ARHT MEDIA

Management's Discussion & Analysis

for the three months ended

April 30, 2015 and March 31, 2014

(Expressed in Canadian dollars)

Date: June 23, 2015

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of ARHT Media Inc. ("we", "our", "us", "ARHT Media", or the "Company") for the three months ended April 30, 2015 and three months ended March 31, 2014, and should be read in conjunction with the consolidated financial statements and related notes for the thirteen month period ended January 31, 2015 and twelve month period ended December 31, 2013. The consolidated financial statements and related notes of ARHT Media have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information, including our press releases, have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and are available online under our profile at www.sedar.com.

The Audit Committee of the Company has reviewed this MD&A and the consolidated financial statements for the three months ended April 30, 2015, and the Board of Directors approved these documents prior to their release.

CAUTIONARY STATEMENTS

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including, but not limited to, the following:

- The Company's strategies and objectives
- General business and economic conditions
- Changes in technology
- The emergence of additional competitors in the industry
- Financial stability of the Company's customers
- Ability for the Company to keep key employees and customers
- The Company's ability to generate positive cash flow
- The Company's ability to manage growth with respect to a new business opportunity

Readers are cautioned that the preceding lists of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by these forward looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, investors in securities of the Company should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this document are made as of the date hereof.

Overview

ARHT Media Inc. was co-founded by Rene Bharti (Chairman), and legendary entertainer Paul Anka in 2012, with the goal of creating the world's leading edge digital humans, (known as HumaGrams™) for the purpose of monetizing them across a variety of platforms. The company's unique and patent-pending ARHT™ (Augmented Reality Holographic Technology) engine, allows its HumaGrams™ to interact and conduct real-time e-commerce with consumers, and provide invaluable analytics back towards retailers. ARHT has offices in Toronto, Canada, and Hollywood, California.

ARHT Media trades under the symbol "ART" on the Toronto Venture Stock Exchange as a Tier2 Technology Issuer.

ARHT Media Inc. was formerly known as Vast Exploration Inc. ("Vast"). The Company changed its name after completion of a reverse-takeover transaction on October 15, 2014 whereby Vast acquired all the issued and outstanding shares of a private company named Delebrity Inc. ("Delebrity"). Please refer to the Amended Filing Statement dated September 30, 2014 filed on www.sedar.com for more details on the reverse-takeover transaction.

The Company has one subsidiary – ARHT Media (USA) Inc., a California corporation.

Highlights

- On March 6, 2015, the Company announced the closing of its non-brokered private placement financing by issuing 5,172,500 units at a price of $0.40 per unit (the "Units"), for total gross proceeds of $2,069,000 (the "Offering").
  Each Unit is comprised of one common share (a "Share") and one-half of one common share purchase warrant. Each whole warrant (a "Warrant") will entitle the holder thereof to purchase one additional Share (a "Warrant Share") at an exercise price of $0.60 per Warrant Share for a period of two years from the date of closing of the Offering. If at any time after four months and one day from the closing date the common shares of ARHT trade at $0.75 per common share or higher (on a volume weighted adjusted basis) for a period of 20 consecutive days, the Company will have the right to accelerate the expiry date of the Warrants to a date that is 30 days after the Company issues a news release announcing that it has elected to exercise this acceleration right. Directors of the Company subscribed for 875,000 units of this private placement. The proceeds from the Offering are expected to be used for general working capital purposes and to help finance potential acquisitions.
- Subsequent to January 31, 2015, 248,000 finder's warrants exercised for cash proceeds of $62,000.
- On April 28, 2015, 45,050 options expired unexercised.
- On April 30, 2015, the Company and Success Resources Global Ltd. announced a strategic partnership for the customized application and distribution of ARHT's Augmented Reality Holographic Technology Platform in the rapidly developing education seminar market. As part of this relationship, the two companies will work to jointly develop a global license and distribution partnership, implementing ARHT's holographic display technology in a variety of applications. The broad product offering includes one or more people delivered in real time as HumaGrams to one or more display stages simultaneously both on and off stage, personal one-on-one sessions (pre-recorded, live and / or simulcast events), product and brand advertising, event promotion, attendee monetization from point of sale and direct to smartphone offers.

Subsequent Events

- On May 21, 2015, the Company and Ticketmaster Canada announced that they are working together to showcase the application of ARHT's Augment Reality Holographic Technology platform in entertainment venues and retail environments at the MTS Centre in Winnipeg and at the Canadian Music Week in Toronto.
- On June 2, 2015, the Company and Success Resources Global Ltd. announced that Australian audiences are in for a technological treat when they experience a seminar by 3D human hologram. Tony Robbins, the world's premier success coach, headlines Business Mastery in Melbourne in late June appearing as a HumaGram live and in 3D from Miami.
- On June 3, 2015, the Company announced that it was approved for a $350,000 term loan facility to finance the acquisition of fixed assets. The Company received a first drawn down of $255,110 on June 12, 2015. The Company also announced that it granted 550,000 stock options exercisable at $0.42 per option.
- On June 4, 2015, the Company and Klick Inc. jointly announced a strategic partnership to explore the use of a suite of products involving 3D, holographic and proximity marketing technology in Klick's healthcare marketing efforts. This partnership will develop further applications to provide high-impact content for speaking engagements, medical conferences and other healthcare, pharmaceutical and biotechnology events. With proximity technology and gesture controls in place, ARHT's holograms will make for a fully immersive experience while exploring more dynamic interactive visual aids, in the field of healthcare education in particular.

Outlook

<u>Technology & Products</u>

- We continued to demonstrate the ARHT Media Platform to several interested parties in Q1, validating the operational readiness of our beta release. We anticipate Q2 and subsequent quarters to well articulate our technology and products and associated use cases for beta testing.
- The Engineering Team made significant advancements to the ARHT Engine in Q1, resulting in improved interactivity with HumaGrams and advanced data capture. The Engineering team will continue making advancements to the Proximity Marketing Platform throughout Q2 and subsequent quarters, specifically data capture and analytics, audience profiling and programmatic delivery of HumaGram or promotional content.
- The Product and Engineering Teams will continue research and development efforts tied to early market feedback and planned go-to-market efforts.
- The Product Development, Engineering and Experience Design teams continue to gain velocity in the design, build, test and learn cycles we undertake for the advancement of our products and technology.

<u>Revenues, Markets and Distribution</u>

- With our technology and products ready for beta testing, we experienced a significant volume of demonstrations and interest in Q1 within the following markets:
  - Live Events
  - Retail Display
  - Digital Signage
  - Pharmaceutical
  - Education & Training
  - Trade Shows & Conferences

- We entered early-stage partnership discussions in Q1 with several key parties in the markets identified above with the goal of beta testing our technology and products tied to specific yet highly scalable use cases. We anticipate early potential partners will test our technology and products in a few key areas and/or locations and thus the initial revenue commitments will be nominal (sub-$100K).
- For our early test partners, we will derive revenue from licensing the ARHT Media Platform and from Managed Services fees relating to design, content development, installation and support.
- As we look at Q2, we plan on executing several strategic partnerships to bring real-world feedback to the ARHT Media teams. Specifically, to better inform our key markets, use cases, resources roadmap, data strategy and pricing model, all before we exit beta. These efforts may continue into subsequent quarters within fiscal 2015.
- Looking at Q2 and onwards, we anticipate working relationships with strategic partners who will bring global scale to our technology and products, therefore enabling ARHT Media across multiple geographies within primary and exploratory markets.
- We plan on further developing our Hollywood studio and office in Q2 to increase our potential partnership opportunities and to test at scale within the US market.
- We staffed a Market Strategy & Development team in Q1 to drive go-to-market efforts in key markets we will be testing and validating in Q2 and subsequent periods, and to execute continuous development in these markets.
- As we go through Q2 and potentially Q3, we will continue mobilizing our Business Development and Partnership Development efforts to increase our overall direct and indirect engagement opportunities in the key markets we have identified.

Selected Annual Financial Information

(Expressed in Canadian dollars $)	Thirteen months ended January 31, 2015 $	Twelve months ended December 31, 2013 $	Twelve months ended December 31, 2012 $
Revenue	7,500	-	-
Cash (used in) operations	(2,132,894)	(105,083)	(1,643,771)
Net (loss)	(7,113,737)	(360,372)	(2,405,655)
Net (loss) per share - basic and diluted	(0.16)	(0.02)	(0.15)
Total Assets	407,359	71,391	116,802
Working Capital	(223,893)	(1,487,177)	(1,446,305)

As Delebrity Inc. (the predecessor corporation of ARHT Media Inc.) was incorporated under the Business Corporations Act (Ontario) on June 20, 2012, no annual information is presented for 2011.

Summary of Quarterly Results

(Expressed in Canadian dollars $)	Apr-15	Jan-15	Oct-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13
Net income (loss)	(1,032,697)	(929,673)	(5,411,414)	(685,480)	(87,170)	(191,594)	(40,065)	(8,999)
Per share - basic and diluted	(0.02)	(0.02)	(0.12)	(0.02)	(0.00)	(0.01)	(0.00)	(0.00)

The Company's net loss has steadily increased since June 2013 as it ramped up its product development efforts. The Company expects to start generating revenues which will reduce its net loss in Q2 of the fiscal year. The Q3 2014 loss of $5.4 million includes $4 million of non-cash transaction costs associated with the Company's reverse take-over transaction.

Results of Operations

	For the three months ended	
	April 30, 2015 $	March 31, 2014 $
Expenses		
Consulting and management fees	273,914	30,000
Research expenditures	349,981	23,300
Office, rent and supplies	159,406	725
Professional fees	74,392	3,750
Travel	66,050	4,457
Shareholder, communications and filing fees	43,217	1,688
Selling and marketing	40,567	-
Amortization	20,003	-
Share-based compensation	5,167	23,250
Total net loss and comprehensive loss	(1,032,697)	(87,170)

During three months ended April 30, 2015, total expenses were $1,032,697. Excluding non-cash share based compensation $5,167 and non-cash amortization $20,003, cash expenses for the period were $1,007,527 (three months ended March 31, 2014: $63,920). The Company has two production studios – one in California and one in Toronto. It also maintains an office in Toronto. The costs of the three locations are included in office, rent and supplies of $159,406. Research expenditures of $349,981 includes all research and development of the Company's HumaGram technology.

The increase in total expenses compared to the three months ended March 31, 2014 of $87,170 was primarily due to increased activities relating to development of HumaGram and ramp up efforts to commercialize the product.

Cash Flows

Cash Flows for the three months ended April 30, 2015 and March 31, 2014:

(Expressed in Canadian dollars $)	For the three months ended April 30, 2015	March 31, 2014
Cash (used in) operating activities before change in working capital items	(1,007,527)	(63,920)
Net change in working capital items	29,684	17,079
Net cash provided by financing activities	2,119,670	250,000
Net cash (used) in investing activities	(162,764)	-
Change in cash	979,063	203,159

Cash of $1,007,527 was used in operating activities before change in working capital items during the three months ended April 30, 2015 compared to $63,920 used in operating activities during the three months ended March 30, 2014 primarily due to increased activities relating to development of HumaGram.

On March 6, 2015, the Company completed a private placement for gross proceeds of $2,069,000 by issuing 5,172,500 units at a price of $0.40 per unit. A total of 875,000 shares were subscribed for by the Company's directors for total proceeds of $350,000. A total of $11,330 of share issuance cost was paid, consisting of cash commission of $10,200 to finders, and $1,130 of legal fees. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional share at an exercise price of $0.60 per share for a period of two years from the date of closing of the Offering. If at any time after four months and one day from the closing date the common shares of ARHT trade at $0.75 per common share or higher (on a volume weighted adjusted basis) for a period of 20 consecutive days, the Company will have the right to accelerate the expiry date of the warrants to a date that is 30 days after the Company issues a news release announcing that it has elected to exercise this acceleration right.

Cash used of $162,764 for investing activities during the three months ended April 30, 2015 was for acquisition of equipment used in HumaGram production. No equipment was acquired during the three months ended March 31, 2014.

Liquidity and Capital Resources

The Company defines capital that it manages as the aggregate of its share capital, being composed of capital stock, warrants, options, deficit and cash. Its objective when managing capital is to ensure that the Company will continue as a going concern, so that it can provide products and services to its customers and returns to its shareholders.

The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements at any point in time. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

At April 30, 2015, the Company has not yet achieved profitable operations, has a working capital of $725,487 and accumulated deficit of $10,772,961 since its inception. The Company will seek additional financing in the near term to have sufficient cash on hand to fund operating expenses and development costs until it becomes operating cash flow positive.

The Company has historically financed its operations and met its capital requirements primarily through debt and the sale of capital stock by way of private placements. There can be no certainty that the Company will be able to obtain future financings from these sources.

The operations of the business, in the long term, are dependent upon the Company's ability to successfully achieve market acceptance of its current suite of products and any new products that may be introduced. Until such time as the Company has sufficient sales revenue from which to internally fund its operating cost requirements, the Company will likely require additional financings. These future financings may be obtained from the sale of assets, additional debt arrangements, or the issuance of additional equity securities. The issuance of additional equity securities by the Company could result in significant dilution in the equity interests of the current stockholders. There can be no assurance that additional financing will be available to the Company when needed or, if available, that it can be obtained on commercially reasonable terms. If the Company is not able to obtain the additional financing on a timely basis, it may be forced to scale down or perhaps even cease the operation of its business.

These factors may raise significant doubt about the Company's ability to continue as a going concern. The Company's condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown on the April 30, 2015 consolidated 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.

Risks and Uncertainties

The risks and uncertainties below must be taken into account, as they may affect the Company's ability to achieve our strategic goals. Investors are therefore advised to consider the following items in assessing the Company's future prospects as an investment.

Future operations

Presently, the Company's revenues are not sufficient to meet operating and capital expenses and the Company has incurred operating losses since inception, which are likely to continue for the foreseeable future.

Due to the uncertainty of the Company's ability to meet its current operating and capital expenses, in the audit report attached to the consolidated financial statements for the thirteen month period ended January 31, 2015, the Company's independent registered public accounting firm included an emphasis of matter paragraph regarding concerns about material uncertainty that may cast significant doubt our ability to continue as a going concern.

There is substantial doubt about the Company's ability to continue as a going concern as the continuation of the business may be dependent upon obtaining further financing, successful and sufficient market acceptance of current products and any new products that may be introduced, the continuing successful development of product and related technologies, and, finally, achieving a profitable level of operations. The issuance of additional equity securities by the Company could result in a significant dilution in the equity interests of the current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments.

There are no assurances that the Company will be able to obtain further funds required for continued operations. The Company is pursuing various financing alternatives to meet its long-term financial requirements. There can be no assurance that additional financing will be available to the Company when needed or, if available, that it can be obtained on commercially reasonable terms. If the Company is not able to obtain the additional financing on a timely basis, it will be forced to scale down or perhaps even cease the operation of its business.

Competition and technological obsolescence

The markets for the Company's products and services experience ongoing technological changes and the Company must compete with existing technology and service providers, new companies and advancing technologies. In order to remain fully competitive, the Company must continue to innovate and respond with advanced generations of software, products and services. The inability to react in a timely fashion to technological and competitive changes could have a negative impact on the Company and its ability to attract and retain customers. Moreover, the highly competitive market in which the Company operates could cause the Company to reduce its prices and offer other favorable terms in order to compete successfully with its rivals. These practices could, over time, limit the prices that the Company can charge for its products and services. If the Company was unable to offset such potential price reductions from software sales and related products it could negatively impact the Company's profit margins and operating results.

Possible dilution to present and prospective shareholders

Business negotiations related to the Company's search for new business opportunities may result in the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence of key personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term.

Lack of trading

The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of share price

Market prices for company shares listed on the TSX Venture Exchange are often volatile. Factors such as announcements of financial results, and other factors could have a significant effect on the price of the Company's shares.

Third party credit risk

The Company may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Regulatory

Technology operations are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. The Company's operations may require licenses and permits from various governmental authorities in the countries in which it operates. There can be no assurance that the Company, or its partners, will be able to obtain all necessary licenses and permits that may be required to carry out or continue its operations.

Conflicts of interest

Certain of the directors and officers of the Company may serve from time to time as directors, officers, promoters and members of management of other companies involved in technology similar to the Company and therefore it is possible that a conflict may arise between their duties as a director or officers of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable laws and the directors and officers will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Litigation

All industries, including the technology industry, are subject to legal claims, with and without merit. Legal proceedings may arise from time to time in the course of the Company's business. Such litigation may be brought against the Company or one or more of its subsidiaries in the future from time to time or the Company or one or more of its subsidiaries may be subject to another form of litigation. Defense and settlement costs of legal claims can be substantial, even with respect to lawsuits that have no merit.

Lack of dividend policy

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends paid by the Company will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Related Party Transactions

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and also comprise the directors of the Company.

The remuneration of key management personnel during the three months ended April 30, 2015 and March 31, 2014 were as follows:

	For the three months ended	
	April 30, 2015	March 31, 2014
Short-term benefits (i)	$ 187,500	$ 30,000
Share-based payments	5,167	23,250
Total compensation	$ 192,667	$ 53,250

(i) During the thirteen months ended April 30, 2015, Change Path Consulting, a corporation controlled by an officer of the Company, charged consulting fees of $75,000 (three months ended March 31, 2014 - $30,000) and Soumi Holdings Inc., a corporation controlled by the Chairman of the Company, charged consulting fees of $60,000 (three months ended March 31, 2014 - $Nil).

The following balances were outstanding at the end of the reporting period:

	Amounts owed to related parties	
	As at April 30, 2015	As at March 31, 2014
Soumi Holdings Inc	$ -	$ 33,829

Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The fair value of these financial instruments, approximates their carrying values due to the short-term nature of these instruments. The Company's financial instruments recorded at fair value consists of cash and cash equivalents, are classified as level 2 within the fair value hierarchy.

The Company is exposed to a variety of financial risks by virtue of its activities including but not limited to the following:

a) *Currency risk* - The Company is exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar, namely the U.S. dollar. The Company has determined that there is very limited currency risk at this time as its expenses in U.S. dollars are not significant at this time.

b) *Credit risk* - Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions. Financial instruments included in accounts receivable consist of sales tax recoverable from the Government of Canada. The Company's financial instruments are not exposed to significant credit risk.

c) *Interest rate risk* - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds cash and does not have any interest bearing debt at April 30. 2015.

d) *Liquidity risk* - Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

Capital management

The Company defines capital that it manages as the aggregate of its share capital, being composed of capital stock, reserves, deficit and cash. Its objective when managing capital is to ensure that the Company will continue as a going concern, so that is can provide products and services to its customers and returns to its shareholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments. The Company requires capital to maintain its operating businesses, sustain corporate operations and repay existing obligations. The Company may seek additional financing by means of issuing share capital, the sale of assets or debt financing. There can be no certainty of the Company's ability to raise any additional financing from any of these sources.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. The Company currently is not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the three months ended April 30, 2015 and March 31, 2014.

New and future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently evaluating the impact of the following pronouncements on the Company's consolidated financial statements.

IFRS 2 – Share-based Payment ("IFRS 2") was amended to clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

IFRS 8 - Operating Segments ("IFRS 8") was amended to require an entity to disclose the judgments made by management in aggregating segments. IFRS 8 was also amended to clarify that an entity needs to present a reconciliation between the total reporting segment's assets to the entities' total assets if this information is usually provided to the chief operating decision maker. The amendments are effective for annual periods beginning on or after July 1, 2014.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 13 – Fair Value Measurement (“IFRS 13”) was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.IFRS 15 - Revenue From Contracts With Customers (“IFRS 15”) proposes to replace IAS 18 - Revenue, IAS 11 -Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IAS 19 - Employee Benefits (“IAS 19”) was amended by the IASB in November 2013 to simplify the accounting for contributions from employees or third parties to defined benefit plans that are independent of the number of years of service. The amendments to IAS 19 are effective for annual periods beginning on or after July 1, 2014.

IAS 24 – Related Party Disclosures (“IAS 24”) was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

Commitments and Contingencies

Management Contracts

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to approximately $1,890,000 due within one year. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements. Additional minimum management contract commitments remaining under these contract approximate $315,000 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 the Company for the office lease costs until lease expiry.

Colombia

In May 2011, Vast 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 Vast 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 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 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, Vast 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. Vast 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, Vast terminated its participation agreement with Sagres, and as a result, obtained a 100% interest in the Putumayo Block. Vast 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).

Vast signed a relinquishment agreement with the ANH to relinquish its interest in the Putumayo Block back to the ANH in exchange for the ANH agreeing to waive all work commitment obligations of Vast related to the E&P Contract. The relinquishment agreement was subject to Vast and the ANH signing a final liquidation agreement and Vast also provided the ANH with certain standard indemnities. As a result, Vast has not recorded any provision for this obligation or indemnity at April 30, 2015.

Scientific Research & Experimental Development ("SR&ED") Tax Credits

The Company entered into an agreement with a consultant to assist with a SR&ED tax credit claim for the December 31, 2013, October 15, 2014 and January 31, 2015 tax periods. The Company has retained the consultant on a contingency fee basis. The fees payable to the consultant will be deducted from any SR&ED refunds received. Fees are earned only upon acceptance of the claim by the Canada Revenue Agency.

Off Balance-Sheet Items

The Company does not have any off-balance sheet items as at April 30, 3015 and January 31, 2015.

Management's Responsibility for Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these Financial Statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in these filings. The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Outstanding Share Data

As at the date of this MD&A, the following common shares, common shares purchase options, share purchase warrants and special performance shares were issued and outstanding:

As at the date of this MD&A, there were 66,405,464 common shares outstanding, 5,964,000 stock options outstanding with a weighted average exercise price of $0.27 per share and 2,586,250 warrants outstanding with a weighted average exercise price of $0.60.