



VECTA ENERGY CORPORATION

Unaudited Financial Statements

For the Three and Nine months Ended

September 30, 2011



Vecta Energy Corporation

Management's Report

Management's Responsibility for Financial Statements

The accompanying financial statements of Vecta Energy Corporation ("the Company") are the responsibility of management. The financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles and include certain estimates that reflect management's best judgments. The financial information contained in management's discussion and analysis is consistent with the financial statements.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Company's Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control systems. The Audit Committee is composed of independent directors who are not employees of the Company. The Audit Committee is responsible for reviewing the financial statements and recommending them to the Board of Directors for approval. To discharge its duties, the Audit Committee meets regularly with management and Meyers Norris Penny LLP to discuss internal controls, accounting and financial reporting processes, audit plans and financial matters. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders.

November 28, 2011

"signed"

Thomas D. Coffman

President & CEO

"signed"

Fred Callaway

Chairman of the Board



Interim Financial Statements (unaudited)

	September 30 2011	December 31 2010
Assets		
Current		
Cash and cash equivalents	\$ 103,541	\$ 361,194
Receivables and other	129,102	96,562
Prepays and deposits	13,847	24,989
	<u>246,490</u>	<u>482,745</u>
Exploration & evaluation assets (note 4)	235,287	236,777
Property and equipment (note 5)	338,989	367,007
	<u>\$ 820,766</u>	<u>\$ 1,086,529</u>
Liabilities and Shareholders' Equity		
Current		
Payables and accruals	\$ 1,071,860	\$ 678,768
Secured loans	615,540	583,916
	<u>1,687,400</u>	<u>1,262,684</u>
Non-current liabilities		
Asset retirement obligations (note 8)	87,049	106,550
	<u>\$ 1,774,449</u>	<u>\$ 1,369,234</u>
Shareholders' Equity (Deficiency)		
Capital stock (note 9b)	9,186,163	9,178,107
Warrants	-	-
Contributed surplus (note 9c)	1,157,971	1,155,156
Deficit	(11,297,817)	(10,615,968)
	<u>(953,683)</u>	<u>(282,705)</u>
	<u>\$ 820,766</u>	<u>\$ 1,086,529</u>

Nature of operations and going concern (note 1)

Commitments and contingencies (note 14)

See accompanying notes to the financial statements.



Interim Statements of Operations, Comprehensive Loss *(unaudited)*

	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Revenue				
Oil and natural gas sales	\$ 139,490	\$ 28,924	\$ 504,293	\$ 374,135
Royalties	(3,593)	(5,214)	(19,006)	(59,037)
	135,897	23,710	485,287	315,098
Expenses				
Operating	11,075	13,147	57,164	128,663
Transportation	1,233	1,631	4,605	24,590
Depletion, depreciation and accretion	10,940	17,654	38,321	224,438
General and administrative	147,777	102,318	491,758	359,975
Financing costs <i>(note 7)</i>	16,719	22,035	62,361	65,105
Stock-based compensation	838	7,051	5,870	22,753
Loss on disposition of assets	-	-	-	746,329
	188,582	163,836	660,079	1,571,853
Loss before other items and taxes	\$ (52,685)	\$ (140,126)	\$ (174,792)	\$ (1,256,755)
Other items				
JV Project evaluation costs	49,515	-	509,341	-
Interest and other income	(2,271)	(524)	(2,284)	(528)
	47,244	(524)	507,057	(528)
Total comprehensive loss	(99,929)	(139,602)	(681,849)	(1,256,227)
Deficit, beginning of period	(11,197,888)	(9,993,247)	(10,615,968)	(8,876,622)
Deficit, end of period	\$ (11,297,817)	\$ (10,132,849)	\$ (11,297,817)	\$ (10,132,849)

See accompanying notes to financial statements.



Interim Statements of Cash Flow (unaudited)

	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Cash provided by (used in):				
Operations				
Net earnings/(loss) for the period	\$ (99,929)	\$ (139,602)	\$ (681,849)	\$ (1,256,227)
Add: non-cash items				
Depletion, depreciation and accretion	10,940	17,654	38,321	224,438
Loss on disposition of assets	-	-	-	746,329
Share based compensation	838	7,051	5,870	22,753
Financing costs - accretion	714	1,130	2,121	5,264
Non-cash operating expenses	-	-	873	-
Abandonment expenditures	(18,277)	505	(27,564)	(296)
	(105,714)	(113,262)	(662,228)	(257,739)
Changes in non-cash operating working capital	85,781	635,982	403,319	(17,407)
	(19,933)	522,720	(258,909)	(275,146)
Financing				
Exercise of stock options	-	-	5,000	-
Proceeds from disposition of assets	-	-	-	650,000
	-	-	5,000	650,000
Investments				
Additions to property, plant and equipment	(2,228)	(9,326)	(1,666)	(13,356)
Other additions	-	-	(2,078)	-
	(2,228)	(9,326)	(3,744)	(13,356)
Increase (decrease) in cash	(22,161)	513,394	(257,653)	361,498
Cash, beginning of period	125,702	24,062	361,194	175,958
Cash, end of period	\$ 103,541	\$ 537,456	\$ 103,541	\$ 537,456
Funds from operations per share				
Basic and diluted	\$ (0.009)	\$ (0.002)	\$ (0.009)	\$ (0.004)
Supplemental Information				
Interest paid	\$ 16,719	\$ 20,905	\$ 62,361	\$ 59,841
Interest received	\$ 2,271	\$ 524	\$ 2,284	\$ 528

See accompanying notes to financial statements

Statement of Changes in Equity (unaudited)

	Share Capital (Note 9b)	Contributed Surplus	Retained Earnings	Total Equity
Balance at January 1, 2011	\$ 9,178,107	\$ 1,155,156	\$ (10,615,968)	\$ (282,705)
Comprehensive income			(681,849)	(681,849)
Issued on exercise of options	5,000			5,000
Transfer from contributed surplus on exercise of stock options	3,056	(3,056)		-
Stock based compensation		5,871		5,871
Balance at September 30, 2011	\$ 9,186,163	\$ 1,157,971	\$ (11,297,817)	\$ (953,683)
Balance at January 1, 2010	\$ 9,157,107	\$ 1,126,783	\$ (8,876,622)	\$ 1,407,268
Comprehensive income			(1,256,227)	(1,256,227)
Stock based compensation		22,754		22,754
Balance at September 30, 2010	\$ 9,157,107	\$ 1,149,537	\$ (10,132,849)	\$ 173,795

See accompanying notes to financial statements

Notes to Financial Statements

For the three and nine months ended September 30, 2011 and 2010

1. Nature of operations and going concern

The Company is in the business of exploration and crude oil, natural gas, natural gas liquids in Canada. The address of its registered office is 1840, 444 - 5th Avenue SW, Calgary, Alberta Canada.

These financial statements have been prepared by management under International Financial Reporting Standards, applicable to a going concern which assumes that the Company will realize the carrying value of its assets and satisfy its obligations as they become due in the normal course of operations. For the nine months ended September 30, 2011, the Company has a net loss of \$681,849 (September 2010 loss- \$1,256,227) and negative funds flows from operating activities of \$662,228 (September 2010 negative - \$257,739). At September 30, 2011, the Company had a working capital deficiency of \$1,440,910 (September 30, 2010 - \$476,702) and a deficit of \$11,297,817 (September 2010 - \$10,132,848).

The ability of the Company to continue as a going concern depends on raising additional financing and achieving profitable operations sufficient to meet all obligations. Management has assessed its credit facilities and capital requirements in the nine months ended September 30, 2011 and is considering additional equity financings as well as partnership opportunities in order to execute its operating and capital commitments in 2011. Although, in the opinion of management, the use of going concern assumption is appropriate, there can be no assurance that any steps management is taking will be successful.

In October 2009, the Company entered into nine Secured Loan Agreements with Directors of the Company and other related parties for \$500,000. The loans are secured by all of the Company's interest in petroleum and natural gas assets and all other assets of the Company. At September 30, 2011, the Company owed \$615,540 (December 10, 2010 – \$583,916) in principal and interest to the loan holders. The Company is in violation of its secured loans covenant as of September 30, 2011 (see Note 13). Under the secured loan provisions, the Company's working capital deficiency cannot exceed \$1.1 million and as of September 30, 2011 the working capital deficiency is \$1.44 million. As of the date of this MD&A, the Secured Note holders have chosen not to exercise their right to claim their security.

These financial statements do not reflect adjustments in the carrying values of the assets and liabilities, expenses and the balance sheet classifications that would be used if the going concern assumption were not appropriate. Such adjustments could be material. These interim financial statements were approved and authorized for issuance by the Board of Directors on November 28, 2011.

2. Basis of presentation

In conjunction with the Company's annual audited Financial Statements to be issued under International Financial Reporting Standards ("IFRS") for the year ending December 31, 2011, these interim Financial Statements present Vecta's initial financial results of operations and financial position under IFRS as at and for the three and nine months ended September 30, 2011, including 2010 comparative periods. As a result, they have been prepared in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards" and with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). These interim Financial Statements do not include all the necessary disclosure in accordance with

IFRS. Previously, the Company prepared its interim and annual Financial Statements in accordance with Canadian generally accepted accounting principles (“previous GAAP”).

The preparation of these interim Financial Statements resulted in selected changes to Vecta’s accounting policies as compared to those disclosed in the Company’s annual Financial Statements for the period ended December 31, 2010 issued under previous GAAP. A summary of the significant changes to Vecta’s accounting policies is disclosed in Note 16 along with reconciliations presenting the impact of the transition to IFRS for the three and nine months ended September 30, 2010, and as at and for the twelve months ended December 31, 2010.

A summary of Vecta’s significant accounting policies under IFRS is presented in Note 3. These policies have been retrospectively and consistently applied except where specific exemptions permitted an alternative treatment upon transition to IFRS in accordance with IFRS 1 as disclosed in Note 16.

These interim Financial Statements have been prepared on a historical cost basis, except for share-based payment transactions and the asset retirement obligations. The share-based payment transactions are measured at fair value and the asset retirement obligations are discounted using a risk free rate.

The Financial Statements are presented in Canadian dollars which is the Company’s functional currency.

3. Significant accounting policies

a) Significant accounting estimates and judgments

The timely preparation of the interim Financial Statements requires that Management make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the interim Financial Statements and the reported amounts of revenue and expenses during the period. Such estimates primarily relate to unsettled transactions and events as at the date of the interim Financial Statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgments made by Management in the preparation of these interim Financial Statements are outlined below.

Estimation of recoverable quantities of proven and probable reserves includes estimates and assumptions regarding future commodity prices, exchange rates, discount rates and production and transportation costs for future cash flows as well as the interpretation of complex geological and geophysical models and data. Changes in reported reserves can affect the impairment of assets and goodwill, the asset retirement obligations, and the amounts reported for depletion, depreciation and amortization of oil and gas properties.

In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future oil and natural gas prices, future costs, discount rates and other relevant assumptions.

Upstream assets are aggregated into cash-generating units based on their ability to generate largely independent cash flows and are used for impairment testing. The determination of the Company’s cash-generating units is subject to Management’s judgment.

Amounts recorded for asset retirement obligations and the related accretion expense requires the use of estimates with respect to the amount and timing of asset retirement obligations and the related accretion expense requires the use of estimates with respect to the amount and timing of asset retirements, site



remediation and related cash flows, as well as the selection of a risk free discount rate. Other provisions are recognized in the period when it becomes probable that there will be a future cash outflow.

Compensation costs accrued for long-term stock-based compensation plans are subject to the estimation of what the ultimate payout will be using pricing models such as the Black-Scholes model which is based on significant assumptions such as volatility, dividend yield and expected term.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by Management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

b) Oil and gas properties

The initial costs of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any asset retirement obligations, and borrowing costs for qualifying assets, if any. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Exploration and evaluation

Exploration license and leasehold property acquisition costs, geological and geophysical costs and costs directly associated with an exploration well and appraisal activities are capitalized within intangible exploration assets. Such intangible exploration costs do not include general prospecting or other evaluation costs incurred prior to receiving the legal rights to explore an area, which are expensed when incurred.

Intangible exploration costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the associated oil and gas interests. If no future activity is planned, the capitalized costs are expensed. Upon commercial viability, technical feasibility and internal approval for development, the related capitalized costs are first tested for impairment and then reclassified to oil and gas properties.

Property and equipment

All costs directly associated with the development of natural gas and liquids reserves are capitalized on an area-by-area basis. Development costs include expenditures for areas where technical feasibility and commercial viability has been determined. These costs include proved property acquisitions, development drilling, completions, gathering and infrastructure, asset retirement costs and transfers of exploration and evaluation assets.

Depletion of oil and natural gas assets and depreciation of production equipment on an area-by-area basis are calculated using the unit-of-production method, based on volumes of total proved and probable oil and natural gas reserves and production, before royalties, converted at the energy equivalent conversion ratio of six thousand cubic feet of natural gas to one barrel of oil. The depletable base includes all capitalized costs, estimated future development costs of proved and probable undeveloped reserves, and future estimated asset restoration costs. Computer and office equipment are recorded at cost and amortized on a declining basis using a rate of 20% per annum.

Impairment

An asset within oil and gas properties is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period in which the item is derecognized.

The Company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets (the "cash-generating unit" or "CGU").

A CGU's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and its assets are written down to the CGU's recoverable amount. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven and probable reserves. Fair value is determined to be the amount for which the asset could be sold in an arm's length transaction.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been objective evidence of a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depletion, depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depletion, depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

c) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. Provisions are not recognized for future operating losses.

Asset retirement obligations

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of asset retirement and capitalized in the relevant asset category. Asset retirement obligations are Management's best estimate of the future costs associated with removal, site restoration and asset retirement. The fair value of the liability for the Company's asset retirement obligations is recorded in the period in which it is incurred, discounted to its present value using a risk-free interest rate and the corresponding amount is recognized by increasing the carrying amount of oil and gas properties. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is recognized as a finance cost in the period. Revisions to the estimated timing of cash flows or to the original

estimated undiscounted cost could also result in an increase or decrease to the provision to the extent of the liability recorded.

Amortization of asset retirement costs are included in depletion, depreciation and amortization in the Statement of Operations, Comprehensive Loss and Deficit. Actual expenditures are charged against the asset retirement obligation.

d) Revenue recognition

Oil and natural gas revenues are recognized when the title and risks pass to the purchaser and the collectability is reasonably assured.

e) Foreign currency

Transactions in foreign currencies are translated to Canadian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in profit or loss.

f) Financing costs

Finance charges comprise interest expense on borrowings and accretion of the discount on the asset retirement obligation.

g) Per share amounts

Basic per share information is computed by using the weighted average number of common shares outstanding for the period. The treasury stock method is used to determine the diluted per share amounts, whereby any proceeds from stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change.

h) Stock-based compensation plan

The Company has a stock-based compensation plan enabling officers, directors and contractors to purchase common shares at exercise prices equal to the price determined by the directors on the date the option is granted. Stock option awards are accounted for based on the fair value method of accounting. Under this method, stock-based compensation is recorded as an expense over the vesting period of the option, with a corresponding increase in contributed surplus. Stock-based compensation is based on the estimated fair value of the related stock option at the time of the grant number of options that vest. When stock options are exercised, the consideration paid to the company, along with amounts previously credited to contributed surplus, is credited to share capital.

i) Financial instruments

Non-derivative financial assets and liabilities

Non-derivative financial instruments consist of cash and cash equivalents, accounts receivable, secured loans and account payable. Non-derivative financial instruments are recognized initially at fair value plus any direct attributable transaction costs unless the non-derivative financial instrument is designated at fair value through profit or loss. Subsequent to initial recognition cash and cash equivalents, accounts receivable, bank secured

loans and accounts payable are measured at amortized cost using the effective interest rate method less any impairment losses.

j) New pronouncements adopted

March 30, 2011 was Vecta's first reporting period under IFRS. Accounting standards effective for periods beginning on or after January 1, 2011 have been adopted as part of the transition to IFRS.

k) New standards and interpretations not yet adopted

The following pronouncements from the IASB will become effective for future financial reporting periods and have not yet been adopted by the Company:

In November 2009, the IASB issued IFRS 9 Financial Instruments which deals with the classification and measurement of financial assets and liabilities. This new standard represents the first phase of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted and with transitional arrangements depending upon the date of initial application. The Company is currently evaluating the effect of this new standard.

In May 2011 the IASB issued IFRS 11. IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 divides all joint arrangements into two categories: joint operation where the jointly controlling parties have rights to the assets and obligations for the liabilities relating to the arrangements, and joint ventures where the jointly controlling parties have rights to the net assets of the arrangement. Joint operations would be accounted for using the proportionate consolidation method where Vecta's proportionate interest in the revenues, expenses, assets and liabilities would be disclosed, consistent with Vecta's current accounting for joint operations. Joint ventures would be accounted for using the equity method of accounting, where the investment in the joint venture would be adjusted for Vecta's proportion of the net income or loss of the joint venture. IFRS 11 is required to be adopted for years beginning on or after January 1, 2013, although earlier adoption is allowed. The Company is currently evaluating the effect of this new standard.

In May 2011 the IASB issued IFRS 12 Disclosure of Interest in Other Entities which establishes the requirements for disclosure of ownership interest in subsidiaries, joint arrangements, associates and other entities. IFRS 12 requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interest in other entities and the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 is required to be adopted for years beginning on or after January 1, 2013. The Company is currently evaluating the effect of this new standard.

In May 2011 the IASB issued IFRS 13 Fair Value Measurements which defines fair value, sets out a framework for measuring fair value and requires disclosures about fair values. IFRS 13 applies to all other IFRSs that require or permit fair value measurements or disclosures about fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The definition of fair value emphasizes a market-based measurement, not an entity-specific measurement. IFRS 13 is required to be adopted for years beginning on or after January 1, 2013. Earlier adoption is allowed. The Company is currently evaluating the effect of this new standard.



4. Exploration and evaluation assets

As at January 1, 2010	\$ 736,154
Dispositions	(499,377)
As at December 31, 2010	\$ 236,777
Dispositions	(1,490)
As at September 30, 2011	\$ 235,287

Exploration license and leasehold property acquisition costs, geological and geophysical costs and costs directly associated with an exploration well and appraisal activities are capitalized within intangible exploration and evaluation assets. Such intangible exploration costs do not include general prospecting or other evaluation costs incurred prior to receiving the legal rights to explore an area, which are expensed when incurred. The change from December 31, 2010 amount of \$236,777 is a result of a seismic sale in the first quarter.

5. Property and equipment

	Oil & Gas Interest	Corporate Assets	Total
Property and equipment			
Cost or deemed cost			
As at January 1, 2010	\$ 4,659,430	\$ 47,072	\$ 4,706,502
Additions	29,585	1,508	31,093
Dispositions	(3,176,780)	-	(3,176,780)
As at December 31, 2010	\$ 1,512,235	\$ 48,580	\$ 1,560,815
Additions	8,225	2,078	10,303
As at September 30, 2011	\$ 1,520,460	\$ 50,658	\$ 1,571,118
Accumulated depletion, depreciation, amortization and impairment losses			
As at January 1, 2010	\$ (2,994,306)	\$ (29,302)	\$ (3,023,608)
Depletion, depreciation and amortization for the year	(251,152)	(3,271)	(254,423)
Dispositions	2,269,539		2,269,539
Impairment losses	(185,316)		(185,316)
As at December 31, 2010	\$ (1,161,235)	\$ (32,573)	\$ (1,193,808)
Depletion, depreciation and amortization for the year	(33,537)	(4,784)	(38,321)
As at September 30, 2011	\$ (1,194,772)	\$ (37,357)	\$ (1,232,129)
Net Book Value			
As at January 1, 2010	\$ 1,665,124	\$ 17,770	\$ 1,682,894
As at December 31, 2010	351,000	16,007	367,007
As at September 30, 2011	\$ 325,688	\$ 13,301	\$ 338,989

Future capital expenditures of \$Nil (2010 - \$59,000), as estimated by independent engineers, relating to the development of proved reserves have been included in costs subject to depletion. As of September 30, 2011, undeveloped properties classified as exploration and evaluation assets in the amount of \$235,287 (2010 - \$236,777) included in exploration and development costs, have not been subject to depletion.



Effective September 1, 2010, the Company disposed of its interest in the shallow gas area of Alberta effective September 1, 2010 for cash proceeds of \$650,000. This transaction resulted in an accounting loss of \$746,329 and resulted in the reduction of a significant portion of Vecta's property and equipment as well as production.

The Company performed an impairment test as at January 1, 2010, which indicated that an impairment existed under IFRS accounting methodology. An impairment of 383,174 was recorded on transition to IFRS, on January 1, 2010. Another impairment test was performed on December 31, 2010 under IFRS and an impairment of \$185,316 was recorded.

6. Secured loan/Credit facilities

In October 2009, the Company entered into nine Secured Loan Agreements with Directors of the Company and other related parties for \$500,000. The proceeds were used to retire the Company's bank loan and for other corporate purposes. The secured loans mature on November 30, 2011 and have an interest rate of 15% payable on maturity. The loans are secured by all of the Company's interest in petroleum and natural gas assets and all other assets of the Company. At September 30, 2011, the Company owed \$615,540 (December 10, 2010 – \$583,916) in principal and interest to the loan holders. The \$115,540 (December 31, 2010 - \$83,916) in accrued interest has been recorded as part of payables.

The Company is in violation of its secured loans covenant as of September 30, 2011 (see Note 13). Under the secured loan provisions, the Company's working capital deficiency cannot exceed \$1.1 million and as of September 30, 2011 the working capital deficiency is \$1.44 million. As of the date of this MD&A, the Secured Note holders have chosen not to exercise their right to claim their security.

In 2010, the revolving operating bank loan with the National Bank of Canada was cancelled. The only credit facility remaining is a MasterCard credit facility for \$20,000 which is secured by a \$20,000 guaranteed investment certificate included in cash and cash equivalents. At September 30, 2011, the Company has utilized \$Nil (2010 - \$Nil) on its MasterCard facility.

7. Financing Costs

		Three months ended September 30		Nine months ended September 30	
		2011	2010	2011	2010
Secured loan interest	\$	16,005	20,905	60,240	59,841
Accretion of asset retirement obligations	\$	714	1,130	2,121	5,264
Finance costs	\$	16,719	22,035	62,361	65,105

The asset retirement liability that is increased each reporting period due to the passage of time is the amount of accretion of the asset retirement liability and is recognized as a finance cost under IFRS.

8. Asset retirement obligations

The following table represents the reconciliation of the beginning and ending aggregate carrying amount of the obligations associated with the retirement of oil and gas assets:



	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Obligation, beginning of period	\$ 104,612	\$ 76,344	\$ 106,550	\$ 156,174
Revision of estimates	-	1	5,942	(83,162)
Liabilities settled in period	(18,277)	503	(27,564)	(298)
Accretion expense	714	1,130	2,121	5,264
Obligation, end of period	\$ 87,049	\$ 77,978	\$ 87,049	\$ 77,978

The total undiscounted amount of estimated cash flows required to settle the obligation is \$143,473 (2010 - \$107,129), which has been discounted using a risk free rate. The majority of these obligations are not expected to be settled for several years in the future and will be funded from general Company resources at the time of retirement and removal.

9. Capital stock

a) Authorized

Unlimited number of voting common shares
 Unlimited number of preferred shares issuable in series

b) Issued and outstanding

	Number of	
	Shares	Amount
Balance at December 31, 2009	72,220,009	\$ 9,107,951
Issue of common shares for service	1,400,000	21,000
GAAP to IFRS adjustment	-	49,156
Balance at December 31, 2010	73,620,009	\$ 9,178,107
Issue of common shares on exercise of options	50,000	5,000
Fair value of options exercised	-	3,056
Balance at September 30, 2011	73,670,009	\$ 9,186,163

In November 2010, 1.4 million shares were issued to a private company controlled by an officer of the Company in satisfaction of accounting services. The shares were valued using the trading price of the Company's shares on November 2, 2010.

During the nine months ended September 30, 2011, the Company issued 50,000 common shares upon exercise of options for cash value of \$5,000 and an amount of \$3,056 was transferred to share capital from contributed surplus.



c) Contributed surplus

	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Balance, beginning of period	\$ 1,157,133	\$ 1,142,484	\$ 1,155,156	\$ 1,126,783
Fair value attributed to stock options	838	7,052	5,870	22,753
Fair value of options exercised	-	-	(3,055)	-
Balance, end of period	\$ 1,157,971	\$ 1,149,536	\$ 1,157,971	\$ 1,149,536

10. Per share information

Basic net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding for the year. Diluted net earnings per common share are computed by dividing net loss by the diluted weighted average number of common shares outstanding for the year. In the calculation of diluted per share amounts, options under the stock option plan and purchase warrants are assumed to have been converted or exercised on the later of the beginning of the year or the date granted. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. In net loss per share situations, the diluted per share amount is the same as basic, as all factors are anti-dilutive.

	September	September
	2011	2010
Weighted average shares outstanding, basic and diluted	73,649,679	72,220,009

11. Stock-based compensation plan

The Company grants stock options to its directors, officers and consultants. The Company has a policy of reserving up to 10% of the outstanding common shares for issuance to eligible participants. At September 30, 2011, there were 7,362,001 (2010 – 7,362,001) common shares reserved for this purpose. All options granted after January 1, 2005 vest equally over three years on the anniversary date of issuance. The exercise price of each option granted was equal to or higher than the closing market price of the Company’s common shares on the day prior to the issuing of the option. In 2010, the 600,000 stock options issued in September 2005 expired unexercised.



The following tables summarize the information about the stock options:

	September 30, 2011		December 31, 2010	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding, beginning of period	3,875,000	\$ 0.10	4,475,000	\$ 0.16
Exercised	(50,000)	0.10	-	-
Expired	-	-	(600,000)	0.26
Outstanding, end of period	3,825,000	\$ 0.10	3,875,000	\$ 0.10

Grant Price	Number Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price (vested)
\$0.10	3,725,000	1.37	\$ 0.10	3,725,000	\$ 0.10
\$0.16	100,000	0.42	\$ 0.16	100,000	\$ 0.16
	3,825,000	1.05	\$ 0.16	3,825,000	\$ 0.10

12. Financial instruments and risk management

a) Fair value of financial instruments

	September 30, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Held-for-trading:				
Cash and cash equivalents	103,541	103,541	361,194	361,194
Receivables:				
Accounts receivable	129,102	129,102	96,562	96,562
Prepaid expenses and deposits	13,847	13,847	24,989	24,989
Financial Liabilities				
Other financial liabilities:				
Payable and accruals	1,071,860	1,071,860	678,768	678,768
Secured loans - principal & accrued interest	615,540	615,540	583,916	583,916

All of Vecta's cash and cash equivalents are transacted in active markets. Vecta classifies the fair value of these transactions according to a hierarchy based on the amount of observable inputs used to value the instrument. Level 1 fair value measurements are based on unadjusted quoted market prices. Level 2 fair value measurements of risk management contracts are estimated using published forward price curves, option model inputs and discount rates specific to the remaining contracted volumes.

The Company has exposure to credit risk, liquidity risk and market risk arising from its financial assets and liabilities. Financial risks include credit risk, liquidity risk and market risks such as commodity prices, interest and foreign exchange rates. Net losses, cash flows and the fair value of financial assets may fluctuate due to movement in market prices or as a result of the Company's exposure to credit and liquidity risks.

The Board of Directors oversees Managements' establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management



policies. The Company's risk management policies are established to: (i) Identify and analyze the risks faced by the Company; (ii) Set appropriate risk limits and controls; and (iii) Monitor risks and consider the implications of market conditions in relation to the Company's activities.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from joint venture partners and oil and natural gas marketers. The Company's receivables consisted of the following:

	September 30, 2011	December 31, 2010
Oil and natural gas marketers	\$ 11,597	\$ 33,394
Joint venture partners	88,600	54,334
Other trade receivables	28,905	8,834
Balance, end of period	\$ 129,102	\$ 96,562

Receivables from oil and natural gas marketers are normally collected on the 25th day of the month following the month of production. The Company attempts to mitigate credit risk by establishing marketing relationships with a variety of purchasers. The Company markets its production to customers with investment grade credit ratings, if available in the area of production, or seeks parental guarantees and letters of credit. At September 30, 2011, Vecta had receivables from two (2) different marketing companies. These marketing companies owed Vecta \$11,597 or 9% of the total. During the third quarter of 2011, the marketing companies marketed oil and gas volumes representing approximately 16% of total oil and gas revenues.

Joint venture receivables are typically collected within one to three months of the joint venture bill being issued to the partner. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to the expenditure being incurred. However, the receivable are from participants in the oil and natural gas sector, and collection of the outstanding balances is dependent on industry factors such as commodity price fluctuations, escalating costs and the risk of unsuccessful drilling. In addition, further risk exists with joint venture partners as disagreements may arise that increase the potential for non-collection. The Company does not typically obtain collateral from oil and natural gas marketers or joint venture partners.

The carrying amount of accounts receivable represents the maximum credit exposure. As at September 30, 2011 and December 31, 2010, the Company's receivables were aged as follows:

	September 30, 2011	December 31, 2010
Not past due (less than 90 days)	\$ 96,005	\$ 87,925
Past due (90 days to one year)	33,097	8,637
	\$ 129,102	\$ 96,562

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. Vecta's financial liabilities on the balance sheet consist of accounts payable and secured loans.

d) Market risk

Commodity price risk is the risk that the value of future cash flows will fluctuate as a result of changes in commodity prices.

e) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate fluctuations as its secured loan has a fixed rate of 15%.

f) Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although substantially all of the Company's oil and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada for oil and natural gas are impacted by changes in the exchange rate between Canadian and United States dollar. As the effects of foreign exchange fluctuations are embedded in the Company's results, the total effect of foreign exchange fluctuations is not separately identifiable.

13. Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying oil and natural gas assets. The Company considers its capital structure to include shareholder's equity, bank debt and working capital. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected debt levels.

In order to facilitate the management of capital, the Company prepares annual capital expenditure budgets, which are updated as necessary depending on varying factors including current and forecast prices, actual capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company's share capital is not subject to external restrictions however, its secured loans contain a working capital covenant (see Note 6). The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the next twelve months. There were no changes in the Company's approach to capital management during the period.

14. Commitments and contingencies

The Company is a defendant in legal claims associated with normal operations. These claims, although unresolved at the current time, in management's opinion are not expected to have a material impact on the financial position

or results of operations of the Company and accordingly, no amount has been accrued in the financial statements for potential settlements.

The Company has implemented a plan to sustain operations during the current economic recession, caused by low natural gas prices, that has negatively impacted its financial position. The Company has rolled back officers and management salaries by fifty percent with the expectation to reimburse these cuts as well as a 25% risk premium at a later date once natural gas prices have rebounded and if the Company's operations are more sustainable. Specifically, when the Company's working capital becomes positive and payments of these contingent liabilities will not return the Company to deficit working capital position, then the contingent liabilities for salaries and other items can be paid subject to approval of the Directors. There is no legal obligation or certainty that this will happen and as such, these costs have not been recognized in the financial statements and are disclosed as a contingent liability. As of September 30, 2011, none of the conditions for payment of contingent liabilities in the amount of \$431,579 have been met.

15. Related parties

Joint interests

The Company has undertaken joint ventures with Vecta Resources LLC ("Vecta Resources"), a related party to the Company. Vecta Resources owns approximately 16.51% of the issued and outstanding shares of the Company. In 2011, Vecta Resources continued to participate in three projects, the Company's share of capital expenditures being \$8,830 (2010 - \$8,830) and Vecta Resources share being \$2,943 (2010 - \$2,943). Vecta Resources pays its full share of project costs in the normal course of operations on a comparable basis to similar transactions conducted between arm's length parties on standard commercial terms for the oil and gas industry. As at September 30, 2011, the amounts owing to Vecta Resources of \$2,967 (2010 - \$5,724) are included in payables.

Secured loans

In October 2009, the Company entered into nine Secured Loan Agreements with Directors of the Company and related and non-related parties that raised \$500,000. These proceeds were used to retire the Company's bank loan and for other corporate purposes. The secured loans mature on November 30, 2011 and have an interest rate of 15% payable on maturity. As at August 31, 2011 the secured loan holders agreed to suspend the interest charges. The secured loan holders receive the security equivalent to the security held by the bank, being all of the Company's interests in petroleum and natural gas rights and the other assets of the Company. As at September 30, 2011, the directors and related parties were owed \$615,540 (2010 - \$562,643).

16. Transition to IFRS

As disclosed in Note 2, these interim Financial Statements represent Vecta's initial presentation of the financial results of operations and financial position under IFRS for the period ended September 30, 2011 in conjunction with the Company's annual audited Financial Statements to be issued under IFRS as at and for the year ended December 31, 2011. As a result, these interim Financial Statements have been prepared in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards: and with IAS 34, "Interim Financial Reporting", as issued by the IASB. Previously the Company prepared its interim and annual Financial Statements in accordance with previous GAAP.

IFRS 1 requires the presentation of comparative information as at January 1, 2010 transition date and subsequent comparative periods as well as the consistent and retrospective application of IFRS accounting



policies. To assist with the transition, the provision of IFRS 1 allow for certain mandatory and optional exemptions for first-time adopters to alleviate the retrospective application of all IFRS policies.

The following reconciliations present the adjustments made to the Company's previous GAAP financial results of operations and financial position to comply with IFRS 1. A summary of the significant accounting policy changes and applicable exceptions are discussed following the reconciliations. Reconciliations include the Company's Balance Sheets as at September 30, 2010 and December 31, 2010, and Statement of Net Income and Comprehensive Income and Changes in Shareholders' Equity for the three and nine months ended September 30, 2010 and for the twelve months ended December 31, 2010. The interim Financial Statements for the three months ended March 31, 2011 should be referred to for the reconciliation of the Company's Balance Sheet as at January 1, 2010.

The adoption of IFRS has resulted in an improvement to the December 31, 2010 Statement of Operations, Comprehensive Loss and Deficit of \$214,072 from a loss of \$1,953,419 to a loss of \$1,739,347. The IFRS changes were numerous but the most significant items were to the impairments of oil and gas properties as the result of creating individual cash generating units. The January 1, 2010 impairment was for the various oil and gas cash generating units was \$383,174 and the December 31, 2010 impairment was for \$185,316.

The following reconciliations present the adjustments made to the Company's previous GAAP financial results of operations and financial position to comply with IFRS 1.



IFRS Balance Sheet
As at September 30, 2010
(unaudited)

	IFRS Adjustments							IFRS (Note 16h)
	Previous GAAP	Provisions (Note 16e)	Dispositions (Note 16c)	Share based Payments (Note 16f)	Impairment (Note 16d)	Oil & Gas Properties (Note 16a)	Flow Thru Shares (Note 16h)	
Assets								
Current								
Cash and cash equivalents	537,456							537,456
Receivables and other	77,255							77,255
Prepays and deposits	32,462							32,462
	647,173							647,173
Exploration & evaluation assets	-					236,777		236,777
Property and equipment	822,084	6,117	194,446		(383,174)	(147,775)		491,698
	\$ 1,469,257	\$ 6,117	\$ 194,446	\$ -	\$ (383,174)	\$ 89,002	\$ -	\$ 1,375,648
Liabilities								
Current								
Payables and accruals	561,232							561,232
Secured loans	562,643							562,643
	1,123,875	-	-	-	-	-	-	1,123,875
Asset retirement obligations	56,141	46,878	(25,041)					77,978
	\$ 1,180,016	\$ 46,878	\$ (25,041)	\$ -	\$ -	\$ -	\$ -	\$ 1,201,853
Shareholders' Equity								
Share Capital	9,107,951						49,156	9,157,107
Contributed surplus	1,195,496			(45,960)				1,149,536
Deficit	(10,014,206)	(40,761)	219,487	45,960	(383,174)	89,002	(49,156)	(10,132,848)
	289,241	(40,761)	219,487	-	(383,174)	89,002	-	173,795
	\$ 1,469,257	\$ 6,117	\$ 194,446	\$ -	\$ (383,174)	\$ 89,002	\$ -	\$ 1,375,648



Balance Sheet
As at December 31, 2010
(unaudited)

	IFRS ADJUSTMENTS							IFRS
	Previous GAAP	Provisions (Note 16 e)	Dispositions (Note 16 c)	Share-based Payments (Note 16 f)	Impairment (Note 16 d)	Oil & Gas Properties (Note 16 a)	Flow Thru Shares (Note 16 h)	
Assets								
Current assets								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$ 361,194
Receivables and other	96,562							96,562
Prepays and deposits	24,989							24,989
	\$482,745							482,745
Exploration and evaluation assets								
Property and equipment	802,886	6,117	194,446	-	(568,490)	236,777	(67,952)	236,777
	\$1,285,631	\$ 6,117	\$ 194,446	\$ -	\$ (568,490)	\$ 168,825	\$ -	\$ 1,086,529
Liabilities								
Current liabilities								
Payable and accruals	\$ 678,768	\$	\$	\$	\$	\$	\$	\$ 678,768
Secured loans	583,916							583,916
	1,262,684	-	-	-	-	-	-	1,262,684
Asset retirement obligations								
	84,712	46,878	(25,041)					106,550
	1,347,396	46,878	(25,041)	-	-	-	-	1,369,234
Shareholders' Equity								
Share capital	9,128,951						49,156	9,178,107
Contributed surplus	1,203,611			(48,455)				1,155,156
Retained earnings	(10,394,327)	(40,761)	219,487	48,455	(568,490)	168,825	(49,156)	(10,615,968)
	(61,765)	(40,761)	219,487	-	(568,490)	168,825	-	(282,705)
	\$1,285,631	\$ 6,117	\$ 194,446	\$ -	\$ (568,490)	\$ 168,825	\$ -	\$ 1,086,529



Statement of Net Loss and Comprehensive Loss
Nine months ended September 30, 2010
(unaudited)

	Previous GAAP	IFRS Adjustments				IFRS
		Depletion, Depreciation & Amortization (Note 16b)	Share based Payments (Note 16f)	Disposition (Note 16c)	Reclassification (Note 16g)	
Revenue						
Oil and natural gas sales	374,135					374,135
Crown and other royalties	(59,037)					(59,037)
	\$ 315,098	\$ -	\$ -	\$ -	\$ -	\$ 315,098
Expenses						
Operating	128,663					128,663
Transportation	24,590					24,590
Depletion and depreciation	386,866	(157,164)			(5,264)	224,438
General and administrative	359,975					359,975
Financing costs	59,841				5,264	65,105
Stock-based compensation	31,335		(8,582)			22,753
Loss on disposition of assets	897,654			(151,325)		746,329
	\$ 1,888,924	\$ (157,164)	\$ (8,582)	\$ (151,325)	\$ -	\$ 1,571,853
Loss before other items and taxes	\$ (1,573,826)	\$ 157,164	\$ 8,582	\$ 151,325	\$ -	(1,256,755)
Interest and other income	528					528
Total comprehensive loss	\$ (1,573,298)	\$ 157,164	\$ 8,582	\$ 151,325	\$ -	\$ (1,256,227)
Net loss and comprehensive loss	\$ (1,573,298)	\$ 157,164	\$ 8,582	\$ 151,325	\$ -	\$ (1,256,227)
Net income (loss) per share:						
Basic and diluted	\$ (0.022)	\$ 0.002	\$ 0.000	\$ 0.002	\$ -	\$ (0.017)
Weighted average common shares						
Basic and diluted	72,220,009	72,220,009	72,220,009	72,220,009	72,220,009	72,220,009



Statement of Net Loss and Comprehensive Loss
Three months ended September 30, 2010
(unaudited)

	IFRS Adjustments					IFRS (Note 16h)
	Previous GAAP	Depletion, Depreciation & Amortization (Note 16b)	Share based Payments (Note 16f)	Disposition (Note 16c)	Reclassification (Note 16g)	
Revenue						
Oil and natural gas sales	28,924	-	-	-	-	28,924
Crown and other royalties	(5,214)	-	-	-	-	(5,214)
						-
	\$ 23,710	\$ -	\$ -	\$ -	\$ -	\$ 23,710
Expenses						
Operating	13,147	-	-	-	-	13,147
Transportation	1,631	-	-	-	-	1,631
Depletion and depreciation	33,631	(14,847)	-	-	(1,130)	17,654
General and administrative	102,318	-	-	-	-	102,318
Financing costs	20,905	-	-	-	1,130	22,035
Stock-based compensation	9,794	-	(2,743)	-	-	7,051
	\$ 181,426	\$ (14,847)	\$ (2,743)	\$ -	\$ -	\$ 163,836
Loss before other items and taxes	\$ (157,716)	\$ 14,847	\$ 2,743	\$ -	\$ -	(140,126)
Interest and other income	525	-	-	-	-	525
						-
Net loss and comprehensive loss	\$ (157,191)	\$ 14,847	\$ 2,743	\$ -	\$ -	\$ (139,601)
Net income (loss) per share:						
Basic and diluted	\$ (0.002)	\$ 0.000	\$ 0.000	\$ -	\$ -	\$ (0.002)
Weighted average common shares						
Basic and diluted	72,220,009	72,220,009	72,220,009	72,220,009	72,220,009	72,220,009



Statement of Net Loss and Comprehensive Loss
Twelve months ended December 31, 2010
(unaudited)

	Previous GAAP	Depletion, Depreciation & Amortization (Note 16b)	Share based Payments (Note 16f)	Impairment (Note 16d)	Disposition (Note 16c)	Reclassification (Note 16g)	IFRS (Note 16h)
Revenue							
Oil and natural gas sales	474,159						474,159
Crown and other royalties	(67,742)						(67,742)
	\$ 406,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406,417
Expenses							
Operating	144,981						144,981
Transportation	27,600						27,600
Depletion and depreciation	430,205	(168,824)				(6,958)	254,423
General and administrative	671,442						671,442
Financing costs	81,228					6,958	88,186
Stock-based compensation	39,450		(11,077)				28,373
Loss on disposition of assets	965,816				(219,487)		746,329
Write down of petroleum and natural gas assets	-			185,316			185,316
	\$ 2,360,722	\$ (168,824)	\$ (11,077)	\$ 185,316	\$ (219,487)	\$ -	\$ 2,146,650
Net Loss before other items and taxes	\$ (1,954,305)	\$ 168,824	\$ 11,077	\$ (185,316)	\$ 219,487	\$ -	(1,740,233)
Other items	-						
Interest and other income	886						886
Net loss and comprehensive loss	\$ (1,953,419)	\$ 168,824	\$ 11,077	\$ (185,316)	\$ 219,487	\$ -	\$ (1,739,347)
Net income (loss) per share:							
Basic and diluted	\$ (0.027)	\$ 0.002	\$ 0.000	\$ (0.003)	\$ 0.003	\$ -	\$ (0.024)
Weighted average common shares							
Basic and diluted	72,540,146	72,540,146	72,540,146	72,540,146	72,540,146	72,540,146	72,540,146



Statement of Changes in Shareholders' Equity
Three months ended September 30, 2010
(unaudited)

	IFRS Adjustments							IFRS
	Previous GAAP	Provisions (Note 16e)	Dispositions (Note 16c)	Share based Payments (Note 16f)	Impairment (Note 16d)	Oil & Gas Properties (Note 16a)	Flow Thru Shares (Note 16h)	
Share Capital								
Balance, beginning of year	\$ 9,157,107						\$ -	\$ 9,157,107
Balance, end of period	\$ 9,157,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,157,107
Contributed Surplus								
Balance, beginning of year	\$ 1,136,546			\$ -				\$ 1,136,546
Stock based compensation				(2,743)				(2,743)
Balance, end of period	\$ 1,136,546	\$ -	\$ -	\$ (2,743)	\$ -	\$ -	\$ -	\$ 1,133,803
Retained earnings								
Balance, beginning of year	\$ (8,714,035)	\$ (97,462)	\$ 68,163	\$ -	\$ (383,174)	\$ 74,154	\$ -	\$ (9,052,354)
Net income and comprehensive income	(1,142,979)	56,701	151,324	2,743				(932,211)
Balance, end of period	\$ (9,857,014)	\$ (40,761)	\$ 219,487	\$ 2,743	\$ (383,174)	\$ 74,154	\$ -	\$ (9,984,565)
Total Shareholders' Equity	\$ 436,639	\$ (40,761)	\$ 219,487	\$ -	\$ (383,174)	\$ 74,154	\$ -	\$ 306,345



Statement of Changes in Shareholders' Equity
Nine months ended September 30, 2010
(unaudited)

	IFRS Adjustments							IFRS
	Previous GAAP	Provisions (Note 16e)	Dispositions (Note 16c)	Share based Payments (Note 16f)	Impairment (Note 16d)	Oil & Gas Properties (Note 16a)	Flow Thru Shares (Note 16h)	
Share Capital								
Balance, beginning of year	\$ 9,107,951						\$ 49,156	\$ 9,157,107
Balance, end of period	\$ 9,107,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,156	\$ 9,157,107
Contributed Surplus								
Balance, beginning of year	\$ 1,195,496			\$ (37,378)				\$ 1,158,118
Stock based compensation				(8,582)				(8,582)
Balance, end of period	\$ 1,195,496	\$ -	\$ -	\$ (45,960)	\$ -	\$ -	\$ -	\$ 1,149,536
Retained earnings								
Balance, beginning of year	\$ (8,440,908)	\$ (40,762)		\$ 37,378	\$ (383,174)		\$ (49,156)	\$ (8,876,622)
Net income and comprehensive income	(1,573,298)		219,488	8,582		89,002		(1,256,226)
Balance, end of period	\$ (10,014,206)	\$ (40,762)	\$ 219,488	\$ 45,960	\$ (383,174)	\$ 89,002	\$ (49,156)	\$ (10,132,848)
Total Shareholders' Equity	\$ 289,241	\$ (40,762)	\$ 219,488	\$ -	\$ (383,174)	\$ 89,002	\$ -	\$ 173,795

Statement of Changes in Shareholders' Equity
Twelve months ended December 31, 2010
(unaudited)

	IFRS Adjustments							IFRS
	Previous GAAP	Provisions (Note 16e)	Dispositions (Note 16c)	Share based Payments (Note 16f)	Impairment (Note 16d)	Oil & Gas Properties (Note 16a)	Flow Thru Shares (Note 16h)	
Share Capital								
Balance, beginning of year	\$ 9,128,951						\$ 49,156	\$ 9,178,107
Balance, end of period	\$ 9,128,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,156	\$ 9,178,107
Contributed Surplus								
Balance, beginning of year	\$ 1,203,611			\$ (37,378)				\$ 1,166,233
Stock based compensation				(11,077)				(11,077)
Balance, end of period	\$ 1,203,611	\$ -	\$ -	\$ (48,455)	\$ -	\$ -	\$ -	\$ 1,155,156
Retained earnings								
Balance, beginning of year	\$ (8,440,908)	\$ (97,462)	\$ 68,163	\$ -	\$ (383,174)	\$ 74,154	\$ (49,156)	\$ (8,828,383)
Net income and comprehensive income	(1,953,419)	56,701	151,323	48,455	(185,316)	94,671		(1,787,585)
Balance, end of period	\$ (10,394,327)	\$ (40,761)	\$ 219,486	\$ 48,455	\$ (568,490)	\$ 168,825	\$ (49,156)	\$ (10,615,968)
Total Shareholders' Equity	\$ (61,765)	\$ (40,761)	\$ 219,486	\$ -	\$ (568,490)	\$ 168,825	\$ -	\$ (282,705)

16.

a) Oil and gas properties and intangible exploration assets

The company elected an IFRS 1 exemption whereby the Canadian geographic cost centre was measured upon transition to IFRS by allocating the Canadian geographic cost centre to the producing and development assets and components pro rata using proved and probable reserve values. This election resulted in no change in oil and gas properties. Early stage oil and gas assets that do not have proven cash generating capabilities are placed in a separate account under the classification Exploration and Evaluation Assets.

b) Depletion, depreciation and amortization

The depletion policy under previous GAAP was based on units of production over proved reserves and was calculated on the Canadian geographic cost centre under previous GAAP. IFRS requires depletion, depreciation and amortization to be calculated based on individual components or grouping of components. Upon transition to IFRS, the Company adopted a policy of depleting its oil and natural gas interests, grouped into units of account, on a unit of production basis over proved plus probable reserves.

For the three and nine month periods ended September 30, 2010, depletion and depreciation under IFRS was \$14,847 and \$157,164 less, respectively, than under Canadian GAAP primarily as a result of depleting at a unit of account level using proved plus probable reserves and impairment recognized at September 30, 2010 as discussed in (d) below.

c) Dispositions

Unlike previous GAAP, IFRS recognizes gains and losses on all dispositions of oil and gas properties and as a result a pre-tax gain of \$151,325 was recognized in the net loss for the nine months ended September 30, 2010.

d) Impairment

Under IFRS impairment tests have to be prepared on each cash generating unit with the initial test being done on January 1, 2010. The January 1, 2010 impairment calculated was \$383,174, resulting in a charge to retained earnings with the offset to property and equipment. On December 31, 2010 another impairment test was calculated and an impairment of \$185,316 was recorded to the same accounts.

e) Provisions

Under previous GAAP asset retirement obligations were discounted at a credit adjusted risk free rate of 8%. Under IFRS the estimated cash flow to abandon and remediate the wells and facilities has been risk adjusted, therefore the provision is discounted at a risk free rate in the range of 1.4% to 3.52%. Under previous GAAP, the accretion expense was included in the depletion and depreciation expense whereas under IFRS it is included in financing costs. As a result of its IFRS 1 exemption taken in (a), upon transition to IFRS, the Company revalued its asset retirement obligations applying the IFRS requirement and charged the revaluation amount to retained earnings. The application of this exemption resulted in a \$45,960 increase to the asset retirement obligations on the balance sheet of the Company as at September 30, 2010.

f) Share-based payments

Under previous GAAP, the Company recognized an expense related to their share-based payments on a graded basis through the date of full vesting and did not incorporate a forfeiture multiple. Under IFRS, the Company is required to recognize the expense over the individual vesting periods for the graded vesting awards and estimate a forfeiture rate. As provided in IFRS 1, the Company elected not to apply IFRS 2 - Share-based payments for share-based payments which vested before January 1, 2010. Accordingly, upon transition to IFRS Vecta recorded a decrease to contributed surplus \$37,378 with a corresponding charge to retained earnings. For the period ended September 30, 2010, and year ended December 31, 2010, contributed surplus decreased \$8,582 and \$11,077, respectively, with an offsetting increase to opening deficit.

g) Reclassification

Interest income and finance costs

Under previous GAAP, the accretion of the asset retirement obligations was included with depletion and depreciation on the Statements of Net Loss and Comprehensive Loss. Under IFRS this amount had been reclassified to financing costs.

h) Flow through shares

Under previous GAAP, the premium paid for flow through shares in excess of the market value of the shares without the flow through features at the time of issue is credited to share capital. IFRS provides no specific guidance for the accounting treatment of flow through shares. The Company's policy is to state share capital at

the market value of shares without the flow through feature at the time of issue, which is the difference between cash received and market value. The premium paid for flow through shares in excess of that market value of shares and the future tax associated with the flow through shares is taken out of capital stock and charged to retained earnings at the time the qualifying exploration and development expenditures are renounced and incurred. The net amount charged to capital stock and offset to retained earnings on January 2010 is \$49,156.

i) Cash flow statement

The transition from previous GAAP to IFRS has had no material effect upon the reported cash flows generated by the Company. The reconciling items between the previous GAAP presentation and the IFRS presentation have no net impact on the cash flows generated.

Corporate Information

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Allen Gilmer

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