables	62,661	264,036
Deferred revenue	-	112,172
Net change	91,652	510,141

15. Financial Instruments and Concentration of Risks

The Company has classified its financial instruments as follows:

Financial Instrument	**Category**	**Measurement method**
Cash	Fair value through profit or loss	Fair value
Marketable securities	Available-for-sale	Fair value
Derivative liabilities	Fair value through profit or loss	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Provisions	Other financial liabilities	Amortized cost
Secured note payable, shareholders' loans and loans payable	Other financial liabilities	Amortized cost

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

Credit Risk

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

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

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

	February 29, 2016 ($)	August 31, 2015 ($)
Cash	33,919	32,192
Trade and other receivables	22,332	51,323
Balance	56,251	83,515

Liquidity Risk

The Company monitors its liquidity position regularly to assess whether it has the funds necessary to fulfill planned opportunities or that viable options are available to fund such opportunities from new equity issuances or alternative sources of financings. As a company without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that such financing terms may not be acceptable to the Company.

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.

Market Risk

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

(i) Currency Risk

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

The following assets and liabilities are denominated in US dollars as at the periods set out:

	February 29, 2016 ($)	February 28, 2015 ($)
Cash	2,828	12,209
Trade and other receivables	8,109	6,587
Trade and other payables	(14,618)	(907,334)
Loan payable	-	(121,000)
Shareholders' loans	-	(904,250)
Derivative liabilities	-	(4,363,315)
Exploration and evaluation assets	-	4,758,649
Secured convertible note	-	(121,168)
Deferred revenue	-	(231,832)
Provisions	-	(35,841)
Net assets denominated in US$	(3,681)	(1,907,295)
Net asset CDN dollar equivalent at period end (1)	(4,978)	(2,385,645)

(1) Translated at the exchange rate in effect at February 29, 2016 $1.3523 (February 28, 2015 $1.2508)

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

	February 29, 2016		February 28, 2015	
	Increase	Decrease	Increase	Decrease
Percentage change in US Dollar	In total comprehensive loss from a change in % in the US Exchange Rate ($)		In total comprehensive loss from a change in % in the US Exchange Rate ($)	
5%	(337)	337	(149,198)	149,198
10%	(673)	673	(298,397)	298,397
15%	(1,010)	1,010	(447,595)	447,595

(ii) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The majority of the Company's debt is short-term in nature with fixed rates. Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

(iii) Fair Value of Financial Instruments

The Company's financial instruments included on the consolidated statements of financial position are comprised of cash, trade and other receivables, trade and other payables, shareholders' loans, loans payable, provisions and derivative liabilities.

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

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

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

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

(Expressed In Canadian Dollars) (Unaudited)

	February 29, 2016		August 31, 2015	
Financial Instrument Classification	Carrying Value ($)	Fair Value ($)	Carrying Value ($)	Fair Value ($)
Fair value through profit or loss:				
Cash	33,919	33,919	32,192	32,192
Derivative liabilities	-	-	281,210	281,210
Loans and receivables:				
Trade and other receivables	22,332	22,332	51,323	51,323
Other financial liabilities:				
Trade and other payables	171,384	171,384	1,630,809	1,630,809
Shareholders' loans	-	-	339,588	339,588
Loans payable	-	-	1,063,105	1,063,105
Provisions	-	-	11,563	11,563

Cash and derivative liabilities are stated at fair value (Level 1 measurement). The carrying value of trade and other receivables, trade and other payables, loans payable, secured note payable and provisions approximate their fair value due to the short-term maturity of these financial instruments (Level 3 measurement). Shareholders' loans are measured at the exchange amount.

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 favourable 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.

16. Discontinued Operations and Dissolution of Subsidiary

a Discontinued Operations of Eagleford Energy, Zavala Inc.
In accordance with the terms of a Secured Note and General Security Agreement (the "Loan Agreements") dated August 31, 2014, the Company had granted and conveyed to Benchmark a first priority security interest in the Company and Zavala Inc. At August 31, 2015, the Company was unable to pay the Note of $1,608,149 plus interest of $154,179, totaling $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) Issue 10,000,000 shares of common stock of the Company.

(Expressed In Canadian Dollars) (Unaudited)

As a result the extinguishment of the Note, the Company's investment in Zavala Inc. had been deconsolidated from the Company's Consolidated Financial Statements as at the effective date (August 31, 2015) and presented as discontinued operations on the Consolidated Statements of Operations and Comprehensive Loss and the Consolidated Statements of Cash Flows.

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)

The following table presents the consolidated statements of cash flows of Zavala Inc. for the periods set out:

	Six Months Ended	
	February 29, 2016	February 28, 2015
Cash provided by (used in)		
Operating activities		
Net loss from discontinued operations	$(3,902)	$(18,531)
Accretion	-	468
Net changes in non-cash working capital		
Accounts receivable	-	80,448
Accounts payable	-	(65,435)
Deferred revenue	-	112,172
Cash provided by (used in) operating activities, discontinued operations	(3,902)	109,122
Investing activities		
Additions to exploration and evaluation assets, net	-	(257,379)
Cash used in investing activities, discontinued operations	-	(257,379)
Net cash used in discontinued operations	$(3,902)	$(148,257)

The following table presents the effect of the de-consolidation of Zavala Inc., on the Consolidated Statement of Financial Position of the Company at August 31, 2015:

	August 31, 2015
Accounts receivable	$658
Restricted cash	33,058
Marketable securities	10,578
Exploration and evaluation assets	1,212,996
Provisions	(135,064)
Loan payable	(279,053)
Accounts payable	(6,456)
Net assets and liabilities of Zavala Inc.	$836,717

Upon disposition of Zavala Inc., the Company realized a foreign exchange translation gain of $615,881.

(Expressed In Canadian Dollars) (Unaudited)

b Discontinued operations of 1354166 Alberta Ltd.

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.

As a result the extinguishment of the debt, the Company's investment in 1354166 Alberta had been deconsolidated from the Company's Consolidated Financial Statements as at the effective date (February 29, 2016) and presented as discontinued operations on the Consolidated Statements of Operations and Comprehensive Loss and the Consolidated Statements of Cash Flows.

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	195
	(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

The following table presents the statements of cash flows of 1354166 Alberta for the periods set out:

	Six Months Ended	
	February 29, 2016	February 28, 2015
Cash provided by (used in)		
Operating activities		
Net income from discontinued operations	$8,731	$15,107
Item not involving cash		
Decommissioning obligation expenditure	-	(521)
Net changes in non-cash working capital		
Accounts receivable	4,955	(146)
Accounts payable	14	(197)
Cash provided by operating activities, discontinued operations	13,700	14,243
Net cash provided by discontinued operations	$13,700	$14,243

The following table presents the effect of the de-consolidation of 1354166 Alberta on the Consolidated Statement of Financial Position of the Company at February 29, 2016:

	February 29, 2016
Cash	$2,564
Accounts Receivable	3,391
Accounts payable	(14)
Provisions	(11,563)
Net assets and liabilities of 1354166 Alberta	$(5,622)

Upon the disposition of 1354166 Alberta the Company recognized a gain in the amount of $68,489.

c Dissolution of Dyami Energy LLC

As previously disclosed, the Company had solicited lenders and investors in an attempt to obtain debt/equity financings as a means to improve Dyami Energy's financial situation. Despite the Company's attempts, these efforts were unsuccessful and management determined that it could no longer fund the Murphy Lease operations, hence the lease was considered impaired and during the year ended August 31, 2014 an impairment loss of $1,675,749 was recorded by Dyami Energy. 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, effective April 3, 2014, Dyami Energy was dissolved.

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 in the unaudited interim condensed consolidated statements of operations as at February 29, 2016.

17. 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.

Intelligent Content Enterprises Inc.

(formerly: Eagleford Energy Corp.)

Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended May 31, 2016
(Unaudited)
(Expressed in Canadian Dollars)

Notice of No Auditor Review of
Interim Condensed Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor. The accompanying unaudited interim consolidated financial statements of Intelligent Content Enterprises Inc., (the “Company”) have been prepared by and are the responsibility of the management of the Company. The Company's independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

Intelligent Content Enterprises Inc.

Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

		May 31, 2016		August 31, 2015
Assets				
Current assets				
Cash	$	332,838	$	32,192
Trade and other receivables		30,182		51,323
Marketable securities (Note 7)		1		9,600
Total current assets		363,021		93,115
Non-current assets				
Intangible assets (Note 5)		9,530,250		-
Total non-current assets		9,530,250		-
Total Assets	**$**	**9,893,271**	$	93,115
Liabilities and Shareholders' Equity (Deficiency)				
Current liabilities				
Trade and other payables	$	268,649	$	1,630,809
Shareholders' loans (Note 9 and 10)		-		339,588
Loans payable (Note 10)		-		1,063,105
Provisions (Note 12)		-		11,563
Derivative liabilities (Note 11)		-		281,210
Total current liabilities		268,649		3,326,275
Shareholders' equity (deficiency)				
Share capital (Note 13 a)		31,872,234		9,997,792
Share purchase warrants (Note 13 b)		4,429,258		801,079
Share purchase options (Note 13 d)		828,334		272,553
Contributed surplus (Note 13 e)		4,170,458		3,829,105
Available-for-sale reserve		-		(110,525)
Accumulated deficit		(31,675,662)		(18,023,164)
Total shareholders' equity (deficiency)		9,624,622		(3,233,160)
Total Liabilities and Shareholders' Equity (Deficiency)	**$**	**9,893,271**	$	93,115

Going Concern (Note 1)
Related Party Transactions and Balances (Note 9)
Discontinued Operations and Dissolution of Subsidiary (Note 16)
Subsequent Events (Note 17)

The accompanying notes are an integral part of these consolidated financial statements

Intelligent Content Enterprises Inc.

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended May 31		Nine Months Ended May 31	
	2016	2015	**2016**	2015
Expenses				
Research, content development and technology support	$ 91,700	$ -	$ 91,700	$ -
Hosting and technology services	43,382	-	43,382	-
General and administrative	99,816	45,723	239,578	272,054
Interest	-	73,884	12,812	202,333
Loss (gain) on foreign exchange	1,930	(2,876)	21,779	286,136
Loss on settlement of debt (Note 9 and 10)	-	-	13,474,507	-
Impairment loss on marketable securities (Note 7)	-	-	120,124	-
Gain on derecognition of financial liabilities (Note 16 c)	-	-	(893,990)	-
Gain on disposal of subsidiary (Note 16 b)	-	-	(68,489)	-
Stock based compensation	615,924	-	615,924	84,520
Stock based compensation-non employees	-	-	-	28,173
Loss on derivative liabilities	-	738,652	-	250,701
Accretion of convertible secured note	-	327,793	-	475,755
Gain on settlement of litigation	-	(120,125)	-	(120,125)
Unealized loss on marketable securities	-	53,518	-	53,518
	852,752	1,116,569	13,657,327	1,533,065
Net loss from continuing operations	(852,752)	(1,116,569)	(13,657,327)	(1,533,065)
Net income (loss) from discontinued operations net of tax (Note 16 a,b)	-	(4,750,694)	4,829	(4,754,118)
Net loss	(852,752)	(5,867,263)	(13,652,498)	(6,287,183)
Other comprehensive income (loss)				
Item re-classified to statement of operations				
Impairment loss on marketable securities (Note 7)	-	-	110,525	-
Foreign currency translation				
Discontinued operations	-	(17,235)	-	691,207
Total other comprehensive income (loss)	-	(17,235)	110,525	691,207
Net loss and comprehensive loss	**$ (852,752)**	$ (5,884,498)	**$ (13,541,973)**	$ (5,595,976)
Earnings (loss) per share, basic				
Continuing operations	$ (0.022)	$ (0.403)	$ (0.591)	$ (0.554)
Discontinued operations	$ -	$ (1.717)	$ -	$ (1.718)
Total loss per share, basic	**$ (0.022)**	$ (2.120)	**$ (0.591)**	$ (2.272)
Earnings (loss) per share, diluted				
Continuing operations	$ (0.022)	$ (0.403)	$ (0.591)	$ (0.554)
Discontinued operations	$ -	$ (1.717)	$ -	$ (1.718)
Total loss per share, diluted	**$ (0.022)**	$ (2.120)	**$ (0.591)**	$ (2.272)
Weighted average shares outstanding, basic	**38,379,842**	2,767,640	**23,099,092**	2,767,640
Weighted average shares outstanding, diluted	**57,530,491**	6,088,376	**39,678,541**	2,767,640

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

The accompanying notes are an integral part of these consolidated financial statements

Intelligent Content Enterprises Inc.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)
Unaudited

	SHARE CAPITAL Number of Common Shares*	SHARE CAPITAL Number of Preferred Shares*	SHARE CAPITAL $	SHARE PURCHASE WARRANTS $	SHARE PURCHASE OPTIONS $	CONTRI-BUTED SURPLUS $	FOREIGN CURRENCY TRANS-LATION RESERVE $	AVAILABLE FOR SALE $	ACCUMULATED DEFICIT $	TOTAL SHARE-HOLDERS' EQUITY (DEFICIENCY) $
Balance, August 31, 2014	2,767,637	-	9,072,181	1,970,968	170,972	1,389,898	4,692	-	(15,328,146)	(2,719,435)
Stock options expired	-	-	-	-	(11,112)	11,112	-	-	-	-
Stock based compensation	-	-	-	-	112,693	-	-	-	-	112,693
Warrants expired	-	-	-	(1,169,889)	-	1,169,889	-	-	-	-
Foreign currency translation										
-discontinued operations	-	-	-	-	-	-	691,207	-	-	691,207
Derivative warrants expired	-	-	-	-	-	535,542	-	-	-	535,542
Net loss for the period, continuing operations	-	-	-	-	-	-	-	-	(1,533,065)	(1,533,065)
Net loss for the period, discontinued operations	-	-	-	-	-	-	-	-	(4,754,118)	(4,754,118)
Balance, May 31, 2015	2,767,637	-	9,072,181	801,079	272,553	3,106,441	695,899	-	(21,615,329)	(7,667,176)
Derivative warrants expired	-	-	-	-	-	722,664	-	-	-	722,664
Shares issued as debt extinguishment	1,000,000	-	925,611	-	-	-	-	-		925,611
Unrealized loss on marketable securities	-	-	-	-	-	-	-	(110,525)	-	(110,525)
Foreign currency translation										
-discontinued operations	-	-	-	-	-	-	(695,899)	-	-	(695,899)
Net income for the period, continuing operations	-	-	-	-	-	-	-	-	3,600,508	3,600,508
Net loss for the period, discontinued operations	-	-	-	-	-	-	-	-	(8,343)	(8,343)
Balance, August 31, 2015	3,767,637	-	9,997,792	801,079	272,553	3,829,105	-	(110,525)	(18,023,164)	(3,233,160)
Item re-classified to statements of operations										
-loss on marketable securities	-	-	-	-	-	-	-	110,525	-	110,525
Derivative warrants expired	-	-	-	-	-	281,210	-	-	-	281,210
Shares issued as debt extinguishment	9,543,110	-	6,371,457	-	-	-	-	-	-	6,371,457
Shares issued as private placement	500,000	-	50,000	-	-	-	-	-	-	50,000
Shares issued as anti-dilution provision	10,329,983	-	4,542,981	3,339,091	-	-	-	-	-	7,882,072
Units issued as private placement	100,000	-	8,654	21,346	-	-	-	-	-	30,000
Units issued as debt extinguishment	1,505,190	-	638,295	582,414	-	-	-	-	-	1,220,709
Shares issued for acqusition of DWF Assets, net of costs	12,500,000	5,750,000	9,499,700	-	-	-	-	-	-	9,499,700
Exercise of warrants	448,683	-	763,355	(314,672)	-	-	-	-	-	448,683
Stock options expired	-	-	-	-	(60,143)	60,143	-	-	-	-
Stock based compensation	-	-	-	-	615,924	-	-	-	-	615,924
Net loss for the period, continuing operations	-	-	-	-	-	-	-	-	(13,657,327)	(13,657,327)
Net income for the period, discontinued operations	-	-	-	-	-	-	-	-	4,829	4,829
Balance, May 31, 2016	**38,694,603**	**5,750,000**	**31,872,234**	**4,429,258**	**828,334**	**4,170,458**	**-**	**-**	**(31,675,662)**	**9,624,622**

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

The accompanying notes are an integral part of these consolidated financial statements

Intelligent Content Enterprises Inc.

Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Six Months Ended May 31 **2016**	2015
Cash provided by (used in)		
Operating activities		
Net loss	$ (13,652,498)	$ (6,287,183)
Items not involving cash:		
Loss on settlement of debt (Note 9 and 10)	13,474,507	-
Impairment loss on marketable securities (Note 7)	120,124	-
Gain on derecognition of financial liability (Note 16 c)	(893,990)	-
Gain on disposal of subsidiary (Note 16 b)	(68,489)	-
Depletion and accretion	-	930
Loss on derivative liabilities	-	250,701
Accretion of secured note	-	475,755
Decomissioning obligation expenditure	-	(205)
Stock based compensation	615,924	112,693
Gain on settlement of litigation	-	(120,125)
Unealized loss on marketable securities	-	53,518
Impairment loss on exploration and evaluation assets	-	4,720,194
Net changes in non-cash working capital (Note 14)	181,066	330,633
Net cash used in operating activites	(223,356)	(463,089)
Investing activities		
Additions to exploration and evaluation assets, net of recoveries	-	47,152
Restricted cash	-	(31,163)
Net cash provided by investing activities	-	15,989
Financing activities		
Warrants exercised	448,683	-
Private placement of shares, net of share issue costs	50,000	-
Private placement of units, net of share issue costs	30,000	
Loans payable, net	-	190,841
Shareholders' loans, net	-	187,824
Net cash provided by financing activities	528,683	378,665
Increase (decrease) in cash for the period	305,327	(68,435)
Effect of exchange rate changes on cash	(4,681)	(22,541)
Cash, beginning of period	32,192	103,215
Cash, end of period	**$ 332,838**	$ 12,239

Supplemental Cash Flow Information and Non Cash Transactions (Note 14)

The accompanying notes are an integral part of these consolidated financial statements

1. Nature of Business and Going Concern

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. Through the Company's wholly owned subsidiary Digital Widget Factory Inc., the Company operates an expanding portfolio of web sites under the primary URL www.digiwidgy.com. Digital Widget Factory Inc., is a global, multi-language proprietary online content creation, management and advertising platform that powers user and advertising engagement programs in the US, Canada, Asia, Middle East, Europe, Central and South America in over 50 languages in real-time to desktop, mobile and portable devices (Note 5).

The Company's registered office is located at 1 King Street West, Suite 1505, Toronto, Ontario, M5H 1A1.

The Company's common shares trade on the OTCQB under the symbol ICEIF.

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, as they come due for the foreseeable future. The Company is in the process of seeking additional opportunities and ventures of merit and has not yet realized profitable operations. The Company requires additional financing for its working capital and for the costs of further development opportunities.

Due to continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. The Company will continue to seek additional forms of debt or equity financing, or other means of funding its operations, however, there is no assurance that it will be successful in doing so or that funds will be available on terms acceptable to the Company or at all. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company.

The Company has accumulated significant losses and negative cash flows from operations in recent years which raise doubt as to the validity of the going concern assumption. At May 31, 2016, the Company had working capital of $94,372 (August 31, 2015 working capital deficiency: $3,233,160) and an accumulated deficit of $31,675,662 (August 31, 2015: $18,023,164). These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern. Accordingly, the Consolidated Financial Statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the accompanying Consolidated Financial Statements. As at and for the period ended May 31, 2016, the Company received $448,663 upon the exercise of common share purchase warrants, $80,000 in private placement proceeds and settled approximately $2,054,350 in debt (Note 10 and 16 b).

2. Basis of Preparation

Statement of Compliance
These 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. These unaudited interim condensed consolidated financial statements of the Company were approved by the Board of Directors on July 27, 2016.

Basis of Preparation
The policies applied in these unaudited interim condensed consolidated financial statements are based on IFRS issued and outstanding as of the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements as at and 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, 2015, could result in restatement of these unaudited condensed interim consolidated financial statements.

Basis of Consolidation
Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

The unaudited interim condensed consolidated financial statements 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 inactive wholly-owned Florida subsidiaries Yadmark Inc., Yaffiliate Marketing Services Inc., and Langulas Inc.

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., ("Zavala Inc.") a Nevada company, and its wholly owned subsidiary EEZ Operating Inc. a Texas company ("EEZ Operating") a Texas company, were disposed of effective August 31, 2015 and Dyami Energy LLC ("Dyami Energy") was dissolved effective April 3, 2014 (Note 16).

3. Significant Accounting Policies and Newly Adopted Accounting Policies

These 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. These unaudited interim condensed consolidated financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Reporting Standards have been omitted or condensed. These unaudited interim condensed consolidated financial statements should be read in conjunction with our consolidated financial statements as at and for the year ended August 31, 2015, and the newly adopted accounting policies described below:

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 de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount.

4. 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.

5. Intangible Assets

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”).

(Expressed In Canadian Dollars) (Unaudited)

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-technology	$	9,530,250
Transaction Costs:		
Financial advisory, legal and other expenses*	$	30,550

*Transaction costs were recorded as a reduction in share capital

6. 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			Nine Months Ended		
May 31, 2016	**$ Canada**	**$ United States**	**$ Total**	**$ Canada**	**$ United States**	**$ Total**
Net loss, continuing operations	(852,752)	-	(852,752)	(13,657,527)	-	(13,657,527)
Net income, discontinued operations	-	-	-	4,829	-	4,829
Net loss	(852,752)	-	(852,752)	(13,652,498)	-	(13,652,498)
May 31, 2015						
Net loss, continuing operations	(1,116,569)	-	(1,116,569)	(1,553,065)	-	(1,533,065)
Net loss, discontinued operations	4,384	(4,755,078)	(4,750,694)	19,490	(4,773,608)	(4,754,118)
Net loss	(1,112,185)	(4,755,078)	5,867,263	(1,513,575)	(4,773,608)	(6,287,183)

As at May 31, 2016	**$ Canada**	**$ United States**	**$ Total**
Total Assets	9,893,271	-	9,893,271
Total Liabilities	(268,649)	-	(268,649)
As at August 31, 2015	**$ Canada**	**$ United States**	**$ Total**
Total Assets	93,115	-	93,115
Total Liabilities	(3,326,275)	-	(3,326,275)

7. Marketable Securities

As at May 31, 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. For the nine month period ended May 31, 2016, the Company re-classified the loss of $110,525 to the statement of operations together with a further impairment of $9,599.

Market value on acquisition	$120,125
Change in fair value	(110,525)
Market value, August 31, 2015	$ 9,600
Impairment	(9,599)
Market value, May 31, 2016	$1

(Expressed In Canadian Dollars) (Unaudited)

8. Exploration and Evaluation Assets

Cost	
Balance August 31, 2014	$5,036,592
Additions, net	109,874
Change in decommissioning obligation estimates	(11,253)
Impairment of Matthews Lease (Note 16 a)	(4,490,045)
Deconsolidation of Zavala Inc. (Note 16 a)	(1,212,996)
Foreign exchange	567,828
Balance August 31, 2015 and May 31, 2016	**$-**

The Company's exploration and evaluation assets were located in Texas, USA. On July 2, 2015, the 2629 acre Matthews Lease transitioned into its production unit phase and a total of 340 acres were held as production units. Accordingly, the Company wrote the lease down to fair value of $1,212,996 and recorded an impairment of exploration and evaluation assets at August 31, 2015 of $4,490,045. Effective August 31, 2015, the Company deconsolidated Zavala Inc. upon the assignment of Zavala Inc.'s common shares as partial satisfaction of the secured note extinguishment (Note 10 and16 a).

9. 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 May 31,		**Nine Months Ended May 31**	
	2016	2015	**2016**	2015
Short term employee benefits (1)	$15,000	$37,500	$45,000	$112,500
Directors stock based compensation (2)	615,924	-	615,924	84,520
	$630,924	$37,500	$660,924	$197,020

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:

	May 31, 2016	August 31, 2015
Short term employee benefits (1)	$25,000	$125,000
	$25,000	$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. The options are exercisable at $1.20 per share, vest immediately and expire on November 11, 2019. On April 1, 2016, the Company granted options to purchase 300,000 common shares to a director. The options are exercisable at $2.19 per share, vest immediately and expire on March 31, 2021 (Note 13 d).

As at May 31, 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 (Note 10).

(Expressed In Canadian Dollars) (Unaudited)

As at May 31, 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 May 31, 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 (Note 10).

As at May 31, 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 May 31, 2016, the Company recorded interest on the promissory note of $Nil (August 31, 2015: $32,958). As at May 31, 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.

10. Secured Note Payable, Shareholders' Loans, Notes Payable and Debt Conversion

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 (Note 16 a). 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)
	$-

(Expressed In Canadian Dollars) (Unaudited)

Shareholder Loans

As at May 31, 2016, the Company had shareholders' loans payable of $Nil (August 31, 2015: $339,588). For the period ended May 31, 2016, the Company recorded interest of $Nil on shareholders' loans (August 31, 2015: $86,611). As at May 31, 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 May 31, 2016, the Company had loans payable of $Nil (August 31, 2015: $1,063,105). For the period ended May 31, 2016, the Company recorded interest on the loans payable of $4,945. As at May 31, 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 and $3,640,814 was recorded as loss on settlement of debt in the consolidated 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%

11. Derivative Liabilities

Derivative Warrant Liabilities

At May 31, 2016, the Company had no derivative liabilities (August 31, 2015: $281,210). 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 May 31, 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.

(Expressed In Canadian Dollars) (Unaudited)

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

Derivative Unit Liabilities
As at February 29, 2016 and August 31, 2015, the Company had no derivative unit liabilities.

12. 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, May 31, 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 May 31, 2016 (August 31, 2015: $11,563 based on an undiscounted total future liability of $11,563).

13. Share Capital and Reserves

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. On February 29, 2016, the Company filed articles of amendment, amending the attributes of the preferred shares.

a Share Capital

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

(Expressed In Canadian Dollars) (Unaudited)

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 13 b (b))	1,000,000	925,611
Balance August 31, 2015	3,767,637	9,997,792
Common shares issued as debt extinguishment (Note 13 b (c))	9,543,110	6,371,457
Common shares issued as private placement(Note 13 b (d))	500,000	50,000
Common Shares issued as anti-dilution provision (Note 13 b (e))	10,329,983	4,542,981
Common shares issued as private placement (Note 13 b (f))	100,000	8,654
Common shares issued as debt extinguishment (Note 13 b (g))	1,505,190	638,295
Common shares issued on acquisition of DWF Technology (Note 13 b (h))	12,500,000	5,040,575
Common shares issued on exercise of warrants (Note 13 b (i))	448,683	763,355
Balance May 31, 2016	**38,694,603**	**27,413,109**

*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 13 b (h))	5,750,000	2,331,625	2,127,500	4,459,125
Balance May 31, 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:

Warrants	May 31, 2016 Number of Warrants*	May 31, 2016 Weighted Average Price*	August 31, 2015 Number of Warrants*	August 31, 2015 Weighted Average Price*
Outstanding, beginning of period	737,856	$1.00	929,356	$1.80
Warrants expired (Note 13 b (a)	-	-	(191,500)	$5.00
Warrants issued (Note 13 b (e))	5,164,992	$1.00	-	-
Warrants issued (Note 13 b (f))	100,000	$0.35	-	-
Warrants issued (Note 13 b (g))	1,505,190	$0.35	-	-
Warrants exercised (Note 13 b (i))	(448,683)	$1.00	-	-
Balance, end of period	**7,059,355**	**$0.85**	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 (Note 10).

(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 (Note 10).

(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 (Note 10).

(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 (Note 10).

(h) Effective February 29, 2016, the Company acquired the net assets 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 $9,499,700 (net of transaction costs of $30,550) and allocated to common shares in the amount of $5,040,575 and Preferred Shares in the amount of $4,459,125. All of the Purchase Price Shares are subject to the provisions of an Escrow Agreement and a Lock-up and Leak-out Agreement (Note 5).

(i) During the quarter ended May 31, 2016, 448,683 common share purchase warrants were exercised at $1.00 expiring August 30, 2017 for proceeds of $448,683. The amount allocated to warrants using a Binomial Lattice model was $314,672.

(Expressed In Canadian Dollars) (Unaudited)

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

Number of Warrants*	**Exercise Price***	**Expiry Date**	**Weighted Average Remaining Life (Years)**	**Warrant Value ($)**
5,454,165	$1.00	August 30, 2017	1.25	3,825,498
1,605,190	$0.35	March 1, 2019	2.75	603,760
7,059,355	**$0.85**		**1.59**	**4,429,258**

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 May 31,		**Six Months Ended May 31**	
	2016	2015	**2016**	2015
Weighted Average Shares Outstanding, basic*	**38,379,842**	2,767,640	**23,099,092**	2,767,640
Weighted Average Shares Outstanding, diluted*	**57,530,491**	6,088,376	**39,678,541**	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	110,000	2.50
Expired	(27,000)	(2.30)
Granted	300,000	2.19
Balance, May 31, 2016	**383,000**	**$2.28**

*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 May 31, 2016 and August 31, 2015, respectively:

	Options Outstanding				**Options Exercisable**	
Exercise Price*	**Number of Options***	**Weighted Average Exercise Price***	**Weighted Average Remaining Life (Years)**	**Expiry Date**	**Number of Options***	**Weighted Average Exercise Price***
$16.00	8,000	$0.33	0.75	February 17, 2017	8,000	$0.33
$1.20	75,000	$0.23	3.45	November 11, 2019	75,000	$0.23
$2.19	300,000	$1.72	4.84	March 31, 2021	300,000	$1.72
	383,000	**$2.28**	**4.48**		**383,000**	**$2.28**

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

(Expressed In Canadian Dollars) (Unaudited)

		Options Outstanding			Options Exercisable	
Exercise Price*	**Number of Options***	**Weighted Average Exercise Price***	**Weighted Average Remaining Life (Years)**	**Expiry Date**	**Number of Options***	**Weighted Average Exercise Price***
$16.00	10,000	$16.40	1.50	February 17, 2017	10,000	$16.40
$1.20	100,000	$1.20	4.20	November 11, 2019	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.

On March 21, 2016, 2,000 options exercisable at $16.00 expired and 25,000 options exercisable at $1.20 expired. The Company recorded an increase to contributed surplus of $60,143.

On April 1, 2016, the Company granted options to purchase 300,000 common shares to a director. These options are exercisable at $2.19 per share, vest immediately and expire on March 31, 2021. The Company recorded non-cash stock based compensation expense of $615,924.

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 assumptions:

	April 1, 2016	**November 12, 2014***
Weighted average fair value per option	$2.05	$1.10
Weighted average risk free interest rate	0.70%	1.54%
Forfeiture rate	0%	0%
Weighted average expected volatility	165.35%	287.49%
Expected life (years)	5	5
Dividend yield	Nil	Nil

*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
Stock options expired (Note 13 d)	60,143
Balance, May 31, 2016	**4,170,458**

(Expressed In Canadian Dollars) (Unaudited)

14. Supplemental Cash Flow Information and Non-Cash Transactions

The following table summarizes the non-cash transactions for the periods set out:

Non-cash transactions	**May 31, 2016 ($)**	May 31, 2015 ($)
Derivative warrants expired	281,210	535,542
Warrants expired	-	1,169,889
Units issued as anti-dilution provision	7,882,072	-
Shares issued to settle debt	6,371,457	-
Units issued as debt extinguishment	1,220,709	-
Shares issued for acquisition of DWF Technology	7,374,550	-
Stock based compensation	615,924	
Stock options expired	60,143	11,112

The following table summarizes the changes in non-cash working capital for the periods set out:

Changes in non-cash working capital	**May 31, 2016 ($)**	May 31, 2015($)
Trade and other receivables	21,141	127,785
Trade and other payables	159,925	380,652
Deferred revenue	-	(177,804)
Net change	181,066	330,633

15. Financial Instruments and Concentration of Risks

The Company has classified its financial instruments as follows:

Financial Instrument	**Category**	**Measurement method**
Cash	Fair value through profit or loss	Fair value
Marketable securities	Available-for-sale	Fair value
Derivative liabilities	Fair value through profit or loss	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Provisions	Other financial liabilities	Amortized cost
Secured note payable, shareholders' loans and loans payable	Other financial liabilities	Amortized cost

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

Credit Risk

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

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

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

	May 31, 2016 ($)	August 31, 2015 ($)
Cash	332,838	32,192
Trade and other receivables	30,182	51,323
Balance	363,020	83,515

Liquidity Risk
The Company monitors its liquidity position regularly to assess whether it has the funds necessary to fulfill planned opportunities or that viable options are available to fund such opportunities from new equity issuances or alternative sources of financings. As a company without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that such financing terms may not be acceptable to the Company.

The following table illustrates the contractual maturities of financial liabilities:

May 31, 2016	**Payments Due by Period $**				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and others payables	268,649	-	-	-	-
Total	268,649	-	-	-	-

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.

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

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

The following assets and liabilities are denominated in US dollars as at the periods set out:

	May 31, 2016 ($)	May 31, 2015 ($)
Cash	1,560	-
Restricted cash	-	25,000
Trade and other receivables	8,109	11,426
Trade and other payables	110,047	(897,306)
Prepaid expenses and deposits	-	1,614
Loan payable	-	(121,000)
Shareholders' loans	-	(932,750)
Derivative liabilities	-	(4,530,469)
Exploration and evaluation assets	-	679,544
Secured convertible note	-	(384,588)
Provisions	-	(69,690)
Net assets denominated in US$	119,716	(6,218,219)
Net asset CDN dollar equivalent at period end (1)	156,827	(7,751,010)

(1) Translated at the exchange rate in effect at May 31, 2016 $1.31 (May 31, 2015 $1.2465)

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

	May 31, 2016		May 31, 2015	
	Increase	Decrease	Increase	Decrease
Percentage change in US Dollar	In total comprehensive loss from a change in % in the US Exchange Rate ($)		In total comprehensive loss from a change in % in the US Exchange Rate ($)	
5%	(10,272)	10,272	(122,482)	122,482
10%	(20,544)	20,544	(244,965)	244,965
15%	(30,817)	30,817	(367,447)	367,447

(ii) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The majority of the Company's debt is short-term in nature with fixed rates. Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

(iii) Fair Value of Financial Instruments

The Company's financial instruments included on the consolidated statements of financial position are comprised of cash, trade and other receivables, trade and other payables, shareholders' loans, loans payable, provisions and derivative liabilities.

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

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

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

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

	May 31, 2016		August 31, 2015	
Financial Instrument Classification	Carrying Value ($)	Fair Value ($)	Carrying Value ($)	Fair Value ($)
Fair value through profit or loss:				
Cash	332,838	332,838	32,192	32,192
Derivative liabilities	-	-	281,210	281,210
Loans and receivables:				
Trade and other receivables	30,182	30,182	51,323	51,323
Other financial liabilities:				
Trade and other payables	268,649	268,649	1,630,809	1,630,809
Shareholders' loans	-	-	339,588	339,588
Loans payable	-	-	1,063,105	1,063,105
Provisions	-	-	11,563	11,563

Cash and derivative liabilities are stated at fair value (Level 1 measurement). The carrying value of trade and other receivables, trade and other payables, loans payable, secured note payable and provisions approximate their fair value due to the short-term maturity of these financial instruments (Level 3 measurement). Shareholders' loans are measured at the exchange amount.

(Expressed In Canadian Dollars) (Unaudited)

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 favourable 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 May 31, 2016. The Company is not subject to any externally imposed restrictions on its capital requirements.

16. Discontinued Operations and Dissolution of Subsidiary

a Discontinued Operations of Eagleford Energy, Zavala Inc.
In accordance with the terms of a Secured Note and General Security Agreement (the "Loan Agreements") dated August 31, 2014, the Company had granted and conveyed to Benchmark a first priority security interest in the Company and Zavala Inc. At August 31, 2015, the Company was unable to pay the Note of $1,608,149 plus interest of $154,179, totaling $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) Issue 10,000,000 shares of common stock of the Company.

As a result the extinguishment of the Note, the Company's investment in Zavala Inc. had been deconsolidated from the Company's Consolidated Financial Statements as at the effective date (August 31, 2015) and presented as discontinued operations on the Consolidated Statements of Operations and Comprehensive Loss and the Consolidated Statements of Cash Flows.

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

	Three Months Ended May 31		**Nine Months Ended May 31**	
	2016	2015	**2016**	2015
Expenses				
Accretion	$-	$462	$-	$930
General and administrative	-	34,422	3,902	52,484
Impairment loss on exploration and evaluation assets	-	4,720,194	-	4,720,194
Loss from discontinued operations	-	(4,755,078)	(3,902)	(4,773,608)
Foreign currency translation		(17,235)	-	691,207
Comprehensive loss from discontinued operations	$-	$(4,737,843)	$(3,902)	$(4,082,401)
Loss per share basic and diluted from discontinued operations	$-	$(1.718)	$(0.000)	$(1.724)

(Expressed In Canadian Dollars) (Unaudited)

The following table presents the consolidated statements of cash flows of Zavala Inc. for the periods set out:

	Six Months Ended May 31	
	2016	2015
Cash provided by (used in)		
Operating activities		
Net loss from discontinued operations	$(3,902)	$(4,773,608)
Accretion	-	930
Impairment loss on exploration and evaluation assets	-	4,720,194
Net changes in non-cash working capital		
Accounts receivable	-	66,205
Accounts payable	-	(65,435)
Deferred revenue	-	200,773
Cash provided by (used in) operating activities, discontinued operations	(3,902)	82,014
Investing activities		
Additions to exploration and evaluation assets, net	-	47,152
Restricted cash		(31,163)
Cash used in investing activities, discontinued operations	-	(15,989)
Net cash provided by (used in) discontinued operations	$(3,902)	$98,003

The following table presents the effect of the de-consolidation of Zavala Inc., on the Consolidated Statement of Financial Position of the Company at the effective date:

	August 31, 2015
Accounts receivable	$658
Restricted cash	33,058
Marketable securities	10,578
Exploration and evaluation assets	1,212,996
Provisions	(135,064)
Loan payable	(279,053)
Accounts payable	(6,456)
Net assets and liabilities of Zavala Inc.	$836,717

Upon disposition of Zavala Inc., the Company realized a foreign exchange translation gain of $615,881.

b Discontinued operations of 1354166 Alberta Ltd.

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.

As a result the extinguishment of the debt, the Company's investment in 1354166 Alberta had been deconsolidated from the Company's Consolidated Financial Statements as at the effective date (February 29, 2016) and presented as discontinued operations on the Consolidated Statements of Operations and Comprehensive Loss and the Consolidated Statements of Cash Flows.

(Expressed In Canadian Dollars) (Unaudited)

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

	Three Months Ended May 31		**Nine Months Ended May 31**	
	2016	2015	**2016**	2015
Revenue				
Natural gas sales, net of royalties	$-	$11,904	$13,998	$37,264
Expenses				
Operating costs	-	7,442	5,170	17,499
General and administrative	-	78	97	275
	-	(7,520)	(5,267)	17,774
Net income and comprehensive income from discontinued operations	$-	$4,384	$8,731	$19,490
Earnings per share basic from discontinued operations	$0.000	$0.002	$0.001	$0.007
Earnings per share diluted from discontinued operations	$0.000	$0.001	$0.001	$0.007

The following table presents the statements of cash flows of 1354166 Alberta for the periods set out:

	Nine Months Ended May 31	
	2016	2015
Cash provided by (used in)		
Operating activities		
Net income from discontinued operations	$8,731	$19,490
Item not involving cash		
Decommissioning obligation expenditure	-	(205)
Net changes in non-cash working capital		
Accounts receivable	4,955	(23)
Accounts payable	14	465
Cash provided by operating activities, discontinued operations	13,700	19,727
Net cash provided by discontinued operations	$13,700	$19,727

The following table presents the effect of the de-consolidation of 1354166 Alberta on the Consolidated Statement of Financial Position of the Company at the effective date:

	February 29, 2016
Cash	$2,564
Accounts Receivable	3,391
Accounts payable	(14)
Provisions	(11,563)
Net assets and liabilities of 1354166 Alberta	$(5,622)

Upon the disposition of 1354166 Alberta the Company recognized a gain in the amount of $68,489.

c Dissolution of Dyami Energy LLC

As previously disclosed, the Company had solicited lenders and investors in an attempt to obtain debt/equity financings as a means to improve Dyami Energy's financial situation. Despite the Company's attempts, these efforts were unsuccessful and management determined that it could no longer fund the Murphy Lease operations, hence the lease was considered impaired and during the year ended August 31, 2014 an impairment loss of $1,675,749 was recorded by Dyami Energy. 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, effective April 3, 2014, Dyami Energy was dissolved.

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 in the unaudited interim condensed consolidated statements of operations.

17. Subsequent Events

Subsequent to May 31, 2016, 70,000 common share purchase warrants were exercised for proceeds of $70,000.

Subsequent to May 31, 2016, the Company entered into a consulting agreement and as part of the consideration for the services the Company has issued 1,750,000 common share purchase warrants, valid for 5 years with cashless exercise provisions issued at a price of C$1.50 vesting 437,500 per quarter.

Subsequent to May 31, 2016, the Company's wholly owned Ontario subsidiary, ICE Studio Productions Inc. signed an agreement with the YES Network and Catch Star Studios LLC to air Catch Star Studios LLC's original programming series, *Stars and PinStripes* on the YES Network beginning in August. This new and original series will feature an elite cast of some of today's iconic and inspirational celebrities from all walks of life sharing their personal New York Yankees and life experiences.