UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **May 31, 2017**

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

000-53598
Commission File Number
SAUER ENERGY, INC.
(Name of small business issuer in its charter)

Nevada	26-3261559
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identificación No.)

1620 Emerson Avenue, Oxnard, CA 93033
(Address of principal executive offices)

888-829-8748
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company filer. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated Filer [ ] Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 336,894,876 shares of common stock, par value $0.0001 per share, as of July 12, 2017.

SAUER ENRGY, INC.
REPORT ON FORM 10-Q
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SAUER ENERGY, INC.

Balance Sheet

	May 31, 2017 (Un-Audited)	August 31, 2016 (Audited)
ASSETS		
Current Assets		
Cash	$ 55,402	$ 46,585
Petty Cash	1,500	1,500
Prepaid Expenses	-	-
	56,902	48,085
Property and Equipment, net	35,516	68,123
Other Assets		
Intangible Assets	1,135,175	1,202,807
Security Deposit	13,507	16,502
	1,148,682	1,219,309
Total Assets	$ 1,241,100	$ 1,335,517
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable and accrued liabilities	$ 13,272	$ 25,037
Accounts Payable and accrued liabilities - Related Party	6,400	8,000
Note payable	155,000	90,000
Total Current Liabilities	174,672	123,037
Commitments and Contingencies	$ -	$ -
Stockholders' Equity		
Common Stock, $0.0001 par value; authorized 650,000,000 shares, issued and outstanding were 329,133,664 on May 31, 2017 and 273,433,664 shares outstanding on August 31, 2016	32,912	27,343
Additional Paid-In Capital	12,135,297	11,075,385
Accumulated deficit	(11,101,781)	(9,890,248)
Total Stockholders' Equity	1,066,428	1,212,480
Total Liabilities and Stockholders' Equity	$ 1,241,100	$ 1,335,517

The accompanying notes are an integral part of these financial statements.

SAUER ENERGY, INC.

Statement of Operations

(Un-Audited)

	For the Three Months Ended May 31,		For the Nine Months Ended May 31,	
	2017	2016	2017	2016
Revenue	$ -	$ -	$ -	$ -
General and Administrative Expenses:				
Professional Fees	21,000	39,148	62,444	73,456
Consulting	51,175	495,770	171,675	557,080
Rent Expense	42,043	41,535	140,144	96,578
Research & development expense	117,726	57,337	269,254	154,313
Other general and administrative expenses	84,531	82,081	257,542	268,292
Total Operating Expenses	316,475	715,871	901,059	1,149,719
Loss from operations	(316,475)	(715,871)	(901,059)	(1,149,719)
Other Income (expense)				
Interest and finance	(33,989)	(113,176)	(310,474)	(238,294)
Changes in derivative liability	-	61,363	-	446,785
	(33,989)	(51,813)	(310,474)	208,491
(Loss) before taxes	(350,464)	(767,684)	(1,211,533)	(941,228)
Provision (credit) for taxes	-	-	-	-
Net (Loss)	$ (350,464)	$ (767,684)	$ (1,211,533)	$ (941,228)
Earnings (loss) per common share, basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Basic and diluted weighted average number of common shares outstanding, basic	328,627,036	230,506,741	308,510,022	191,280,841

The accompanying notes are an integral part of these financial statements.

SAUER ENERGY, INC.

Statement of Cash Flows

(Un-Audited)

	For the Nine Months Ended May 31,	
	2017	2016
Cash flows from operating activities:		
Net (loss)	$ (1,211,533)	$ (941,228)
Adjustments to reconcile net loss to		
net cash provided (used) by operating activities:		
Amortization	67,632	54,936
Depreciation	32,607	51,500
Change in derivative liability	-	(446,785)
Issuance of stock for services or claims	-	499,470
Financing costs paid in shares	302,909	237,576
Changes in operating assets and liabilities:		
Other Assets	2,995	10,512
Accounts payable and accrued expenses - related party	(1,600)	-
Accounts payable and accrued expenses	(11,768)	5,274
Net cash flows (used by) operating activities	(818,758)	(528,745)
Cash flows from investing activities:		
Purchase of furniture and equipment	-	-
Net cash (used by) investing activities	-	-
Cash flows from financing activities:		
Proceeds from issuance of note payable	155,000	50,000
Payments on note payable	(90,000)	(50,000)
Proceeds from issuance of common stock, net of costs	762,575	585,000
Net cash (used by) provided by financing activities	827,575	585,000
Net increase (decrease) in cash	8,817	56,255
Cash, beginning of the period	46,585	4,968
Cash, end of the period	$ 55,402	$ 61,223
Supplemental cash flow disclosure:		
Interest paid	$ 6,991	$ 719

The accompanying notes are an integral part of these financial statements.

Sauer Energy, Inc.
Notes to the Financial Statements
May 31, 2017
(unaudited)

Note 1 - Organization and summary of significant accounting policies:

These unaudited interim financial statements as of and for the three and nine months ended May 31, 2017, reflect all adjustments which, in the opinion of management, are necessary to fairly state the Company's financial position and the results of its operations for the periods presented, in accordance with the accounting principles generally accepted in the United States of America. All adjustments are of a normal recurring nature.

These unaudited interim financial statements should be read in conjunction with the Company's financial statements and notes thereto included in the Company's fiscal year end August 31, 2016, report. The Company assumes that the users of the interim financial information herein have read, or have access to, the audited financial statements for the preceding period, and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. The results of operations for the three and nine months ended May 31, 2017, are not necessarily indicative of results for the entire year ending August 31, 2017.

Organization

Sauer Energy, Inc. was incorporated in California on August 7, 2008. The Company was incorporated to develop and market wind power electric generators.

Current Business of the Company

On July 25, 2010, the Company executed a plan of reorganization with BCO Hydrocarbon Ltd., a Nevada exploration stage enterprise, in which Sauer Energy Inc. became a subsidiary of BCO. BCO changed its name to Sauer Energy, Inc.

The Company leases warehouse/office facilities in Oxnard, California, in which the Company develops wind power technology. A production prototype of a vertical axis wind turbine ("VAWT") has been developed. Its compact size is aimed at the small business and home market. The company is focused on plans to manufacture and distribute the product. In May 2012, the acquisition of the entire assets of a wind turbine company added two more wind turbine models to the Company, together with patents and a distribution network. During 2015 and 2016, the Company continued to develop its technology.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using the basis of accounting generally accepted in the United States of America. Under this basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred. The Company has adopted August 31 as the fiscal year-end.

Cash and Cash Equivalents

The Company considers all liquid investments with a maturity of three months or less from the date of purchase that are readily convertible into cash to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Financial Accounting Standards Board issued ASC (Accounting Standards Codification) 820-10 (SFAS No. 157), “Fair Value Measurements and Disclosures" for financial assets and liabilities. ASC 820-10 provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements. FASB ASC 820-10 defines fair value as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs, where available. The following summarizes the three levels of inputs required by the standard that the Company uses to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amounts of the Company’s financial instruments as of May 31, 2017, reflect:

- Cash: Level 1 Measurement based on bank reporting.
- Level 2 Loans from Officers and related parties
- Level 2 Based on promissory notes.

Federal income taxes

The Company utilizes FASB ACS 740, *“Income Taxes”,* which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is recorded when, in the opinion of management, it is “more likely-than-not” that a deferred tax asset will not be realized. The Company generated a deferred tax credit through net operating loss carry-forward. A valuation allowance of 100% has been established.

Interest and penalties on tax deficiencies recognized in accordance with ASC accounting standards are classified as income taxes in accordance with ASC Topic 740-10-50-19.

Research and development costs

The Company expenses costs of research and development cost as incurred. The costs for the three months ended May 31, 2017, and three months ended May 31, 2016, were $117,726 and $57,337 respectively. The costs for the nine months ended May 31, 2017, and May 31, 2016, were $269,254 and $154,313 respectively.

Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718, Compensation – Stock Based Compensation and ASC 505, Equity Based Payments to Non-Employees, which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based awards made to employees and directors, including stock options.
ASC 718 requires companies to estimate the fair value of share-based awards on the date of grant using an option-pricing model. The Company uses the Black-Scholes option-pricing model as its method of determining fair value. This model is affected by the Company's stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the statement of operations over the requisite service period.

All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

Basic and Diluted Earnings (Loss) Per Share –

Net loss per share is calculated in accordance with FASB ASC 260, Earnings Per Share, for the period presented. Basic net loss per share is based upon the weighted average number of common shares outstanding. Diluted net loss per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. The Company does not have potentially dilutive securities outstanding.

Recent Accounting Pronouncements

Management has considered all recent accounting pronouncements.

A variety of proposed or otherwise potential accounting standards are currently under study by standard setting organizations and various regulatory agencies. Due to the tentative and preliminary nature of those proposed standards, the Company's management has not determined whether implementation of such standards would be material to its financial statements.

The Company is reviewing the effects of following recent updates. The Company has no expectation that any of these items will have a material effect upon the financial statements.

- Update 2017-04—Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment

- Update 2017-05—Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets

- Update 2016-15—Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)

- Update 2016-09—Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting

- Update 2016-07 —Investments—Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting

- Update 2016-06 —Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments (a consensus of the Emerging Issues Task Force)

- Update 2016-03—Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), Consolidation (Topic 810), Derivatives and Hedging (Topic 815): Effective Date and Transition Guidance (a consensus of the Private Company Council)

- Update 2016-01—Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on reported losses, total assets, or stockholders' equity as previously reported.

Note 3 – Going Concern

The Company's financial statements are prepared using the generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company has accumulated a deficit of $(11,101,781) as of May 31, 2017, and had no revenues, which raises substantial doubt as to the Company's ability to continue as a going concern.

In view of these matters, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheets is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to raise additional capital, obtain financing and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Management plans to raise additional capital through the sale of stock to pursue business development activities.

Note 4 – Property and Equipment

Property and Equipment consisted of the following at May 31, 2017, and August 31, 2016:

	5/31/17	**8/31/16**
Property Plant and Equipment	$ 282,427	$ 282,427
Less accumulated depreciation	(246,911)	(214,304)

Property and equipment, net	$ 35,516	$ 68,123

The Company depreciates its property and equipment using accelerated methods over lives of five or seven years. In the nine months ended May 31, 2017, and May 31, 2016, depreciation was $32,607 and $51,500, respectively.

Note 5 – Intangible Property

The Company has acquired intangible property in patents, patents pending and goodwill. The patents are being amortized over their expected lives of not more than seventeen years. Those patent costs allocated to pending patents do not begin amortizing until the underlying patent is issued. If for some reason a patent is not issued the costs associated with the acquisition and the continuation of the application are fully amortized in the year of the denial.

	May 31, 2017	August 31, 2016
Patents	$ 109,092	$ 109,092
Purchased Patents	1,467,500	1,467,500
Goodwill	5,000	5,000
Less Amortization	(446,417)	(378,785)
	$ 1,135,175	$ 1,202,807

In nine months ended May 31, 2017, and May 31, 2016, amortization was $67,632 and $55,451, respectively.

Note 6 - Notes Payable

On July 26, 2016, the Company entered into short term note agreement with Beaufort Capital Partners, LLC., in the amount of $50,000 with an interest rate of 10% per annum, with a due date of October 26, 2016. It has been paid in full.

On August 30, 2016, the Company entered into a short-term note agreement with Beaufort Capital Partners, LLC., in the amount of $40,000 with an interest rate of 10% per annum, with a due date of December 1, 2016. It has been paid in full.

On May 2, 2017, the Company entered into a short-term note agreement with an investor in the amount of $50,000 with an interest rate of 10% per annum, with a due date of September 2, 2017. As of May 31, 2017 the outstanding balance dues was $50,000.

On May 24, 2017, the Company entered into a convertible promissory note with an investor in the amount of $105,000 with an interest rate of 8% per annum, with a due date of May 24, 2018. Convertible 180 days after issuance, at 80% of the lowest trading price over the previous 20 trading days.

Note 7 -- Related Party Note

As of May 31, 2017 and August 31, 2016, we have related party payables to Dieter Sauer in the amounts of $6,400 and $8,000, respectively.

Note 8 – Commitments and Contingencies

Rental Agreement:

On August 7, 2015, the Company entered into a Commercial Single-Tenant Lease for a 26,550-square foot building in Oxnard, California, with monthly payments of $13,507 for sixty months, plus common area costs of $507.38 per month. All company operations will be concentrated at the site.

Lease Commitments – following five fiscal years:

Fiscal year ended

August 31,

Year	Lease
2017	42,034
2018	168,173
2019	168,173
2020	168,173

For the nine months ended May 31, 2017 our rent expense was $140,143 compared to $83,071 for the nine months ended May 31, 2016.

Note 9 - Federal income tax

No provision was made for federal income tax, since the Company has had significant net operating losses. Net operating loss carryforwards may be used to reduce taxable income through the year 2035. The availability of the Company's net operating loss carryforwards are subject to limitation if there is a 50% or more positive change in the ownership of the Company's stock, unless the same or similar business is carried on. The net operating loss carryforward for federal and state income tax purposes was approximately $11,101,781, which will expire in 2029 through 2035 if not utilized. The Company uses 35% for a composite tax rate to estimate the value of net operating losses for deferred taxes.

The Company as of the nine months ended May 31, 2017, and May 31, 2016, recognized net operating losses of approximately $1,211,533 and $941,228, respectively. The total estimated deferred tax asset as of May 31, 2017, was $3,885,623. The Company recorded a 100% valuation allowance for the deferred tax asset since it is more likely than not that some part or all of the deferred tax asset will not be realized.

Although Management believes that its estimates are reasonable, no assurance can be given that the final tax outcome of these matters will not be different than that which is reflected in our tax provisions. Ultimately, the actual tax benefits to be realized will be based upon future taxable earnings levels, which are very difficult to predict.

For the three months ended May 31, 2017, and May 31, 2016, no income tax expense has been realized as a result of operations and no income tax penalties and/or interest have been accrued related to uncertain tax positions. The Company files income tax returns in the U.S. federal jurisdiction and in the State of California. These filings are subject to a three-year statute of limitations. The Company's evaluation of

income tax positions included in the years ended August 31, 2013 through 2016, could be subject to agency examinations. No filings are currently under examination. No adjustments have been made to reduce the estimated income tax benefit at fiscal year-end or at the quarterly reporting dates. Any valuations relating to these income tax provisions will comply with U.S. generally accepted accounting principles.

Note 10 – Capital Stock

The Company went public on 7/25/ 2010. Its Common Stock is traded on the open market under the symbol OTCQB: SENY.

On July 7, 2014, the Company entered into a private placement agreement that involved issuing 5,000,000 units of securities at $0.05 per unit for a total amount of cash of $250,000. Each unit consisted of one (1) share of common stock, par value $0.0001 per share and one (1) common stock purchase warrants for a total of 5,000,000 warrants with an exercise price of $0.30 each expiring January 31, 2016.

On September 1, 2015, the Company authorized 651,042 shares of common stock to be issued for $15,000 at $0.02304 per share pursuant to an Equity Purchase Agreement.

On September 10, 2015, the Company authorized 1,640,420 shares of common stock at $0.01524 per share to be issued in exchange for cancellation of $25,000 of the convertible loan.

On September 11, 2015, the Company authorized 902,778 shares of common stock to be issued for $19,500 at $0.021 per share pursuant to an Equity Purchase Agreement.

On September 18, 2015, the Company authorized 1,072,125 shares of common stock to be issued for $22,000 at $0.020 per share pursuant to an Equity Purchase Agreement.

On October 6, 2015, the Company authorized 868,056 shares of common stock to be issued for $15,000 at $0.017 per share pursuant to an Equity Purchase Agreement.

On October 12, 2015, the Company authorized 1,012,731 shares of common stock to be issued for $17,500 at $0.01728 per share pursuant to an Equity Purchase Agreement.

On October 20, 2015, the Company authorized 1,851,852 shares of common stock to be issued for $28,000 at $0.015120 per share pursuant to an Equity Purchase Agreement.

On October 23, 2015, the Company authorized 1,984,127 shares of common stock at $0.01260 per share to be issued in exchange for cancellation of $25,000 of the convertible loan.

On October 27, 2015, the Company authorized 6,613,757 shares of common stock to be issued for $100,000 at $0.015120 per share pursuant to an Equity Purchase Agreement.

On November 6, 2015, the Company authorized 2,063,492 shares of common stock at $0.01260 per share to be issued in exchange for cancellation of $26,000 of the convertible loan.

On November 20, 2015, the Company authorized 2,000,000 shares of common stock at $0.01200 per share to be issued in exchange for cancellation of $24,000 of the convertible loan.

During the quarter ending November 30, 2015, the Company issued 15,576,508 shares of common stock for $254,000 pursuant to an Equity Purchase Agreement.

During the quarter ending February 29, 2016, the Company issued 11,077,216 shares of common stock for $100,000 pursuant to a convertible note.

During the quarter ending February 29, 2016, the Company issued 4,269,242 shares of common stock for $55,000 pursuant to an Equity Purchase Agreement.

During the quarter ending May 31, 2016, the Company issued 40,950,000 shares of common stock was issued for services rendered.

During the quarter ending May 31, 2016, 75,000 shares were cancelled and returned to treasury.

During the quarter ending May 31, 2016, the Company issued 9,498,761 shares of common stock for $125,000 pursuant to a convertible note.

During the quarter ending May 31, 2016, the Company issued 31,682,076 shares of common stock for $275,500 pursuant to an Equity Purchase Agreement.

During the quarter ending August 31, 2016, the Company issued 20,867,229 shares of common stock for $262,500 pursuant to an Equity Purchase Agreement.

During the quarter ending November 30, 2016, the Company issued 26,075,562 shares of common stock for $322,500 pursuant to an Equity Purchase Agreement.

During the quarter ending February 28, 2017, the Company issued 24,365,406 shares of common stock for $367,000 pursuant to an Equity Purchase Agreement.

During the quarter ending May 31, 2017, the Company issued 5,259,032 shares of common stock for $73,075 pursuant to an Equity Purchase Agreement.

NOTE 11 - Contingencies, Litigation

There were no loss contingencies or legal proceedings against the Company with respect to matters arising in the ordinary course of business.

On October 23, 2013, the Company filed a complaint against St George Investments, LLC ("St. George") in Superior Court, Ventura County California seeking declaratory relief as to contracts relating to the Company's May 2012, purchase of the assets of Helix Wind from St. George for treasury stock then valued in excess of $1.8 Million and a subsequent February, 2013, promissory note for $275,000 executed under the terms of an amendment to the May, 2012, asset purchase agreement. The Company alleged that the Helix Wind asset purchase price had been substantially paid and, in fact, may have been overpaid in light of St. George's failure to deliver all of the intellectual property of Helix Wind. St. George interpreted the contracts and promissory note as entitling it to a windfall recovery above and beyond the asset purchase price and promissory note amount. On November 21, 2013, St George exercised its right as a non-California based entity to remove the action from the Ventura state court to the federal court sitting in Los Angeles, the United States District Court for the Central District of California. On November 26, 2013, St. George filed its answer and counterclaim seeking to enforce its interpretation of the contracts and to thereby collect approximately $440,000 above and beyond what is otherwise due, plus costs and attorney fees. On February 3, 2014, the parties participated in a mediation session at the Federal Court and executed an agreement reflecting a settlement in principal (the "Settlement") which becomes binding only if the parties are unable to come to terms on more formal settlement agreements. The parties have since executed more formal settlement agreements which are included as an exhibit hereto. The basic terms of the Settlement required the issuance of an additional 5,000,000 shares of our common stock to St George under the Helix APA; required St. George to purchase additional shares of our common stock for $300,000 ($0.15 per share) which is a price above the market price at the time of the Settlement; fixed the amount due on the note issued to St George in connection with the Helix APA at

$600,000 and granted the Company certain prepayment rights. The Settlement provides for limitations on the amounts of our common stock that St. George may sell into the market. Full and final settlement was completed on April 6, 2016.

NOTE 12 – Subsequent Events

Management has reviewed and evaluated subsequent events and transactions occurring after the balance sheet date:

On June 6, 2017, the Company authorized 1,839,588 shares of common stock to be issued for $20,000 at $0.010872 per share pursuant to an Equity Purchase Agreement.

On June 23, 2017, the Company authorized 2,691,645 shares of common stock to be issued for $25,000 at $0.009288 per share pursuant to an Equity Purchase Agreement.

On July 3, 2017, the Company authorized 3,229,974 shares of common stock to be issued for $30,000 at $0.009288 per share pursuant to an Equity Purchase Agreement.

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operation

Overview

We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions could be incorrect. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances. Some of the factors that may cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements.

RESULTS OF OPERATION

Three and nine months ended* May 31, *2017 v. three and nine months ended* May 31, *2016

We have not realized any revenue through the three and nine months ended May 31, 2017.

Our operating expenses decreased to $316,475 for the three months ending May 31, 2017, from $715,871 for the three months ended May 31, 2016, and they decreased to $901,059 for the nine months ending May 31, 2017, from $1,149,719 for the nine months ended May 31, 2016.

Our interest and financing expenses decreased to $33,989 for the three months ending May 31, 2017, from $113,176 for the three months ended May 31, 2016, and they increased to $310,474 for the nine months ending May 31, 2017, from $238,294 for the nine months ended May 31, 2016.

The overall increases in operating expenses and increases in financing costs resulted in our net loss of $350,464 for the three months ended May 31, 2017 as compared to the net loss of $767,684 for the three months ended May 31, 2016, and a net loss of $1,211,533 for the nine months ended May 31, 2017, as compared to the net loss of $941,228 for the nine months ended May 31, 2016.

We anticipate continued increased costs associated with increased levels of operation anticipatory to our entering into the manufacturing stage and our marketing processes which will begin in the current fiscal year.

LIQUIDITY AND CAPITAL RESOURCES

Net cash flows used in operating activities for the nine months ended May 31, 2017, and May 31, 2016, was $818,758 and $528,745 respectively.

Net cash flows used in investing activities for the nine months ended May 31, 2017 and May 31, 2016, was $0 and $0 respectively.

Net cash flows provided by financing activities for the nine months ended May 31, 2017 and May 31, 2016, was $827,575 and $585,000 respectively.

We had cash resources of $55,402 at May 31, 2017, and we intend to rely on the sale of stock in private placements to increase liquidity to enable us to execute on our plan to manufacture and market vertical axis wind turbines. As reported on a Current Report on Form 8-K filed on July 1, 2016, we have entered into an Equity Purchase Agreement.

As of July 1, 2016, the Registrant entered into two agreements with Beaufort Capital Partners, LLC, a New York limited liability corporation (“BCPLLC”), an Equity Purchase Agreement (the “EPA”) and a Registration Rights Agreement (the “RRA”). The two agreements we filed as exhibits to the Registrant’s Current Report on Form 8-K dated July 1, 2016, and the Registrant’s Registration Statement on Form S-1 Number 333-212536 and the following summary is qualified in its entirety by reference to such exhibits.

The agreements required the Registrant to file a registration statement for the common stock underlying the EPA. Subject to various limitations set forth in the EPA, BCPLLC, after effectiveness of such registration statement, was required to purchase up to $3,000,000 worth of the Registrant’s common stock at a price equal to 72% of the market price as determined under the EPA (prior ten trading days). The EPA provides for volume limitations on the number of shares that BCPLLC must purchase at any time and provides that the Registrant will be paid for the common stock upon electronic delivery of the shares to BCPLLC. BCPLLC bore the attorney fees relating to the Registration Statement and is not charging the Registrant any additional fees.

On September 8, 2016, the Securities and Exchange deemed our Registration Statement that was filed on July 15, 2016, effective. As stated above, we have begun exercising our put rights under the EPA. As of April 7, 2017, Beaufort had sold all of the shares included in such Registration Statement and realized proceeds of $762,575.

As of May, 2017, the Registrant entered into two agreements with East Six Opportunity Fund, LLC, a New York limited liability corporation ("East Six"), an Equity Purchase Agreement (the "EPA") and a Registration Rights Agreement (the "RRA"). The two agreements we filed as exhibits to the Registrant's Current Report on Form 8-K dated May 12, 2017, and the Registrant's Registration Statement on Form S-1 Number 333-218054 and the following summary is qualified in its entirety by reference to such exhibits.

The agreements required the Registrant to file a registration statement for the common stock underlying the EPA. Subject to various limitations set forth in the EPA, East Six, after effectiveness of such registration statement, was required to purchase up to $3,000,000 worth of the Registrant's common stock at a price equal to 72% of the market price as determined under the EPA (prior ten trading days). The EPA provides for volume limitations on the number of shares that East Six must purchase at any time and provides that the Registrant will be paid for the common stock upon electronic delivery of the shares to East Six. East Six bore the attorney fees relating to the Registration Statement and is not charging the Registrant any additional fees.

Funds on hand are not sufficient to fund our operations and we intend to rely on the sale of stock in private placements to increase liquidity. If we are unable to raise cash through the sale of our stock, we may be required to severely restrict our operations.

Critical Accounting Policies

Financial Reporting Release No. 60 of the SEC encourages all companies to include a discussion of critical accounting policies or methods used in the preparation of the financial statements. There are no current revenue-generating activities that give rise to significant assumptions or estimates. Our financial statements filed as part of our May 31, 2017, Quarterly Report on this Form 10-Q includes a summary of the significant accounting policies and methods used in the preparation of our financial statements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Item 3. - Quantitative and Qualitative Disclosures About Market Risk

The Company is a smaller reporting company and is not required to provide this information.

Item 4T. - Controls and Procedures

Disclosure Controls and Procedures

Regulations under the Securities Exchange Act of 1934 (the "Exchange Act") require public companies to maintain "disclosure controls and procedures," which are defined as controls and other procedures that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and

procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

We conducted an evaluation, with the participation of our Chief Executive Officer who is also our principal financial officer, of the effectiveness of our disclosure controls and procedures as of May 31, 2017. Based on that evaluation, our Chief Executive Officer has concluded that as of May 31, 2017, our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weaknesses described below.

In light of the material weaknesses described below, we performed additional analysis and other post-closing procedures to ensure our financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, we believe that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

A material weakness is a control deficiency (within the meaning of the Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 2) or combination of control deficiencies that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Management has identified the following three material weaknesses that have caused management to conclude that, as of May 31, 2017, our disclosure controls and procedures were not effective at the reasonable assurance level:

1. We do not have written documentation of our internal control policies and procedures. Written documentation of key internal controls over financial reporting is a requirement of Section 404 of the Sarbanes-Oxley Act which is applicable to us for the year ending August 31, 2016, and the quarter ended May 31, 2017. Management evaluated the impact of our failure to have written documentation of our internal controls and procedures on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

2. We do not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. Management evaluated the impact of our failure to have segregation of duties on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

3. The Board of Directors has not provided an appropriate level of oversight of the Company’s financial reporting and procedures for internal control over financial reporting since there are, at present, no independent directors who could provide an appropriate level of oversight, including challenging management’s accounting for and reporting of transactions. Accordingly, we have determined that this control deficiency constitutes a material weakness.

To address these material weaknesses, management performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the issuer’s principal executive and principal financial officers and effected by the issuer’s board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external
purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the issuer; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

As of the end of our most recent fiscal quarter, management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control—2013 Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on that evaluation, they concluded that, as of May 31, 2017, such internal control over financial reporting was not effective. This was due to deficiencies that existed in the design or operation of our internal control over financial reporting that adversely affected our internal controls and that may be considered to be material weaknesses.

The matters involving internal control over financial reporting that our management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board were: (1) lack of a functioning audit committee due to a lack of a majority of independent members and a lack of a majority of outside directors on our board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures; and (2) inadequate segregation of duties consistent with control objectives of having segregation of the initiation of transactions, the recording of transactions and the custody of assets. The aforementioned material weaknesses were identified by our Chief Executive Officer in connection with the review of our financial statements as of May 31, 2017.

Management believes that the material weaknesses set forth in items (1) and (2) above did not have an effect on our financial results. However, management believes that the lack of a functioning audit committee and the lack of a majority of outside directors on our board of director's results in ineffective oversight in the establishment and monitoring of required internal controls and procedures, which could result in a material misstatement in our financial statements in future periods.

This quarterly report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only the management's report in this quarterly report.

Management's Remediation Initiatives

In an effort to remediate the identified material weaknesses and other deficiencies and enhance our internal controls, we have initiated, or plan to initiate, the following series of measures:
We will increase our personnel resources and technical accounting expertise within the accounting function when funds are available to us. First, we will create a position to segregate duties consistent with control objectives of having separate individuals perform (i) the initiation of transactions, (ii) the recording of transactions and (iii) the custody of assets. Second, we will create a senior position to focus on financial reporting and standardizing and documenting our accounting procedures with the goal of increasing the effectiveness of the internal controls in preventing and detecting misstatements of accounting information. Third, we plan to appoint one or more outside directors to our board of directors who shall be appointed to an audit committee resulting in a fully functioning audit committee who will undertake the oversight in the establishment and monitoring of required internal controls and procedures such as reviewing and approving estimates and assumptions made by management when funds are available to us. Although there is substantial uncertainty in any such estimate, we anticipate the costs of implementing these remediation initiatives will be approximately $100,000 to $150,000 a year in increased salaries, legal and accounting expenses.

Management believes that the appointment of one or more outside directors, who shall be appointed to a fully functioning audit committee, will remedy the lack of a functioning audit committee and a lack of a majority of outside directors on our Board.

We anticipate that these initiatives will be at least partially, if not fully, implemented by August 31, 2018.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15 (f) under the Exchange Act) during the quarter ended May 31, 2017, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings

On October 23, 2013, the Company filed a complaint against St George Investments, LLC ("St. George") in Superior Court, Ventura County California seeking declaratory relief as to contracts relating to the Company's May, 2012, purchase of the assets of Helix Wind from St. George for treasury stock then valued in excess of $1.8 Million and a subsequent February, 2013, promissory note for $275,000 executed under the terms of an amendment to the May, 2012 asset purchase agreement. The Company alleged that the Helix Wind asset purchase price had been substantially paid and, in fact, may have been overpaid in

light of St. George's failure to deliver all of the intellectual property of Helix Wind. St. George interpreted the contracts and promissory note as entitling it to a windfall recovery above and beyond the asset purchase price and promissory note amount. On November 21, 2013, St George exercised its right as a non-California based entity to remove the action from the Ventura state court to the federal court sitting in Los Angeles, the United States District Court for the Central District of California. On November 26, 2013, St. George filed its answer and counterclaim seeking to enforce its interpretation of the contracts and to thereby collect approximately $440,000 above and beyond what is otherwise due, plus costs and attorney's fees. On February 3, 2014, the parties participated in a mediation session at the Federal Court and executed an agreement reflecting a settlement in principal (the "Settlement") which becomes binding only if the parties are unable to come to terms on more formal settlement agreements. The parties have since executed more formal settlement agreements which are included as an exhibit hereto. The basic terms of the Settlement required the issuance of an additional 5,000,000 shares of our common stock to St George under the Helix APA; required St. George to purchase additional shares of our common stock for $300,000 ($0.15 per share) which is a price above the market price at the time of the Settlement; fixed the amount due on the note issued to St George in connection with the Helix APA at $600,000 and granted the Company certain prepayment rights. The Settlement provides for limitations on the amounts of our common stock that St. George may sell into the market. The foregoing is a summary only and is qualified by reference to the settlement agreement included as an exhibit to the Company's Form 10-K for the year ended August 31, 2014. As of April, 2016, the note and settlement has been paid in full.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds
None.

Item 3 – Defaults Upon Senior Securities
None.

Item 4. Mine Safety Disclosures
Not applicable

Item 5 – Other Information
None.

Item 6 – Exhibits

The following documents are filed as part of this Report:

10.1 Equity Purchase Agreement, dated as of May 9, 2017, by and between East Six Opportunity Fund, LLC, and Sauer Energy, Inc. (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed with the SEC on May 12, 2017).

10.2 Registration Rights Agreement, dated as of May 9, 2017, by and between East Six Opportunity Fund, LLC, and Sauer Energy, Inc. (Incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed with the SEC on May 12, 2017).

31.1* Certification of Chief Executive and Financial Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).

32.1* Certification pursuant to Securities Exchange Act of 1934 Rule 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002.

101.INS** XBRL Instance Document

101.SCH** XBRL Taxonomy Extension Schema Document

101.CAL** XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB** XBRL Taxonomy Extension Label Linkbase Document

101.PRE** XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF** XBRL Taxonomy Extension Definition Linkbase Document

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*Filed herewith.

**Furnished herewith.

SIGNATURE

In accordance with the requirements of the Securities Exchange Act of 1934, as amended, the registrant caused this Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

SAUER ENERGY, INC.

Date: 7/19/2017

By: /s/Dieter R. Sauer, Jr.
Name: Dieter R. Sauer, Jr., CEO

(Principal Executive, Accounting and Financial Officer)