ARHT MEDIA

Management's Discussion & Analysis

for the periods ended

January 31, 2016 and January 31, 2015

(Expressed in Canadian dollars)

Date: **May 13, 2016**

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", "ARHT", or the "Company") for the twelve month period ended January 31, 2016 and thirteen month period ended January 31, 2015, and should be read in conjunction with the consolidated financial statements and related notes for the twelve month period ended January 31, 2016 and thirteen month period ended January 31, 2015. Readers should also refer to the filing statement dated September 30, 2014 for additional information. 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.

Reference to fiscal 2016 refer to twelve month period ended January 31, 2017. Reference to fiscal 2015 refer to twelve month period ended January 31, 2016.

The Audit Committee of the Company has reviewed this MD&A and the consolidated financial statements for the twelve month period ended January 31, 2016, 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 ARHT's 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 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 patented 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. 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.

Fourth Quarter Highlights

- On January 25, 2016, the Company announced the closing of its private placement financing comprising 6,892,000 units (the "Units") at a purchase price of $0.25 per Unit for gross proceeds of $1,723,000 (the "Offering"). Each Unit was comprised of one common share (a "Share") and one-half of one common share purchase warrant. Each whole warrant (a "Warrant") entitles the holder thereof to purchase one additional common share of ARHT (a "Warrant Share") at an exercise price of $0.30 per Warrant Share for a period of three years from the date of closing of the Offering

Subsequent Events

- On February 9, 2016, the Company announced the appointment of Dr. Simon Leung to its advisory board. Dr. Leung is currently the Vice Chairman of NetDragon Websoft Inc., the CEO of Huayu Education Technology, and the Chairman of the board of Promethean World Limited.
- During the NBA All-Star Weekend Events on Feb 10 to 14, 2016 in Toronto, the Company created 3D and rotating content, an execution of our smARHT Displays, for experiential marketing.
- On February 11, 2016, the Company retained Pinnacle Capital Markets Ltd. ("Pinnacle"), a Toronto based firm led by Spyros Karellas, to develop and provide investor relations services for the Company. Pinnacle has been engaged to refine and execute an investor relations strategy that will enhance and expand ARHT's exposure with the Canadian and international investment community. Pinnacle will assist the Company in fostering productive, continuing dialogues with analysts, brokers, potential investors, current shareholders and other financial professionals.
- On April 11, 2016, the Company announced that it secured the exclusive digital rights to Christopher Wallace, also known as "Notorious B.I.G.". The agreement will allow ARHT to create a hologram, or Humagram™, of Notorious B.I.G. for a variety of purposes such as arena appearances, stage shows, concerts and various media campaigns.
- On April 12, 2016, the Company announced the closing of its non-brokered private placement financing with a subsidiary of NetDragon Websoft Inc. ("NetDragon") by issuing 19,278,104 common shares at a price of $0.25 per unit, for total gross proceeds of $4,819,526.
- On April 12, 2016, the Company announced NetDragon and ARHT have signed an agreement to establish a joint venture in select Asia Pacific markets that will include a multi-year exclusive license of ARHT's technology as well as a license of NetDragon's mobile-focused community, instant messaging and app store technologies. NetDragon, one of China's largest gaming and online education companies, will unlock a network of opportunities for the use of ARHT's digital human holograms, HumaGrams, and its supporting technologies to millions of people in China, India and certain other countries in the Asia Pacific region.

Outlook

Technology & Products

- During fiscal 2015 and fiscal 2016, we entered into active production of worldwide, interactive, live HumaGrams smARHT Events with two major milestones; the live holoporting of Tony Robbins from a studio in Florida to a convention centre in Melbourne, Australia and the live holoporting of comedian, Dashan from our LA studio to mainland China.
- The Engineering team made significant progress on software development such as data capture, live real-time video transport and display hardware technology such as flexible, portable and cost efficient smARHT Displays. As a result, our technology was able to achieve less than two second latency in round trip high fidelity video delivery half way around the planet, and hardware technology that brings overall cost to a fraction of the current market alternatives. The Company will continue to call the technology stack the 'smARHT Platform'. Both Technology & Product teams will continue to augment these software and hardware elements within the smARHT Platform throughout fiscal 2016 and beyond.
- The Product and Engineering Teams will continue to develop products and solutions which significantly reduce the cost of creating and displaying HumaGrams across multiple IP end points, such as Virtual Reality headsets, to ultimately increase the shelf life, reach and monetization of HumaGram content, while at the same time increasing both the fidelity and interactivity of the experience.
- 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.

Revenues, Markets and Distribution

- We exited fiscal 2015 with a significant volume of demonstrations and interest for fiscal 2016 and beyond in the following markets:
- Education & Training
- Trade Shows & Conferences
- Live Events
- Retail Display
- Digital Signage
- Holo-Porting, the ability to beam in the best of the world to the rest of the world, into multiple locations or IP end points at the same time, continues to be an area of focus, particularly in the aforementioned markets, both domestically and internationally.
- Both China and India, in addition to North America, will be core markets for ARHT Media in fiscal 2016 and beyond, as the strategic partnership with NetDragon (a joint venture with combined technologies from both companies) will enable Holo-Porting from all parts of the world into these markets as paid education, training and/or entertainment events followed by engaged users on a cross-device instant messaging and community platform.
- We entered into a mix of early-stage and advanced partnership discussions with speakers (subject matter experts) to be holo-ported from our studios in Los Angeles and Toronto, as well as other mobile studios, to deliver training, education and entertainment-based events.
- We will be opening up several studio facilities in the Asia Pacific market, starting with Hong Kong and mainland China.
- We anticipate revenue to be generated from events on a fixed fee basis, on a revenue and/or profit sharing basis, or through long term licensing relationships.
- As we look at fiscal 2016 and beyond, we plan on executing several strategic partnerships within North America and in China and India through our strategic partnership with NetDragon. These partnerships will

entail revenues, but also provide real-time feedback on product and technology development, as well as our pricing models. These efforts will continue into subsequent quarters within fiscal 2016.

- Looking at fiscal 2016, we anticipate working relationships with strategic partners who will continue to bring global scale to our technology and products in addition to the Asia Pacific market, therefore enabling ARHT Media across several geographies within primary and exploratory markets.
- We staffed our Sales efforts in fiscal 2015 to drive client and revenue opportunities. We anticipate continued efforts to scale our Sales and support teams in fiscal 2016 and beyond.
- As we go through first quarter of fiscal 2016 and beyond, 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.
- We will continue to evaluate and develop around emerging HumaGram content development and IP distribution end points, such as Augmented Reality and Virtual Reality, throughout fiscal 2016 and future years. These efforts will be to augment the smARHT Platform for fiscal 2016 and more specifically, for future periods.

Summarized Financial Results

Selected Annual Financial Information

(Expressed in Canadian dollars $)	January 31, 2016	January 31, 2015	December 31, 2013
	$	$	$
Revenue	165,000	7,500	-
Cash (used in) operations	(4,666,369)	(2,132,894)	(105,083)
Net (loss)	(5,454,003)	(7,113,737)	(360,372)
Net (loss) per share - basic and diluted	(0.08)	(0.16)	(0.02)
Total Assets	1,229,268	407,359	71,391
Working Capital	(288,653)	(223,893)	(1,487,177)

The Company started generating more meaningful revenues of $165,000 in the year ended January 31, 2016. The Company expects more significant revenue as it moves its products and services out of the beta phase and towards commercialization.

Summary of Quarterly Results

(Expressed in Canadian dollars $)	Jan-16	Oct-15	Jul-15	Apr-15	Jan-15	Oct-14	Jun-14	Mar-14
Net income (loss)	(1,985,410)	(1,334,791)	(1,101,105)	(1,032,697)	(929,673)	(5,411,414)	(685,480)	(87,170)
Per share - basic and diluted	(0.03)	(0.05)	(0.03)	(0.02)	(0.02)	(0.12)	(0.02)	(0.00)

The Company's net loss has steadily increased since March 2014 as it ramped up its product development efforts. The quarter ended October 31, 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 twelve months ended January 31, 2016 $	For the thirteen months ended January 31, 2015 $
Revenue	165,000	7,500
Cost of sales	45,755	-
Gross margin	119,245	7,500
Expenses		
Consulting and management fees	1,528,790	829,840
Research expenditures	1,623,590	746,347
Office, rent and supplies	714,481	245,102
Professional fees	418,925	255,418
Travel	488,765	157,137
Shareholder, communications and filing fees	147,994	138,989
Selling and marketing	133,274	135,817
Amortization	192,410	30,384
Share-based compensation	283,867	647,473
Loan interest	41,152	-
Event cost (recovery)	-	(62,222)
Transaction costs	-	3,996,952
Total expenses	(5,573,248)	(7,121,237)
Total net loss and comprehensive loss	(5,454,003)	(7,113,737)
Net loss per share - basic and diluted	(0.08)	(0.16)
Weighted average number of common share outstanding	67,843,457	43,960,102

During twelve month period ended January 31, 2016, total expenses were $5,573,248. Excluding non-cash share based compensation $283,867 and non-cash amortization $192,410, cash expenses for the year were $5,096,971 (thirteen month period ended January 31, 2015: $2,446,428). 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 approximately $547,000. Research expenditures of $1,623,590 includes all research and development of the Company's HumaGram and smARHT platform technology.

The increase in total cash expenses compared to the thirteen month period ended January 31, 2015 of $2,650,543 was primarily due to increased activities relating to market strategy and development, development of HumaGram and smARHT platform, setting up the Company's Hollywood studio and ramp up efforts to commercialize the product.

Cash Flows

Cash Flows for the twelve month period ended January 31, 2016 and thirteen month period ended January 31, 2015:

(Expressed in Canadian dollars $)	For the twelve months ended January 31, 2016	For the thirteen months ended January 31, 2015
Cash (used in) operating activities before change in working capital items	(4,971,766)	(2,438,928)
Net change in working capital items	305,397	306,034
Net cash provided by financing activities	5,492,588	2,350,720
Net cash (used) in investing activities	(523,785)	(142,307)
Change in cash	302,434	75,519

Cash of $4,971,766 was used in operating activities before change in working capital items during the twelve month period ended January 31, 2016 compared to $2,438,928 used in operating activities during the thirteen month period ended January 31, 2015 primarily due to increased activities relating to market strategy and development, development of patented smARHT platform and setting up the Company's Hollywood studio.

On June 3, 2015, the Company entered a credit facility agreement with its commercial bank to arrange a $350,000 credit facility to finance the purchase of fixed assets. The facility has a 5 year term but is renewed annually with the first year anniversary being on August 12, 2016 and bears interest at Royal Bank of Canada's prime rate plus a 3% margin, and is secured by a general security agreement covering all the assets of the Company and an $87,500 guaranteed investment certificate. The loan can be repaid at any time at the Company's discretion without penalty. Principal is payable by monthly payments of $6,140 plus interest and any remaining principal balance is payable upon maturity. The first three months of principal payment was waived. The Company has classified the total amount of the loan as due within one year in the Statement of Financial Position as at January 31, 2016.

On December 1, 2015, the Company entered into an unsecured debenture agreement for $500,000 which carried a 4% arrangement fee and interest of 12% per annum. The loan was repaid on January 25, 2016 in full.

On March 1, 2016, the Company entered into an unsecured debenture agreement for $200,000, which carried a $25,000 arrangement fee and interest of 8% per annum. The loan was repaid on April 12, 2016 in full.

On March 1, 2016, the Company entered into an unsecured debenture agreement for US$50,000 ($67,615), which carried a 5% arrangement fee and interest of 5% per annum. The loan was repaid on April 12, 2016 in full.

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 units 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 entitles 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 has 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.

On August 12, 2015, the Company completed a private placement financing for gross proceeds of $1,520,000 comprising 3,800,000 units at a purchase price of $0.40 per unit. A total of $23,130 of share issuance cost was paid, consisting of cash commission of $22,000 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 entitles 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. The Company also issued 25,000 finder warrants that had the same terms as the warrants.

On January 25, 2016, the Company announced the closing of a private placement financing comprising 6,892,000 units at a purchase price of $0.25 per unit for gross proceeds of $1,723,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional share at an exercise price of $0.30 per share for a period of three years from the date of closing of the Offering. If at any time after four months and one day from the closing date of the Offering the common shares of the Company trade at $0.45 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 $523,785 for investing activities during the twelve month period ended January 31, 2016 was for acquisition of equipment used in HumaGram production (thirteen month period ended January 31, 2015: $142,307).

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 other than as disclosed in Capital Management section. There were no changes in the Company's approach to capital management.

At January 31, 2016, the Company has not yet achieved profitable operations, has a working capital deficiency of $288,653 and accumulated deficit of $15,081,390 since its inception. On April 12, 2016, the Company announced the closing of its non-brokered private placement financing with NetDragon by issuing 19,278,104 common shares at a price of $0.25 per share, for total gross proceeds of $4,819,526. 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 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 January 31, 2016 consolidated financial statements, which 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 twelve month period ended January 31, 2016, 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.

Difficulties in managing growth

The Company and its subsidiary continue to experience growth in operations, which will continue to place significant demands on management and operational, financial and technological infrastructure. As growth continues, the Company must expend significant resources to identify, hire, integrate, develop and motivate a large number of qualified employees. If the Company fails to effectively manage hiring needs and successfully integrate new hires, the Company's ability to develop and enhance its technology and generate revenue may be impacted.

To effectively manage growth, including managing its various contractual and regulatory obligations, the Company will need to continue spending significant resources on improving its technology infrastructure, operational, financial and management controls, and reporting system and procedures by, among other things:

- monitoring and updating the Company's technology infrastructure to maintain high performance and attract new customers;
- enhancing the Company's internal controls to ensure timely and accurate reporting of all of the Company's operations;
- developing new technologies and upgrading existing technologies to remain competitive and attract new customers; and
- appropriately documenting the Company's information technology systems and the Company's business processes.

These enhancements and improvements will require significant capital expenditures and allocation of valuable management and employee resources. If the Company fails to implement these enhancements and improvements effectively, then the Company's ability to manage expected growth and comply with the rules and regulations that are applicable to public reporting companies will be impaired.

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.

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.

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 twelve month period ended January 31, 2016 and thirteen month period ended January 31, 2015 were as follows:

	For the 12 months ended January 31, 2016	For the 13 months ended January 31, 2015
Short-term benefits (i)	$ 735,000	$ 602,889
Share-based payments	23,617	314,883
Total compensation	$ 758,617	$ 917,772

(i) During the twelve months ended January 31, 2016, Change Path Consulting, a corporation controlled by an officer of the Company, charged consulting fees of $380,000 (thirteen months ended January 31, 2015 - $235,000), Soumi Holdings Inc., a corporation controlled by the Chairman of the Company, charged consulting fees of $240,000 (thirteen months ended January 31, 2015 - $155,000), 1449352 Ontario Ltd., a corporation controlled by a former director of the Company, charged consulting fees of $67,500 (thirteen months ended January 31, 2015 - $Nil) and 2015565 Ontario Ltd., a corporation controlled by a director of the Company, charged consulting fees of $5,000 (thirteen months ended January 31, 2015 - $Nil).

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

	Amounts owed to related parties	
	As at January 31, 2016	As at January 31, 2015
Soumi Holdings Inc.	$ 22,600	$ 5,650
Rene Bharti	$ 4,627	$ -
Change Path Consulting	$ -	$ 5,650

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 arises from the possibility that changes in interest rates will affect the value of financial instruments. The loans payable bear interest at fixed and variable rates. The Company does not hedge its exposure to interest rate risk as it is minimal and does not believe there would be any material movements for the thirteen month period ended January 31, 2016 and for the twelve month period ended January 31, 2015 as a result of changes in interest rates.

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 other than as noted below.

There were no changes in the Company's approach to capital management during the twelve month period ended January 31, 2016 and the thirteen month period ended January 31, 2015.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the Exchange which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of January 31, 2016, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the Exchange.

New Accounting Policies and Pronouncements

New accounting policies
During the year ended January 31, 2016, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRS 8, IFRS 13 and IAS 24. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

Recent accounting pronouncements
Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after February 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 7 – Financial Instruments: Disclosures ("IFRS 7") was amended in September 2014 to clarify whether a servicing contract is continuing involvement in a transferred asset for purposes of determining the disclosures required. IFRS 7 was also amended to clarify that the additional disclosures relating to offsetting are not specifically required for interim periods unless required by IAS 34. The amendments are effective for annual periods beginning on or after January 1, 2016.

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 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, 2018. Earlier adoption is permitted.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

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.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

IAS 38 - Intangible Assets ("IAS 38") and IAS 16 – Property, Plant and Equipment ("IAS 16"), were amended in May 2014 to introduce a rebuttable presumption that the use of revenue-based amortization methods is inappropriate. The amendments are effective for annual periods beginning on or after January 1, 2016.

Commitments and Contingencies

Management Contracts

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to approximately $1,974,000 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.

Consultant Contracts

The Company is party to certain consulting contracts. The Company has committed to issue options to acquire 700,000 common shares of ARHT to certain consultants, subject to the approval of the Board of Directors, which has not occurred as at January 31, 2016. These contracts also contain clauses requiring additional contingent payments of up to approximately $44,000. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements. Additional minimum contract commitments to certain consultants remaining under these contracts of approximately $110,000 due within one year.

Office Lease

In April 2015, the Company entered into a 12 month lease agreement for studio rental in Los Angeles, ending on April 30, 2016. The commitment remaining under this lease agreement is approximately $52,800 at January 31, 2016.

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 E&P Contract required a minimum expenditure of USD $12.9 million over a 36 month period which was not met. 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 which was completed on August 21, 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 January 31, 2015, October 15, 2014 and December 31, 2013 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. No tax credit claim has been accrued in these financial statements as collectability is uncertain given the claim is subject to the review and approval of the Canada Revenue Agency.

Off Balance-Sheet Items

The Company does not have any off-balance sheet items as at January 31, 2016 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, there were 96,390,568 common shares outstanding, 6,909,000 stock options outstanding with a weighted average exercise price of $0.18 per share and 7,957,250 warrants outstanding.