Management's Discussion and Analysis of Financial Condition and Results of Operations of

ONEnergy Inc.

(formerly Look Communications Inc.)

Three and twelve months ended August 31, 2013 and 2012

ONEnergy Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

of the Financial Condition and Results of Operations

(In thousands, except per share amounts)

For the three and twelve months ended August 31, 2013 and 2012

October 24, 2013

1. INTRODUCTION

This management's discussion and analysis ("MD&A") of financial condition and results of operations of ONEnergy Inc. ("ONEnergy"), is supplementary to, and should be read in conjunction with, the unaudited condensed consolidated interim financial statements for the three and twelve months ended August 31, 2013 and 2012.

On July 9, 2013, Look Communications Inc. ("Look") completed a change-of-business transaction (the "Transaction") by acquiring Sunwave Gas & Power Inc. for $1,000 in consideration through the issuance of multiple and subordinated voting shares and a concurrent private placement of $9,000. As part of the Transaction, Look also changed its name to ONEnergy Inc. (refer to the section entitled "Overview – Significant current events – Change of business and overview").

The Corporation is comprised of ONEnergy, and its wholly owned subsidiaries including Sunwave Gas & Power Inc., Sunwave USA Holdings Inc., Sunwave Gas & Power New York Inc., Sunwave Gas & Power Illinois Inc., Sunwave Gas & Power Massachusetts Inc. and Sunwave Gas & Power Connecticut Inc. (collectively referred to as "Sunwave").

On December 28, 2012, Look's wholly-owned subsidiaries – Look Mobility Inc., Look Mobile Corporation, Look Communications Limited Partnership, and Delphi SuperNet Inc. - were dissolved, as they were inactive.

In this MD&A, the terms "we", "us", "our", and "Corporation" refer to ONEnergy and Sunwave, and Look's subsidiary entities, prior to their dissolution.

2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements and information concerning expected future events, the future performance of the Corporation, its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to our objectives and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements and information are based on current expectations.

The Corporation cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions, or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Corporation's control. New risks and uncertainties arise from time to time, and it is impossible for the Corporation to predict these events or the effect that they may have on the Corporation.

Certain statements in this MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. This may include, without limitation, statements based on current expectations involving a number of risks and uncertainties. These risks and uncertainties include, but are not restricted to: (i) tax-related matters, (ii) financial risk related to short-term investments (including credit risks and reductions in interest rates), (iii) human resources developments, (iv) business integrations and internal reorganizations, (v) process risks, (vi) health, safety, and environmental developments, (vii) the outcome of litigation and legal matters, (viii) any prospective acquisitions or divestitures, (ix) other risk factors related to the Corporation's historic business, and (x) risk factors related to the Corporation's future operations. For a more detailed discussion of factors that may affect actual results or cause actual results to differ materially from any conclusion, forecast or projection in these forward-looking statements and information, see the sections entitled "Overview – Significant current events", and "Operating risks and uncertainties" below.

Therefore, future events and results may vary significantly from what the Corporation currently foresees. Readers are cautioned that the forward-looking statements and information made by the Corporation in this MD&A are stated as of the date of this MD&A, are subject to change after that date, are provided for the purposes of this MD&A and may not be appropriate for other purposes. We are under no obligation to update or alter the forward-looking statements whether as a result of new information, future events, or otherwise, except as required by National Instrument 51-102, and we expressly disclaim any other such obligation.

3. OVERVIEW

a) Change of business and overview

On July 9, 2013, Look completed a change-of-business transaction by acquiring Sunwave Gas & Power Inc. for $1,000, completing a concurrent private placement of $9,000, and changed its name to ONEnergy Inc.

The transaction involved the acquisition by ONEnergy of all of the outstanding shares of Sunwave Gas & Power Inc., a provider of innovative energy commodity products and services based in Toronto, for aggregate consideration of $1,000. The consideration for the acquisition was satisfied through the issuance of 3,383 multiple voting shares and 3,760 subordinate voting shares in the capital of ONEnergy, each valued at $0.14 per share. Concurrent with the completion of the acquisition, the Corporation completed a private placement for an aggregate of 30,447 multiple voting shares and 33,839 subordinate voting shares in the capital of ONEnergy, at a price of $0.14 per share, for aggregate subscription proceeds of $9,000.

ONEnergy's business currently involves the sale of natural gas and/or electricity to residential and commercial customers in Ontario under long-term fixed-price or variable-priced contracts under the brand Sunwave Gas & Power™. By fixing the price of natural gas or electricity under its fixed-price program for a period of up to five years, ONEnergy's customers reduce or eliminate their exposure to volatility in the price of energy. Variable rate products allow customers to maintain competitive rates while retaining the ability to lock into a fixed price at their discretion. ONEnergy's general policy is to match the forecast consumption requirements of its customers by purchasing offsetting volumes of natural gas or electricity through either physical or financial transactions at wholesale prices.

ONEnergy, through Sunwave, is a licensed retailer of energy commodity products to the residential and commercial customer market segments in Ontario. Sunwave was granted its natural gas marketer license and electricity retailer license from the Ontario Energy Board in June 2012. ONEnergy's business can be divided into three customer segments: residential, small commercial and large commercial.

Sunwave purchases its energy requirements from various wholesale energy markets, including both physical and financial markets. For both natural gas and electricity, Sunwave purchases its wholesale energy requirements at various city gates for natural gas and various utility load zones for electricity. Gas supply and electricity is generally purchased concurrently with the execution of a contract.

Sunwave's gross margin is derived from the difference between the price charged to its customers and the price paid to its wholesale energy suppliers. Sunwave also incurs selling expenses to compensate independent contractors for customer acquisition activities, through a mixture of upfront payments and residual-based payments. All such costs are recognized as expenses in the period incurred pursuant to contractual arrangements in place. In addition, Sunwave incurs general and administrative and finance income to operate its business.

In Ontario, the natural gas volumes delivered from Sunwave's wholesale suppliers remain constant throughout the year as required by the local natural gas distribution companies. During the winter, gas is consumed at a rate that is greater than delivery and, in the summer, deliveries to local distribution companies ("LDCs") on Sunwave's behalf exceed customer consumption. These volume variances result in either excess or short supply positions that are accrued in a physical balance account with the applicable gas distribution company. Typically, the local natural gas distribution companies require the balance account to be reconciled within defined tolerance bands on an annual basis. In the case of deliveries exceeding consumption, the excess supply is sold in the spot market resulting in either a gain or loss compared to the weighted average cost of supply. In the case of consumption exceeding deliveries, Sunwave must purchase the short supply in the spot market, resulting in either a gain or loss compared to the weighted average cost of supply. Consequently, the customer margin increases or decreases proportionately to the increase or decrease in consumption. To the extent that the supply balancing is not fully covered through active management, Sunwave's customer gross margin may be reduced or increased depending on market conditions at the time of balancing.

Sunwave purchases power supply concurrently with the execution of a contract for residential and commercial customers. In some cases Sunwave is required to aggregate sufficient volume in order to transact in the wholesale supply markets. This introduces a short term execution risk that is managed by Sunwave pricing policies. The fixed price products are load-shaped, for a single load profile for residential customers and each utility. For commercial customer, its historical usage data defines its load profile. Sunwave purchases wholesale energy in the form of on peak and off peak blocks, hedging in excess of 95% of the actual customer consumption profiles. The LDCs provide Sunwave with historical customer usage which enables Sunwave to purchase the expected normal customer load. To the extent that balancing requirements are outside of the forecasted purchase, Sunwave bears the financial responsibility for excess or short supply caused by fluctuations in customer usage within in its residential and small commercial portfolio. For large commercial portfolios, Sunwave has provisions to pass through material consumption variances relative to historical consumption. To the extent that the supply balancing is not fully covered through active management or customer pass-through, Sunwave's customer gross margin may be affected by the cost of balancing its commodity supply position with customer consumption.

b) Sales channels

The Corporation markets its products through various sales channels. In mid-2012, Sunwave began marketing natural gas and electricity to commercial customers through a network of direct sales agents who provide customers with a highly interactive and customized sales process. In December 2012, Sunwave launched a unique dual fuel (natural gas and electricity) monthly fixed rate residential program through a direct sales force of independent contractors. An online presence was established in August 2013, allowing customers to secure their energy needs through Sunwave's website. These sales channels permit Sunwave to serve a large majority of the Ontario market. Sunwave serves customers on approximately 65 electric LDCs as well as both major gas utilities in Ontario.

c) United States expansion

In September 2013, the Corporation applied for an Electric Supplier License in the State of Connecticut and established an office in that state to service its US expansion. The Corporation expects to apply for supplier licenses in additional states during 2013 with entry into those markets in 2014 followed by further US market expansion in 2014 and 2015.

4. RESULTS OF OPERATIONS

Three months ending August 31, 2013 ("fourth quarter 2013") compared to three months ending August 31, 2012 ("fourth quarter 2012"); twelve months ending August 31, 2013 ("2013") compared to twelve months ending August 31, 2012 ("2012").

Selected financial information for the period ended August 31

Loss and comprehensive loss	Three months ended August 31,		Twelve months ended August 31,	
	2013	2012	**2013**	2012
Revenue	**$ 114**	$ -	**$ 114**	$ -
Cost of sales	**78**	-	**78**	-
Gross margin	**36**	-	**36**	-
Sales and marketing	**218**	-	**218**	-
General and administrative	**1,431**	1,419	**3,574**	4,495
Finance income	**50**	55	**221**	274
Net loss and comprehensive loss	**$ (1,563)**	$ (1,364)	**$ (3,535)**	$ (4,221)
Loss per share	**$ (0.009)**	$ (0.010)	**$ (0.024)**	$ (0.030)

Financial position	As at August 31,	
	2013	2012
Current assets	**$ 24,074**	$ 18,805
Non-current assets	**1,630**	-
Current liabilities	**1,272**	915
Non-current liabilities	**51**	-
Shareholders' equity	**$ 24,381**	$ 17,890

Revenue

Revenue was $114 for fourth quarter 2013 and for 2013 compared to $Nil for fourth quarter 2012, and for 2012. The change is a result of the acquisition of Sunwave during fourth quarter 2013 and reflects the impact of the acquisition of Sunwave.

Cost of sales

Cost of sales was $78 for fourth quarter 2013 and for 2013 compared to $Nil for fourth quarter 2012,and for 2012. The increase is the result of the acquisition of Sunwave during the fourth quarter 2013. Supply is generally delivered to the LDCs on a constant basis throughout the year, while consumption by the customer may fluctuate, depending on the season.

Selling

Selling expenses include commissions and other compensation paid to sales representatives, brokers and consultants. Marketing expenses include the development of sales programs and materials, costs of sales collateral and costs to maintain an online presence for web sales. Sales and marketing expenses were $218 in fourth quarter 2013 and for 2013 compared to $Nil for the fourth quarter 2012 and for 2012. The expense arises from sales activity during the fourth quarter 2013, which include launching an online presence, establishing a regional office in the eastern Ontario region, and increasing the size of the direct sales force.

General and administrative

General and administrative expenses include human resources, professional fees, occupancy, information technology, and other administrative overheads for the Corporation. A summary of the key components of general and administrative expenses is set out below:

	Three months ended August 31,		Twelve months ended August 31,	
	2013	2012	**2013**	2012
Personnel	**$ 536**	$ 101	**$ 694**	$ 267
Professional fees	**375**	148	**1,342**	371
Litigation costs	**283**	1,159	**996**	2,528
Occupancy	**42**	6	**51**	24
Office and other expenses	**170**	5	**466**	61
Depreciation	**62**	-	**62**	-
Management services income	**(37)**	-	**(37)**	-
Management services agreement	**-**	-	**-**	1,244
Total general and administrative expenses	**$ 1,431**	$ 1,419	**$ 3,574**	$ 4,495

<u>Personnel</u>

Personnel costs include wages, salaries, benefits, termination payments and share-based payments.

During the three and twelve months ended August 31, 2013, the Corporation incurred $536 and $694, respectively, in personnel costs compared to $101 and $267 respectively for the same periods in 2012, resulting from the Sunwave acquisition, which increased its employee count to over 20.

<u>Professional fees</u>

Professional fees are comprised mainly of legal, accounting, audit and filing fees. For the three and twelve months ended August 31, 2013, professional fees increased by $227 to $375 and $971 to $1,342 respectively, from $148 and $371 for the three and twelve months ended August 31, 2012. Expenses were incurred during 2013 for corporate reorganization activity and the Transaction.

<u>Litigation costs</u>

Litigation costs are the costs, largely legal fees, related to the Statement of Claim in the Ontario Superior Court of Justice as discussed under section 10(e). For the three and twelve months ended August 31, 2013, legal fees decreased by $876 to $283 and by $1,532 to $996 respectively, compared to $1,159 and $2,528 for the three and twelve months ending August 31, 2012. The higher level of expense in 2012 compared to 2013 arose out of the amount of preparatory work performed at the onset of the Statement of Claim and during trial. 2013 benefited from this initial work along with a lower level of trial activity.

Finance income

For the three and twelve months ended August 31, 2013, interest income recognized on liquid assets totaled $50 and $221 respectively (2012 – $55 and $274 respectively). The decrease was due mainly to lower, on average, cash and short term investments during fiscal 2013.

Loss from operations

The loss from operations, for the three and twelve months ended August 31, 2013, amounted to $1,563 and $3,535 or $0.009 and $0.024 per basic and diluted share respectively, compared with a loss from operations of $1,364 and $4,221 or $0.009 and $0.030 per basic and diluted share respectively for the three and twelve months ended August 31, 2012.

5. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA")

The following table reconciles EBITDA to net loss for the respective periods as determined under IFRS:

	Three months ended August 31,		Twelve months ended August 31,	
	2013	2012	**2013**	2012
Net loss for the period	**$ (1,563)**	$ (1,364)	**$ (3,535)**	$ (4,221)
Add:				
Depreciation and amortization	**62**	-	**62**	-
Less:				
Finance income	**50**	55	**221**	274
EBITDA[(1)]	**$ (1,551)**	$ (1,419)	**$ (3,694)**	$ (4,495)

[(1)] Management views EBITDA as an important measure of operating performance of the Corporation; however, since EBITDA does not have any standardized meaning prescribed by IFRS, it may not be considered in isolation of IFRS measures such as (1) net loss, as an indicator of operating performance, or (2) cash flows from operating, investing and financing activities, as a measure of liquidity. We believe, however, that it is an important measure as it allows us to assess our ongoing business without the impact of depreciation or amortization expenses as well as non-operating factors. It is intended to indicate our ability to incur or service debt and invest in capital assets while allowing us to compare our business to our peers and competitors. This measure is not a defined term under IFRS and might not be comparable to similar measures presented by other issuers.

6. QUARTERLY FINANCIAL RESULTS

The table below sets out financial information for the past eight quarters:

	Fiscal 2013				Fiscal 2012			
	Aug 31	**May 31**	**Feb 28**	**Nov 30**	**Aug 31**	**May 31**	**Feb 29**	**Nov 30**
Revenue	$114	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cost of sales	78							
Gross margin	36	-	-	-	-	-	-	-
Operating expenses before depreciation and amortization, interest and finance charges, and finance income	1,587	1,186	587	370	1,419	1,140	1,097	839
EBITDA	(1,551)	(1,186)	(587)	(370)	(1,419)	(1,140)	(1,097)	(839)
Depreciation and amortization	(62)	-	-	-	-	-	-	-
Finance income	50	56	57	58	55	61	78	80
Net loss from operations	$(1,563)	$(1,130)	$ (530)	$ (312)	$(1,364)	$(1,079)	$(1,019)	$ (759)
Loss per share								
Basic and diluted ($)	(0.009)	(0.008)	(0.004)	(0.002)	(0.010)	(0.007)	(0.008)	(0.005)

7. LIQUIDITY AND CAPITAL RESOURCES

The Corporation held cash and short-term investments of $22,961, as at August 31, 2013, compared to $18,156 as at August 31, 2012. Cash, totaling $8,630 (August 31, 2012 - $147), consists of all bank balances. Short-term investments, totaling $14,331 (August 31, 2012 - $18,009), include variable rate guaranteed investment certificates with original maturities of less than 365 days.

During the twelve months ended August 31, 2013, $2,650 of short-term investments were redeemed, and $1,012 matured. As at August 31, 2013, the effective annual interest rate on the GICs was 1.33% and they are fully redeemable at any time by the Corporation, at its discretion. The fair value of short-term investments has been valued using Level 1 inputs.

The change in cash is summarized as follows:

	Three months ended August 31,		Twelve months ended August 31,	
	2013	2012	**2013**	2012
Cash used in operating activities	**$ (2,353)**	$ (713)	**$ (4,391)**	$ (2,649)
Cash provided by investing activities	**1,818**	510	**3,879**	9,545
Cash provided by (used in) financing activities	**8,995**	-	**8,995**	(6,985)
Increase (decrease) in cash	**$ 8,460**	$ (203)	**$ 8,483**	(89)

Cash used in operating activities for the three and twelve months ended August 31, 2013, totaling $2,353 and $4,391 respectively, was $1,640 or 230% and $1,742 or 66% higher than the three and twelve months ended August 31, 2012 respectively. Change in non-cash operating assets and liabilities for the three months ending August 31, 2013 was reduced by $1,543, made up in part by the repayment of accounts payable of $738 in 2013 compared to a $159 increase in the same period last year, and the use of prepaid legal advances of $545 in 2012. For the twelve months ending August 31, 2013, change in non-cash operating assets and liabilities decreased by $2,574 made up in part by: i) repayments of accounts payable of $152; ii) an increase of $24 in accounts receivable; and iii) the use of prepaid expenses of $2,388 in 2012. Net loss decreased by $686 in the twelve months ending August 31, 2013 compared to the respective period in 2012.

Cash provided by investing activities for the three and twelve months ended August 31, 2013 totaled $1,818 and $3,879 respectively, made up of the redemption or maturity of short-term investments totaling $1,812 and $3,662 plus the receipt of interest on investments totaling $21 and $232, net of the purchase of property and equipment, and intangible assets of $15 and $15. Cash provided by investing activities for the twelve months ended August 31, 2012 totaled $9,545, due to the redemption of short-term investments of $9,188, and the receipt of interest on investments of $357.

Cash provided by financing activities during the three and twelve months ended August 31, 2013, was $8,995 and $8,995 compared to $Nil and the use of cash of $6,985 in the same periods in 2012. The increase was a result of a private placement of shares of $9,000 for the three month period ended August 31, 2013. Cash used in financing activities during the twelve months ended August 31, 2012, totaling $6,985, was pursuant to the Corporation's return of capital to the holders of its multiple and subordinate voting shares, equivalent to $0.05 per share, on March 13, 2012. During three months ended August 31, 2013, the Corporation issued $1,000 of shares as consideration for the acquisition of Sunwave.

The Corporation's working capital, as at August 31, 2013, was $22,802, compared with $17,890 as at August 31, 2012. The increase was due to cash received upon the completion of the private placement offset by cash used in current operations.

8. SHARE CAPITAL

As at August 31, 2013, there were 99,995 multiple voting shares and 111,136 subordinate voting shares issued, totaling 211,131 shares issued and outstanding (August 31, 2012 – 66,165 multiple voting shares, 73,537 subordinate voting shares, totaling 139,702).

In July 2013, the Corporation granted 17,537 options to purchase subordinate voting shares in the capital of the Corporation to officers, employees and service providers of the Corporation. The options vest over a four- or five-year period, are exercisable at a price of $0.14 per share, and expire in July 2023.

In determining diluted loss per share for the three and twelve months ended August 31, 2013 and 2012, the weighted average number of shares outstanding was not increased for stock options outstanding as the Corporation was in a net loss position.

As at October 24, 2013, there were no changes to the number of issued and outstanding shares.

9. STOCK BASED COMPENSATION

During the three and twelve months ended August 31, 2013, stock based compensation totaling $26 (2012 - $Nil) was expensed to general and administrative, and related to options issued to employees, which has been recorded in contributed surplus.

10. RELATED PARTY TRANSACTIONS

a) Premises sublease

The Corporation subleases its premises from OZZ Clean Energy Inc. ("OCE"), who was Sunwave's former controlling shareholder and is a current shareholder of the Corporation. The sublease expires November 2017. For the three and twelve months ended August 31, 2013, $51 and $51 respectively was charged to the Corporation (2012 - $Nil and $Nil respectively). No amounts are currently outstanding.

b) Electricity revenue

For the three and twelve months ended August 31, 2013, the Corporation supplied electricity totaling $5 and $5, respectively, to a company that is controlled by the controlling shareholder of OCE, based on the Corporation's standard supply agreement for electricity at a negotiated price per kilowatt hour ("kWh"). The balance outstanding as at August 31, 2013 was $2 (August 31, 2012 - $Nil).

c) Management services income

The Corporation provides certain commodity management and general administrative services, under a management services agreement, to Canadian RiteRate Energy Corporation ("RiteRate"), a company that is controlled by the controlling shareholder of OCE. RiteRate paid for certain consultant fees on behalf of the Corporation during three months ending August 31, 2013, for which the Corporation reimbursed RiteRate. For the three and twelve months ending August 31, 2013, the Corporation charged RiteRate $37 and $37, respectively. As at August 31, 2013, $19 is outstanding from RiteRate.

d) Unique Broadband Systems, Inc.

Related party transactions and balances with Unique Broadband Systems, Inc. (the Corporation's former parent company, which previously controlled the Corporation and with whom the Corporation had previously entered into transactions either directly or through its wholly-owned subsidiaries – collectively "UBS"), are as follows:

	Three months ended August 31,		**Twelve months ended August 31,**	
	2013	2012	**2013**	2012
Management fees expense	**$ -**	$ -	**$ -**	$ 1,244
Rent revenue	**-**	(6)	**(2)**	(24)

(i) Management fees expense

Under the original terms of the Management Service Agreement entered into between the Corporation and UBS on May 19, 2004 ("MSA"), the Corporation had been required to pay an annual fee of $2,400 to UBS. In September 2007, the Corporation advanced $2,400, which was included in prepaid expenses and deposits. Effective January 1, 2011, the $2,400 prepayment was expensed at approximately $145 per month over the remaining term of the MSA, which expired on May 19, 2012.

(ii) Rent revenue

During the three months ended November 30, 2012, the Corporation subleased a portion of its premises to UBS for $2 (three and twelve months ended August 31, 2012 - $6 and $24 respectively), which was on a month-to-month basis and was recorded as a reduction of general and administrative expenses. On September 30, 2012, UBS terminated its lease agreement with the Corporation.

e) Statement of Claim in connection with the payment of Restructuring Awards

On July 6, 2011, the Corporation issued a Statement of Claim (the “Claim”) in the Ontario Superior Court of Justice (the “Court”) against certain former directors and certain former officers of the Corporation in connection with the payment of approximately $20,000 of “restructuring awards” paid in 2009 (the “Sale Awards”), of which approximately $15,700 was paid to the directors and senior officers named in the Claim (or their personal holding companies, as applicable) from the net proceeds of approximately $64,000 realized by the Corporation on the sale of its spectrum license in, as outlined in the following table:

	Number of options relinquished	Number of Share Appreciation Rights (SARs) relinquished	Equity related payment	Compensation related payment	Total payments
First Fiscal Management Ltd.[(1)] /Michael Cytrynbaum	727	7,384	$1,746	$2,400	$ 4,146
Jolian Investments Ltd.[(2)] / Gerald McGoey	335	14,769	3,166	2,400	5,566
DOL Technologies Inc.[(3)] / Alex Dolgonos	-	7,384	1,551	2,400	3,951
Former Directors and Senior Management	4,325	3,194	1,585	1,976	3,561
Total	**5,387**	**32,731**	**$8,048**	**$9,176**	**$17,224**

(1) First Fiscal Management Ltd. is a company controlled by the former Chairman of the Board of Directors of the Corporation, Michael Cytrynbaum.
(2) Jolian Investments Ltd. is a company controlled by the former Chief Executive Officer (“CEO”) and Vice-Chairman of the Board of Directors of the Corporation, Gerald McGoey.
(3) DOL Technologies Inc. is a company controlled by the former Chief Technology Consultant to the Corporation, Alex Dolgonos.

The former officers and directors named in the Claim collectively resigned effective July 21, 2010. None of the allegations in the Claim have been proven before the Court.

The Corporation continues to vigorously pursue its claims against the former directors and former officers named in the Claim (as well as their personal holding companies, as applicable) for payments, which the Corporation believes were not in the Corporation’s or its shareholders’ best interests.

f) 2010 legal advances

During June and July 2010, the former Board of Directors of the Corporation approved $1,550 of advances to various professional firms as retainers for future legal fees the directors and officers expected would be incurred answering shareholder complaints and regulatory enquiries. Approximately $1,464 of the advances was expensed, up to August 31, 2013, and $86 remains in accounts receivable and other receivables, as a result of a settlement agreement executed between the Corporation and a former director.

The Corporation is seeking recovery of these 2010 legal advances.

On September 28, 2012, the Ontario Superior Court of Justice (the “Court”) dismissed applications and motions made by certain of the Corporation’s former officers and directors and personal service companies for interim advances to finance their costs of defending claims made against them by the Corporation.

The Court denied the advances sought by certain of the former officers and directors and the personal service companies, but held that the former chief technology consultant (but not his personal service company) is entitled to advances for his defense of the claims made against him. On June 18, 2013, the Corporation advanced $150 to the former chief technology consultant.

g) Support agreement regarding share purchase ("Support Agreement")

On December 18, 2012, the Corporation entered into a Support Agreement, led by a director of UBS and other independent parties, to acquire up to 45,000 of the Corporation's multiple voting shares, at $0.11 per share, up to a 49.9% equity interest in the Corporation. On March 25, 2013, the Corporation terminated the Support Agreement and paid a $225 termination fee.

h) Compensation of key management personnel

The Corporation's key management personnel are comprised of the Board of Directors and members of the executive team of the Corporation.

	Three months ended August 31,		Twelve months ended August 31,	
	2013	2012	**2013**	2012
Salaries, fees, and short-term employee benefits	**$ 278**	$ 86	**$ 507**	$ 225
Stock based compensation	**24**	-	**24**	-
	$ 302	$ 86	**$ 531**	$ 225

Concurrently with the Transaction, the Corporation's former chief executive officer resigned and was awarded $100 in termination payments. These payments are included in the table above.

11. OPERATING RISKS AND UNCERTAINTIES

Management of capital

The Corporation determines capital to include shareholders' equity. The Corporation's overall strategy with respect to management of capital is to hold low-risk highly-liquid cash accounts and short-term investments.

The Corporation currently does not use other sources of financing that require fixed payments of interest and principal and is not subject to any externally imposed capital requirements.

The Corporation invests its capital in short-term investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Corporation's short-term obligations while maximizing liquidity and returns of unused capital.

On March 13, 2012, the Corporation paid a distribution of $6,985 to the holders of its multiple voting shares and subordinate voting shares, as a return of capital.

Financial instruments and risk management

The Corporation's activities may expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Corporation's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its obligations. Financial instruments, which are potentially subject to credit risk for the Corporation, consist primarily of cash, short-term investments, accounts receivable and other receivables.

Credit risk associated with cash and short-term investments is minimized by placing these assets with financial institutions with high credit ratings.

The LDCs provide collection services and assume the risk of any bad debts from customers. Therefore, the Corporation receives the collection of customer account balances directly from the LDCs. Management believes that the risk of the LDCs failing to deliver payment to the Corporation is minimal.

Other receivables are comprised primarily of refundable taxes receivable from the Canada Revenue Agency ("CRA"). Refundable taxes are subject to review by the CRA, which may delay receipt. Management believes the risk of the CRA failing to deliver payment to the Corporation is minimal.

The Corporation's maximum exposure to credit risk at the end of the reporting period under its financial instruments is summarized as follows:

Accounts receivable and other receivables	**August 31, 2013**	August 31, 2012
Currently due	**$ 188**	$ 108
Past due by 90 days or less not impaired	**71**	116
Past due by greater than 90 days not impaired	**703**	404
	$ 962	$ 628

All of the Corporation's cash is held with a major financial institution in Canada, and management believes the exposure to credit risk with this institution is not significant. The Corporation's maximum assessed exposure to credit risk, as at August 31, 2013 and 2012, is the carrying value of its accounts receivable and other receivables.

Liquidity risk

Liquidity risk is the risk the Corporation will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or other financial assets. The Corporation's approach is to ensure it will have sufficient liquidity to meet operations, tax, capital and regulatory requirements and obligations, under both normal and stressed circumstances. Cash flow projections are prepared and reviewed by senior management to ensure a sufficient funding exists for normal operating activities.

Contractual Obligations

In the normal course of business, ONEnergy is obligated to make future payments under various non-cancellable contracts and other commitments.

The Corporation's financial liabilities are comprised of its accounts payable and accrued liabilities, accrued restructuring liabilities, payments received in advance of consumption and financial leases. As at August 31, 2013, the payments due by period are set out in the following table:

	Payment due by period			
	Less than one year	**Between one and five years**	**More than five years**	**Total**
Trade and other payables	$ 1,123	$ -	$ -	**$ 1,123**
Payments received in advance of consumption	121	-	-	**121**
Non-cancellable leases	147	434	-	**581**
Finance lease obligation	28	51	-	**79**
	$ 1,419	$ 485	$ -	**$ 1,904**

Interest rate risk

The Corporation had no significant exposure, as at August 31, 2013 and 2012, to interest rate risk through its financial instruments.

Currency risk

The Corporation's operations are currently in Ontario and as such there is no exposure to fluctuations in foreign currency rates. The Corporation has launched operations in the United States, and expects to generate both revenue and costs in US dollars in the future. This may expose the Corporation to both transaction and translation risk, but this is not expected to be material.

Fair Values

IFRS 7 Financial Instruments: Disclosure requires disclosure of a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include those whose valuations are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

The fair values of short-term financial assets and liabilities, including cash, accounts receivable, deposits, due from related party, accounts payable and accrued liabilities, loans and advances, as presented in the Condensed Consolidated Interim Statements of Financial Position, approximate their carrying amounts due to the short period to maturity of these financial instruments.

Supplier Risk

Sunwave purchases all of the natural gas and electricity delivered to its customer through long-term contracts with various suppliers. The Corporation has an exposure to supplier risk based on its reliance on the ongoing operations of these suppliers and their ability to fulfill their contractual obligations to deliver natural gas and electricity to its customers. For the three and twelve months ended August 31, 2013, 100% of these natural gas purchases were with one supplier (2012 – Nil). Sunwave also has supply agreements with two other major commodity wholesalers.

12. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The minimum payments required under the terms of non-cancellable leases are as follows:

	August 31, 2013	August 31, 2012
Less than one year	**$ 147**	$ -
Between one and five years	**434**	-
More than five years	**-**	-
	$ 581	$ -

(b) Contingencies

In the normal course of its operations, the Corporation may be subject to other litigation and claims.

The Corporation indemnifies its directors, officers, consultants, and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Corporation, and maintains liability insurance for its directors and officers. As a result of the current litigation, the Corporation may be liable for costs if unsuccessful in pursuing the Claim.

13. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's discussion and analysis of operating results and financial condition are made with reference to the Corporation's unaudited condensed consolidated interim financial statements for the three and twelve months ended August 31, 2013 and 2012, and the notes thereto, which have been prepared in accordance with IFRS. The Corporation's significant accounting policies are summarized in detail in Note 2 of the Corporation's consolidated financial statements for the year ended August 31, 2012 and in Note 2 of the Corporation's unaudited condensed consolidated interim financial statements for the three and twelve months ended August 31, 2013.

14. SIGNIFICANT CURRENT EVENTS

a) Change of directors and management

On July 9, 2013, Henry Eaton resigned as director of Look Communications Inc. ("Look"). Stanley H. Hartt and Stephen J.J. Letwin were appointed to the ONEnergy board as independent directors, and David Rattee and Lawrence Silber continue to serve as ONEnergy's two other independent directors.

On July 9, 2013, Grant McCutcheon resigned as chief executive officer of Look and was awarded a severance payment of $100 for his services to Look.

On July 9, 2013, Mark J. Lewis was appointed chief executive officer and Robert Weir was appointed chief operating officer of ONEnergy. C. Fraser Elliott continues to serve as ONEnergy's chief financial officer.

b) TSX listing

Effective July 11, 2013, the Corporation's multiple voting shares and subordinate voting shares were listed and posted for trading on the TSX Venture exchange under the symbols OEG and OEG.A respectively.

c) Change of year-end

ONEnergy's principal operating subsidiary Sunwave has historically operated on a fiscal year ending December 31. Management believes it is in the best interest of shareholders to continue to report consolidated results consistent with a December 31 year-end. An application was made to the Ontario Securities Commission to change ONEnergy's fiscal reporting period to the 16 months ending December 31, 2013, which was approved on August 15, 2013. This change will result in the Annual Report for fiscal 2013 to cover a period representing 16 months to December 31, 2013. Beginning in 2014, ONEnergy's fiscal year will be the twelve months ending December 31.

15. ADDITIONAL INFORMATION

Additional information regarding the Corporation's financial statements and corporate documents is available on SEDAR at www.sedar.com and on the Corporation's website at www.ONEnergyinc.com.

SHAREHOLDER INFORMATION

Board of Directors

Chairman of the Board
Stephen J.J. Letwin
President & CEO, IAMGOLD Corporation

Directors
Stanley H. Hartt
Counsel, Norton Rose Fulbright Canada LLP

David Rattee
Corporate Director

Lawrence Silber
Partner, Kelly Santini LLP

Officers
Mark J. Lewis
Chief Executive Officer

C. Fraser Elliott
Chief Financial Officer

Robert Weir
Chief Operating Officer

Auditors
BDO Canada LLP
60 Columbia Way, Suite 300
Markham ON L3R 0C9
905.946.1066

Transfer Agent and Registrar
Computershare Trust Company of Canada
1500 University Street, Suite 700
Montreal, Québec
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ONEnergy Inc. Investor Relations
2225 Sheppard Avenue East, Suite 1600
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416-444-8810

Stock exchange listing
ONEnergy's shares are listed on Tier 1 of the TSX Venture Exchange under the symbols OEG and OEG.A