VAST EXPLORATION INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended January 31, 2014 and 2013
(in Canadian dollars)

VAST EXPLORATION INC.

Consolidated Financial Statements
(Expressed in Canadian dollars)

For the years ended January 31, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vast Exploration Inc.:

We have audited the accompanying consolidated financial statements of Vast Exploration Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at January 31, 2014, and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Vast Exploration Inc. and its subsidiaries as at January 31, 2014, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

The consolidated financial statements of Vast Exploration Inc. for the year ended January 31, 2013 were audited by other auditors who expressed an unmodified opinion on those statements on May 28, 2013.

We have audited the adjustment to the 2013 consolidated financial statements related to the change in accounting policy, as described in Note 2. In our opinion, such adjustment, in all material respects, is appropriate and has been properly applied.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company had continuing losses during the year ended January 31, 2014, and material commitments and contingencies further described in Note 12. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP



Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
May 6, 2014

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VAST EXPLORATION INC.

Consolidated Statements of Financial Position
(Amounts in Canadian Dollars)

	Note	January 31, 2014	January 31, 2013
ASSETS			
Current			
Cash		$ 548,231	$ 284,810
Accounts receivable	4	185,326	9,090,986
Deposits and prepaid expenses		7,367	124,536
Promissory note receivable	5	1	-
Discontinued operations	2	-	1,953,154
Total current assets		740,925	11,453,486
Long-term			
Restricted cash equivalents		-	109,801
Property and equipment	7	-	59,108
Total long-term assets		-	168,909
TOTAL ASSETS		$ 740,925	$ 11,622,395
LIABILITIES			
Current			
Accounts payable and accrued liabilities	13	$ 121,516	$ 5,882,147
Discontinued operations	2	-	1,628,714
TOTAL LIABILITIES		121,516	7,510,861
SHAREHOLDERS' EQUITY			
Share capital	9	1,700,001	86,935,965
Share-based payments and warrants reserve	10	2,803,633	8,338,238
Accumulated other comprehensive loss		-	(176,947)
Deficit		(3,884,225)	(90,985,722)
TOTAL SHAREHOLDERS' EQUITY		619,409	4,111,534
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 740,925	$ 11,622,395

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Approved on behalf of the board of directors on May 6, 2014

"Ahmed Said"

Ahmed Said

"Scott Moore"

Scott Moore

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

VAST EXPLORATION INC.

Consolidated Statements of Loss and Comprehensive Loss
(Amounts in Canadian Dollars)

	Note	For the year ended January 31, 2014	For the year ended January 31, 2013
Revenues			
Other Income		$ -	$ 100,000
		-	100,000
Expenses			
General and administrative	14	4,834,147	1,824,999
Bad debt expense		427,195	541,498
Foreign exchange (gain) loss		(46,286)	39,006
Finance expense		445	4,930
Depreciation		11,196	32,970
Impairment on property and equipment	7	47,912	55,109
Impairment on exploration and evaluation assets		-	14,228,633
Loss before other items		(5,274,609)	(16,627,145)
Interest income		-	2,084
Finance income	5	14,200	-
Net loss from continuing operations		(5,260,409)	(16,625,061)
Net (loss) income from discontinued operations	2	(108,663)	91,239
Net loss		(5,369,072)	(16,533,822)
Other comprehensive income			
Foreign currency translation		176,947	486,753
Total comprehensive loss		$ (5,192,125)	$ (16,047,069)
Basic and diluted (loss) per share - Continuing operations		$ (0.74)	$ (3.18)
Basic and diluted (loss)/income per share - Discontinued operations		(0.02)	0.02
Basic and diluted (loss) per share - Total		$ (0.75)	$ (3.16)
Weighted average common shares outstanding basic and diluted	9 (a)	7,148,219	5,232,702

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

VAST EXPLORATION INC.

Consolidated Statements of Changes in Shareholders' Equity
(Amounts in Canadian Dollars)

	Note	Share capital		Share-based payments and warrants reserve	Accumulated other comprehensive income (loss)	Deficit	Total equity
		No.	$	$	$	$	$
Balance, January 31, 2012		4,923,773	86,176,215	12,108,241	(663,700)	(78,221,903)	19,398,853
Private placement, net of issue cost	9 (b)(i)	314,000	759,750	-	-	-	759,750
Foreign currency translation		-	-	-	15,377	-	15,377
Recognition of foreign currency translation associated with		-	-	-	-	-	-
- impairment of property and equipment		-	-	-	11,341	-	11,341
- impairment of exploration and evaluation assets		-	-	-	425,568	-	425,568
- disposition of evaluation and exploration assets		-	-	-	34,467	-	34,467
Expired warrants			-	(2,323,900)	-	2,323,900	-
Expired options		-	-	(1,446,103)	-	1,446,103	-
Net loss for the year		-	-	-	-	(16,533,822)	(16,533,822)
Balance, January 31, 2013		5,237,773	86,935,965	8,338,238	(176,947)	(90,985,722)	4,111,534
Balance, January 31, 2013		5,237,773	86,935,965	8,338,238	(176,947)	(90,985,722)	4,111,534
Reduction of capital	9(b)ii	-	(86,935,964)	-	-	86,935,964	-
Private placement, net of issue cost	9(b)iii	11,431,359	1,700,000	-	-	-	1,700,000
Expired options		-	-	(5,534,605)	-	5,534,605	-
Recognition of foreign currency translation associated with disposition of subsidiary		-	-	-	176,947	-	176,947
Net loss for the year		-	-	-	-	(5,369,072)	(5,369,072)
Balance, January 31, 2014		16,669,132	1,700,001	2,803,633	-	(3,884,225)	619,409

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

VAST EXPLORATION INC.

Consolidated Statements of Cash Flows
(Amounts in Canadian Dollars)

	Note	For the year ended January 31, 2014	January 31, 2013
Cash (used in) provided by:			
Operating activities:			
Loss before discontinued operations		$ (5,260,409)	$ (16,625,061)
Items not involving cash:			
Depreciation		11,196	32,970
Bad debt expense		427,195	541,498
Finance income	5	(14,200)	-
Unrealized foreign exchange (gain) / loss		(46,286)	8,610
Impairment of property and equipment	7	47,912	55,109
Impairment of exploration and evaluation assets	6	-	14,228,633
		(4,834,592)	(1,758,241)
Net change in non-cash working capital		(362,039)	721,346
Cash (used in) continuing operating activities		(5,196,631)	(1,036,895)
Discontinued operations:			
Discontinued operations		-	(610,217)
Cash (used in) operating activities		(5,196,631)	(1,647,112)
Financing activities:			
Private placement	9	1,700,000	759,750
Cash provided by financing activities		1,700,000	759,750
Investing activities:			
Net change in non-cash working capital		-	970,455
Restricted deposits		11,050	1,339
Proceeds from disposition of subsidiaries		2	-
Disposition of exploration and evaluation assets	6	3,739,875	-
Acquisition of exploration and evaluation assets		-	(1,729,566)
Acquisition of property and equipment		-	(2,403)
Cash provided by / (used in) investing activities		3,750,927	(760,175)
Increase (decrease) in cash		254,296	(1,647,537)
Net effect of foreign exchange on cash held in foreign currencies		-	(6,288)
Cash beginning of the year (Discontinued operations)		9,125	561,284
Cash beginning of the year (Continued operations)		284,810	1,386,476
Cash, end of the year (Discontinued operations)		$ -	$ 9,125
Cash, end of the year (Continued operations)		$ 548,231	$ 284,810
Supplemental cash flow information:			
Promissory note issued as consideration for sale of discontinued operations (Note 2)		325,000	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Vast Exploration Inc. (the "Company" or "Vast") is a publicly traded company incorporated and domiciled in Toronto, with the registered office located at Suite 805, 65 Queen Street West, Toronto, Ontario, M5H 2M5. The Company is traded on the TSX Venture Exchange under the symbol "VST".

Vast is in the business of exploring potential investment opportunities. The Company does not currently have an exploration and evaluation property. See note 17.

These financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. These conditions include the fact that the Company has incurred operating losses since inception, has no source of operating cash flow, has potentially material commitments and contingencies as discussed in Note 12, and that there can be no assurances that sufficient funding, including adequate financing, will be available to cover general and administrative expenses necessary for the maintenance of a public company. The Company's status as a going concern is contingent upon raising the necessary funds via private placement or debt financing and resolution of the Colombian property obligations described in Note 12. Continued support of shareholders and the ability to raise funds through the issuance of equity or debt will be required. Realization values may be substantially different from carrying values as shown in these financial statements. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments may be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and have been prepared in accordance with accounting policies based on IFRS standards and International Financial Reporting Interpretation Committee ("IFRIC") interpretations.

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The Board of Directors approved these financial statements on May 6, 2014.

Basis of consolidation and discontinued operations

The Company does not have any subsidiaries at January 31, 2014.

On June 28, 2013, the Company sold its 100% interest in Calver Resources Inc. and Calver Resources USA Inc., two non-core subsidiaries, to a non-related entity and received in consideration $2 cash and a promissory note for $325,000 payable over three years. Accordingly, Calver Resources Inc. and Calver Resources USA Inc. have been deconsolidated with an effective date of June 28, 2013. The operations and net assets of these companies were presented as "discontinued operations" in the January 31, 2013 comparative period. The promissory note bears interest at 3% accruing annually and payable at maturity. A loss on sale of discontinued operations was recorded at $108,663 during the year ended January 31, 2014.

Vast Exploration (Kurdistan) Inc. was dissolved on September 16, 2013. Putumayo 3 Holdings (Colombia) Inc. was dissolved on October 17, 2013. Vast Exploration (Barbados) Holdings Inc. was dissolved on November 4, 2013. These subsidiaries were all deconsolidated on their respective dissolution dates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional and presentation currency and translation

The functional currency for the Company is the currency of the primary economic environment in which it operates. The Company's financial statements are presented in Canadian dollars which is the functional currency.

Share-based payments and warrants

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The Company operates an employee stock option plan. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using the Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On exercise of a stock option, any amount related to the initial value of the stock option, along with the proceeds from exercise are recorded to share capital. On expiry of a stock option or warrant, any amount related to the initial value of the stock option or warrant is recorded to deficit. Similar calculations are made in order to value warrants.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company did not have any financial assets classified as fair value through profit or loss during years ended January 31, 2014 and 2013.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. The Company classifies its cash, restricted cash, accounts receivables and promissory note receivable as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment. The Company did not have any financial assets classified as held-to-maturity investments during years ended January 31, 2014 and 2013.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized through profit or loss. The Company did not have any financial assets classified as available-for-sale during years ended January 31, 2014 and 2013.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company did not have any financial liabilities classified as fair value through profit or loss during years ended January 31, 2014 and 2013.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method, and includes accounts payable and accrued liabilities.

As at January 31, 2014 and January 31, 2013, the Company did not have any derivative financial assets or liabilities.

Income taxes

Current income tax:
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Impairment of non-financial assets

The carrying amount of the Company's assets (which include property and equipment and exploration and evaluation properties) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized net loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Exploration and evaluation expenditures

Exploration and evaluation ("E&E") costs are those expenditures incurred for which technical feasibility and commercial viability have not been determined. E&E costs are initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. These costs include acquisition of rights to explore, exploration drilling, carrying costs of unproved properties, and any other activities relating to evaluation of technical feasibility and commercial viability of extracting oil and gas resources. The Company will expense items that are not directly attributable to the exploration and evaluation asset pool.

Costs that are capitalized will be recorded using the cost model after which they will be carried at cost less impairment. Costs that are capitalized are accumulated in cost centres by well, field or exploration area pending determination of technical feasibility and commercial viability.

Where technical feasibility and commercial viability are determinable, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible assets referred to as oil and natural gas development and production assets.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mineral property interests along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other oil and gas assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit or loss for the year.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the year incurred.

As at January 31, 2014 and 2013, there were no significant restoration and environmental obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Items of property and equipment ("P&E"), which include oil and gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. For the purpose of impairment testing, development and production assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or group of assets (the "cash-generating unit" or "CGU"). This generally results in the Company evaluating its development and production assets on a property by property basis.

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

Gains and losses on disposal of an item of property and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within "other income" or "other expenses" in the Consolidated Statement of Comprehensive Loss.

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are recognized as oil natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in the Consolidated Statement of Comprehensive Loss as incurred.

Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The cost of the day-to day servicing of property and equipment are expensed as incurred.

Depletion and depreciation

The net carrying value of development and production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually.

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

Earnings / (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting pronouncements not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2014 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

Financial instruments

In October 2010, the IASB issued IFRS 9 "Financial Instruments" ("IFRS 9") which proposes to replace IAS 39 "Financial Instruments: recognition and measurement". The replacement standard has the following significant components: establishes two primary measurement categories for financial assets — amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available-for-sale, and loans and receivable categories.

In November 2013, the IASB issued an amendment to IFRS 9 which includes a new hedge model that aligns accounting more closely with risk management, as well as enhancements to the disclosures about hedge accounting and risk management.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is in the process of evaluating the impact of the change to its consolidated financial statements.

Impairment of assets

In May 2013, IAS 36 "Impairments of Assets" ("IAS 36") was amended by the IASB to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014. The Company is in the process of evaluating the impact of the change to its consolidated financial statements.

Change in accounting policy

During the year ended January 31, 2014, the Company elected to change its accounting policy for the treatment of share based payments and warrants whereby amounts recorded for expired unexercised share options and warrants are transferred to deficit. Previously, the Company's policy was to leave such amounts in shared based payments and warrants reserve. This policy has been applied retrospectively. The impact of the change was a decrease to deficit and a decrease to shared based payments and warrants reserve of $11,747,014 at January 31, 2013 and $15,517,017 at January 31, 2012.

During the year ended January 31, 2014, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRS 7, IFRS 10, IFRS 11, IFRS 12, IFRS 13 and IAS 1. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTIES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities, profits and expenses. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Share-based payment transactions
The Company measures the cost of equity-settled transactions with employees and applicable non-employees by reference to the fair value of the equity instruments at the date at which they are vested. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk-free interest rates, volatility and dividend yield and making assumptions about them.

Allowance for note receivable
The fair value of the Company's promissory notes receivable is considered to be the fair value of the amount expected to be received. Subsequent provisions for impairment are considered when amounts become past due or when other objective evidence is received that a specific counterparty will default.

Contingencies
Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within our control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against us or un-asserted claims, that may result in such proceedings or regulatory or government actions that may negatively impact our business or operations, the Company and its legal counsel evaluate the perceived merits of any legal proceedings or un-asserted claims or actions as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or assessing the impact on the carrying value of assets. Contingent assets are not recognized in the consolidated financial statements.

4. ACCOUNTS RECEIVABLE

The table below summarizes the Company's receivables as at January 31, 2014 and January 31, 2013:

	January 31, 2014	January 31, 2013
GST and HST receivable	$ 185,326	$ 168,469
Receivable from asset disposal (Note 6)	-	8,726,375
Other receivable	-	196,142
Balance	$ 185,326	$ 9,090,986

5. PROMISSORY NOTE RECEIVABLE

	January 31, 2014	January 31, 2013
Promissory note receivable	$ $307,897	$ -
Allowance for doubtful accounts	(307,896)	-
Balance	$ 1	$ -

On June 28, 2013, the Company sold its interest in Calver Resources Inc. and Calver Resources USA Inc., two non-core subsidiaries, to a non-related entity and received in consideration $2 cash and a promissory note for $325,000 payable over three years. The promissory note bears interest at 3% accruing annually and payable at maturity. The promissory note has been measured at amortized cost using the effective interest rate method. A discount rate of 10% per annum has been applied, resulting in a fair value of $307,897 at January 31, 2014. A provision has been recorded against this promissory note such that it is carried at a nominal $1 at January 31, 2014 given management's assessment that the likelihood of the promissory note being recovered is low.

6. EXPLORATION AND EVALUATION ASSETS

Balance at January 31, 2012	$ 18,802,500
Addition	1,729,566
Foreign currency translation	(34,550)
Foreign currency adjustment associated with impairment of E&E	425,568
Impairment of exploration and evaluation assets	(14,228,633)
Disposal of exploration and evaluation assets	(6,694,451)
Balance at January 31, 2013 and January 31, 2014	$ -

Vast's exploration and evaluation asset pool was entirely attributable to costs related to the exploration project in the Kurdistan region of Iraq. There were no proven reserves associated with the exploration project, and hence the project was considered to be in the exploration stage.

On November 15, 2012, the Company announced that along with its consortium partners, it had entered into a relinquishment and termination agreement (the "Relinquishment Agreement") with the Kurdistan Regional Government ("KRG") to surrender their collective interests in the Kurdistan Profit Sharing Contract. Pursuant to the terms of the Relinquishment Agreement and other agreements with its consortium partners (collectively the "Agreements"), Vast received after adjustments for equalization, proportionate disposition costs, and settlement of partner payables, USD $8,750,000 of which USD $5,000,000 in disposition costs were payable on behalf of the consortium partners from these proceeds, leaving net proceeds of USD $3,750,000 (CAD $3,739,875) to the Company. Accordingly, the Company recorded a disposition of $6,694,451 in exploration and evaluation assets and $69,017 in associated foreign currency translation gain, together with the extinguishment of $3,023,593 in accounts payable and accrued liabilities.

The Company reviews the carrying value of its unproven oil and gas assets pool regularly to ensure the carrying value of its E&E assets does not exceed its estimated recoverable amount. Upon evaluation of the terms pursuant to the Relinquishment Agreement, the Company recorded a general impairment loss of $14,228,633 to reflect the changes in the estimated recoverable amount from the project.

7. PROPERTY AND EQUIPMENT

Balance at January 31, 2012	$	133,443
Addition		2,403
Depreciation		(32,970)
Foreign currency translation		3,574
Impairment of property and equipment		(55,109)
Foreign currency adjustment associated with impairment of P&E		7,767
Balance at January 31, 2013	$	59,108
Depreciation		(11,196)
Impairment charge		(47,912)
Balance at January 31, 2014	$	-

Property and equipment consists of furniture and fixtures, computer hardware and computer software at the Company's Calgary leased office less accumulated depreciation. Following the dissolution of the Company's subsidiaries, the Calgary office was subleased and the property and equipment were subsequently impaired.

8. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2013 - 25%) were as follows:

	2014 $	2013 $
(Loss) before income taxes	(5,369,072)	(16,533,822)
Expected income tax recovery based on statutory rates	(1,423,000)	(4,133,000)
Adjustment to expected income tax benefit:		
Changes and differences in tax rates	(431,000)	6,269
Other	185,000	(23,108)
Change in unrecorded deferred tax asset	1,669,000	4,149,839
Deferred income tax provision (recovery)	-	-

The 2014 statutory tax rate of 26.5% differs from the 2013 statutory tax rate of 25% because of the reduction in the Canadian provincial substantively enacted tax rates due to the change in allocation of activities between the provinces during the year.

8. INCOME TAXES (CONTINUED)

b) Deferred Income Taxes

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2014 $	2013 $
Non-capital loss carry-forwards	27,106,000	21,152,000
Capital loss carryforwards	35,109,000	-
Share issue costs	45,000	461,000
Mineral property costs	5,448,000	5,448,000
Other temporary differences	325,000	2,157,000
Total	68,033,000	29,218,000

The non-capital losses expire in the following years:

2025	$ 10,000
2026	439,000
2027	932,000
2028	2,558,000
2029	4,100,000
2030	3,598,000
2031	3,444,000
2032	2,730,000
2033	2,154,000
2034	7,141,000
	$ 27,106,000

The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

9. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value. Each common share carries the right to one vote per share.

Effective August 9, 2013, the common shares of the Company were consolidated such that one new common share was issued for every fifty common shares outstanding. These consolidated financial statements retrospectively reflect this share consolidation.

(b) Common shares

	Number of shares		Amount
Balance January 31, 2012	4,923,773	$	86,176,215
Private placement - common shares (i)	314,000		785,000
Share issuance costs	-		(25,250)
Balance January 31, 2013	5,237,773	$	86,935,965
Reduction of capital (ii)	-		(86,935,964)
Private placement - common shares (iii)	11,333,333		1,700,000
Finders fee (iii)	98,026		-
Balance January 31, 2014	16,669,132	$	1,700,001

(i) On February 6, 2012, the Company announced that it has closed the second and final tranche ("the "Second Tranche") of its private placement financing first announced on October 19, 2011. The Second Tranche was comprised of 314,000 common shares of the Company for total gross proceeds of $785,000. The Company incurred a finders' fee in the amount of $25,000.

(ii) Reduction of capital

At the Company's Annual and Special Meeting on July 24, 2013, the board of directors sought and received approval to reduce the Company's share capital and eliminate the Company's deficit as at July 31, 2013 as follows:

Share capital reduced by	$86,935,964
Deficit reduced by	$86,935,964

(iii) On December 2, 2013, the Company completed a private placement financing by issuing 11,333,333 common shares of the Company at a price of $0.15 per share for aggregate gross proceeds $1,700,000. The gross proceeds of the offering will be used to strengthen the corporate balance sheet, pay outstanding liabilities, pursue potential acquisition opportunities and for general corporate purposes. The common shares are subject to a four month hold period that expires on April 3, 2014. In connection with the financing, an arm's length finder was issued a total of 98,026 common shares as a finder fee. Insider's subscribed for 4,166,225 shares of this private placement.

10. SHARE-BASED PAYMENTS RESERVE

The Company has granted options for the purchase of common shares to its employees, consultants, directors and officers. The aggregate number of shares that may be issuable pursuant to options granted under the Stock Option Plan will not exceed 10% of the issued common shares of the Company at the date of grant. No more than 5% of the issued shares of the Company may be granted to any one optionee, and no more than 2% of the issued shares of the Company may be granted to any one consultant or person engaged in investor relations activities in any 12 month period. The options are non-transferable and non-assignable and may be granted for a term not exceeding five years. The exercise price of the options may not be less than the greater of $0.10 and the market price, subject to all applicable regulatory requirements.

	No. of options	Weighted Average Exercise Price
	#	$
January 31, 2012	327,200	34.14
Forfeited	(26,150)	39.34
Expired	(44,900)	5.85
January 31, 2013	256,150	37.00
Cancelled and expired	(136,600)	50.01
January 31, 2014	119,550	27.74

The following table reflects the stock options outstanding as at January 31, 2014:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Grant date share price	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
6,000	6,000	8-Apr-09	8-Apr-14	$ 17.00	$ 89,344	$ 17.00	135%	5	0%	1.82%
64,500	64,500	10-Jul-09	10-Jul-14	20.00	1,107,604	20.00	128%	5	0%	2.39%
45,050	45,050	28-Apr-10	28-Apr-15	42.00	1,585,992	42.00	121%	5	0%	3.09%
4,000	4,000	4-Aug-11	4-Aug-16	8.00	20,694	6.25	126%	5	0%	1.65%
119,550	119,550				$ 2,803,633					

No options vested during the year ended January 31, 2014 (January 31, 2013 – nil). Furthermore, the Company had not granted any new options during 2014 (2013 – nil). As a result, the Company recorded $nil of share-based compensation expense for the year ended January 31, 2014 (January 31, 2013 - $nil). The weighted average remaining contractual life of outstanding options as of January 31, 2014 is 0.80 years.

11. NET LOSS PER SHARE

The number of shares used to calculate the diluted net loss per share for the years ended January 31, 2014 and 2013 included the weighted average number of Vast common shares outstanding of 7,149,219 and 5,232,702, respectively plus nil shares (2013 – nil) related to the dilutive effect of the conversion of stock options and warrants as the stock options and warrants would be anti-dilutive. The net loss per share calculations retrospectively reflect the share consolidation.

12. COMMITMENTS AND CONTINGENCIES

Management Contracts

The Company is party to certain management contracts. The minimum management contract commitments remaining under these contracts approximate $106,083 due within one year.

Office Lease

In November 2011, the Company renewed the lease agreement for its office premises extending the lease until January 31, 2017. The annual estimated rent and operating costs for the office premise is approximately $300,000. Effective November 15, 2013, the Company subleased its Calgary office space to a third party on the same terms and conditions as its original lease with the landlord. In the event the subtenant does not meet its commitments, the landlord would pursue Vast for the office lease costs until lease expiry.

Colombia

In May 2011, the Company signed a Hydrocarbon Exploration and Production Contract ("E&P Contract") with the Agencia Nacional de Hydrocarburos of Colombia ("ANH") for the oil and gas block Putumayo-03 (the "Putumayo Block"). The Putumayo Block in the Putumayo Basin was successfully secured by the Company during a bid round held on June 22, 2010, in Cartagena, Colombia (the "Bid"). On June 21, 2011, Vast entered into a letter of intent and participation agreement with a private Ontario company ("Ontario Co.") pursuant to which Ontario Co. agreed to acquire a 90% private interest in the Putumayo Block in consideration for paying to Vast a fee of US$50,000, agreeing to reimburse Vast for all expenses of the Bid and to allow Vast to retain a 10% carried interest during the first exploration phase (the "Carried Interest"). Subsequent to the Bid, Ontario Co. was acquired by Sagres Energy Inc. ("Sagres"). The resulting gain from the transaction was recorded in the Statement of Loss and Comprehensive Loss for the year ended January 31, 2012. At the time of the acquisition, Sagres was a related party to the Company by virtue of having common directors.

The Putumayo Block carries an additional royalty of 7% payable to the Government of Colombia in addition to the basic royalty scheme established under Colombia law, being 8% for up to 5,000 bopd of production and increasing to 25% for a 600,000 bopd field. All other terms of the contract are standard to the model E&P Contract.

The transaction was considered a Non-Arm's Length Transaction for the purposes of the TSX Venture Exchange as Vast and Ontario Co. had common directors and officers at the time the terms of the letter of intent were negotiated.

The E&P Contract requires of a minimum expenditure of USD $12.9 million over a 36 month period and according to the terms of the E&P Contract, the Company was required to issue an additional letter of credit in favor of the ANH for approximately USD $4.0 million ("Additional Guarantee") and incur approximately USD $0.2 million for exploration fees. The Company is aware that Sagres did not meet its work commitments and that all of Sagres' directors and officers resigned on September 11, 2013. On October 3, 2013, the Company terminated its participation agreement with Sagres, and as a result, obtained a 100% interest in the Putumayo Block. The Company remains the contractual party to the E&P Contract and has the obligation to the ANH for all work commitments under the E&P Contract terms (approximately USD $12.9 million).

While the Company remains responsible for the USD $12.9 million work commitment on the Putumayo-3 block, due to security issue related to guerilla fighters in and around the Putumayo-3 block, the Company (and previously Sagres) were not able to enter the area and perform the required work commitments. The Company believes this inability to enter the area constitutes a force majeure under the E&P Contract. As a result, the Company has not recorded any provision for this obligation at January 31, 2014.

During January 2014, the ANH drew down USD $100,000 of the USD $110,000 fixed deposit securing the standby letter of credit. Management understands that the ANH is taking steps to take back the Putumayo Block.

13. RELATED PARTY TRANSACTIONS

The Company's related parties consist of directors and officers and companies controlled by officers and former officers of the Company.

The Company shares its office space with other companies who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc., to whom the Company pays a monthly fee. 2227929 Ontario Inc. does not have any officers or directors in common with the Company. During the year ended January 31, 2014, Vast was invoiced $139,007 by 2227929 Ontario Inc. (2013 - $nil).

Vast was invoiced its share of accounting software costs (50% of amount invoiced by the supplier) and business travel expenses (allocated on a case-by-case basis) by a related company named Stetson Oil & Gas Ltd. As at January 31, 2014, the Company had a net payable balance to Stetson Oil & Gas Ltd. of $22,375 (2013 - $6,834). The amount was settled subsequent to year-end.

Compensation of key management personnel of the Company:

Key management personnel include the Board of Directors and executive officers of the Company. Key management personnel compensation during the years ended January 31, 2014 and 2013 was comprised of the following:

	Year ended January 31,	
	2014	2013
Salaries, wages and short-term benefits	$ 2,351,048	$ 331,307
Change of control benefit	1,450,000	-
Balance	$ 3,801,048	$ 331,307

14. GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of significant cost categories included in general and administrative expense is as follows:

	Year ended	
	January 31, 2014	January 31, 2013
General and administrative expenses:		
Consulting, salaries and benefits	$ 2,643,828	$ 1,517,232
Compensation due on change of control (Note 13)	1,450,000	-
Office rent and supplies	308,309	182,374
Business development and travel costs	113,195	106,747
Director fees	129,712	-
Professional fees	87,415	-
Shareholder communications	101,688	-
Other	-	18,646
Total	$ 4,834,147	$ 1,824,999

15. CAPITAL MANAGEMENT

Vast considers its capital structure to include shareholders' equity. The policy of the Company is to maintain a capital base to ensure that they are able to sustain the future development of the Company's business objectives. The Company manages its capital through the issuance of shares as well as prudently managing expenditures relating to acquisition, exploration and development of resource properties. The ability of the Company to access the equity market will dictate whether the capital necessary to meet the Company's business objectives is attainable. As at January 31, 2014, the Company has not entered into any debt financing arrangements. Vast is not subject to any externally imposed capital requirements.

The Company's capital structure consists of shareholders' equity, comprising issued share capital plus share-based payments reserve less accumulated other comprehensive loss and deficit with a balance of $619,409 as at January 31, 2014 (January 31, 2013 – $4,111,534).

16. RISK MANAGEMENT & FINANCIAL INSTRUMENTS

The fair value of the Company's cash, accounts receivable, accounts payable and accrued liabilities approximate carrying value, due to their short-term nature. The Company's other financial instrument, being restricted cash, is measured at amortized cost and its fair value does not significantly differ from its carrying value.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and price risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or a third party to a financial instrument fails to meet its contractual obligations.

The Company is subject to credit risk on the cash, restricted cash and accounts receivable and receivable from asset disposal. The Company limits its exposure to credit loss by placing its cash and restricted cash with major financial institutions.

The Company's accounts receivable are with parties in the oil and gas industry and are subject to normal industry credit risks. The carrying value of accounts receivable reflects management's assessment of the credit risk associated with these parties.

Management believes the credit risk is mitigated by the size and reputation of the companies to which they extend credit. Joint venture receivables are usually collected within three months of the joint venture bill being issued to the partner. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to the expenditure. However, the receivables are from participants in the petroleum and natural gas sector, and collection of the outstanding balances can be impacted by industry factors such as commodity price fluctuations, limited capital availability and unsuccessful drilling programs.

The Company does not typically obtain collateral from petroleum and natural gas joint venture partners. The Company has not experienced significant credit loss in the collection of accounts receivable in the past. During the year ended January 31, 2014, the Company recorded $427,195 in bad debt expense (January 31, 2013 – bad debt expense of $541,498) for which the entire amount relates to receivables from related parties.

The carrying amounts of cash, restricted cash, accounts receivable and promissory note receivable represent the maximum credit exposure. There were no derivative instruments held at January 31, 2014 and 2013.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined in Note 15 to the consolidated financial statements.

The Company's approach to managing liquidity risk is to forecast its exploration obligations and cash requirements. The Company had cash at January 31, 2014 in the amount of $548,231 (January 31, 2013 - $284,810) in order to settle accounts payable and accrued liabilities of $121,516 (January 31, 2013 - $5,882,147). All of the Company's short-term financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

16. RISK MANAGEMENT & FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity prices, and foreign exchange rates.

a) Interest rate risk

The Company's cash consist of cash held in bank accounts and fixed income investments that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values. The Company's restricted cash represents fixed income investments deposited with banking institutions in Canada. Given that these investments have fixed interest rate terms, fluctuations in market interest rates do not have any impact on its estimated fair value. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

The Company's sensitivity analysis suggests that a 1% change in interest rates would not have a significant effect on the Company.

b) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company does not hold financial instruments that might be impacted by commodity prices.

c) Currency risk

Currency risk exposures arise from transactions denominated in a foreign currency. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

The Company's currency risk arises primarily with respect to the US dollar. The Company has not hedged its exposure to currency fluctuations. The changes in the US dollar exchange rate relative to the Canadian dollar would not have a significant impact on the loss for the year.

17. SUBSEQUENT EVENT

On May 6, 2014, the Company announced that it had entered into a definitive agreement (the "Agreement") for the Company's acquisition (the "Acquisition") of Delebrity Inc. ("Delebrity"). The Acquisition will be accomplished through a "three-cornered" amalgamation, pursuant to which Vast's newly incorporated wholly-owned subsidiary will amalgamate with Delebrity, and each outstanding security of Delebrity will be exchanged for one equivalent security of Vast. The resulting entity will be a wholly-owned subsidiary of Vast and will carry on the business of Delebrity.

On closing of the Acquisition, the Company expects to issue an aggregate of 44,193,755 common shares to the existing shareholders of Delebrity, 3,750,000 options to the existing option holders of Delebrity and 370,000 finder's warrants to the existing warrant holders of Delebrity.

All securities issued in connection with the Acquisition will be subject a four-month statutory hold.

Completion of the Acquisition is subject to a number of conditions, including but not limited to, TSX Venture Exchange ("Exchange") acceptance and if applicable pursuant to Exchange requirements, shareholder approval. There can be no assurance that the transaction will be completed as proposed or at all.