

**VINERGY RESOURCES LTD.**  
(formerly Vanguard Investments Corp.)  
(the Company")

**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED NOVEMBER 30, 2011**

Management's Discussion and Analysis ("MD&A"), dated as of January 27, 2012, should be read in conjunction with the Company's consolidated financial statements and notes thereto for the three and nine month periods ended November 30, 2011 and the Company's audited financial statements and MD&A for the years ended February 28, 2011 and February 28, 2010. The reader must be aware that historical results are not necessarily indicative of future performance. All amounts are reported in Canadian dollars.

The aforementioned documents and additional disclosures pertaining to the Company's press releases and other information are available on the SEDAR website [www.sedar.com](http://www.sedar.com).

Unless otherwise stated, financial results are now being reported in accordance with International Financial Reporting Standards ("IFRS"). As a result, accounting policies, presentation, financial statement captions and terminology used in this discussion and analysis differ from those used in previous financial reporting. Further details on the transition to IFRS are included in Notes 2 and 3 of the Financial Statements.

Management's Discussion and Analysis contains the term cash flow from operations, which should not be considered an alternative to, or more meaningful than, cash flows from operating activities as determined in accordance with IFRS as an indicator of The Company's performance. The Company's determination of cash flow from operations may not be comparable to that reported by other companies. The reconciliation between profit or loss and cash flows from operating activities can be found in the statement of cash flows.

Certain statements contained in this interim management discussion and analysis may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Such forward-looking statements are subject to both known and unknown risks and uncertainties which may cause the actual results, performances or achievements of Bella to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of The Company's prospects, political and economic conditions, commodity prices and other factors.

**Description of Business**

Vinergy Resources Ltd. was incorporated as Vanguard Investments Corp. under the provisions of the Alberta Business Corporations Act on March 20, 2001. The articles of the Company were amended on August 27, 2001 to remove the "private issuer" restrictions from its articles. The Company's shares were listed for trading on the Canadian National Stock Exchange on April 14, 2010 under the trading symbol VIN.

The Company owns 100% of the shares of Zeus Energy Inc. ("Zeus" or the "Subsidiary"), a corporation incorporated under the Alberta Business Corporations Act on November 7, 2007 under the name 1361681 Alberta Inc. This company amended its articles to change its name to "Zeus Energy Inc." on May 28, 2008.

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On November 30, 2009, the Company entered into a Share Purchase Agreement for the acquisition of all of the shares of Zeus. In consideration of the acquisition, the Company issued 18,333,330 of the Company's common shares. Legally, the Company is the parent of Zeus. However, as a result of the share exchange described above, control of the combined entities passes to the former shareholders of Zeus. This type of share exchange, referred to as a "reverse takeover," deems Zeus to be the acquirer for accounting purposes.

Accordingly, the net assets of Zeus are included in the balance sheet at book values and the deemed acquisition of the Company is accounted for by the purchase method with net assets of the Company recorded at fair market value at the date of acquisition.

**Performance Summary**

The Company is engaged in the exploration of oil and gas resources. It holds a 12.5% working interest before payout and 7.5% working interest after payout in four oil and gas leases in South Eastern Saskatchewan.

During the year ended February 28, 2011 the Company was advised by the operator of its farm-in agreement that the last of the four exploration wells was not producing oil and it would be prudent to abandon it. It was therefore decided by management to write down the value of its oil and gas properties by \$194,315 (2010 - \$429,272). The Company has an obligation to meet its pro rata share of ongoing costs to complete and receive clearance certificates for the abandonment of each of the four wells that were drilled. To ensure the ability to meet its obligation the Company has estimated and provided the joint venture operator with sufficient funds to cover its' pro rata share. Abandonment of three of the original wells drilled is substantially complete and it is expected that abandonment of the fourth well should be substantially complete by December 31, 2012.

As at November 30, 2011 the Company is actively pursuing new opportunities.

**Selected Annual Information**

The following table sets forth selected audited financial information of the Company from the last three completed financial years ended February 28:

	IFRS 2011 \$	GAAP 2010 \$	GAAP 2009 \$
Total revenue	—	—	—
Net loss for the year	(362,493)	(501,170)	(10,048)
Basic and diluted loss per share	(0.02)	(0.03)	-
Total assets	73,562	331,830	575,040
Total long-term financial liabilities	106,227	84,496	166,828

**Results of Operations**

During the three and nine month periods ended November 30, 2011, the Company had net losses of \$33,961 and \$105,197 respectively as compared to net losses of \$31,074 and \$103,159 for the three month and nine month periods ended November 30, 2010.

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**Summary of Quarterly Results**

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	IFRS November 30, 2011 \$	IFRS August 31, 2011 \$	IFRS May 31, 2011 \$	GAAP February 28, 2011 \$
Revenue	—	—	—	—
Net loss for the period	(33,961)	(40,357)	(30,879)	(259,335)
Basic and diluted loss per share	0.00	0.00	0.00	(0.01)

  

	GAAP November 30, 2010 \$	GAAP August 31, 2010 \$	GAAP May 31, 2010 \$	GAAP February 28, 2010 \$
Revenue	—	—	—	—
Net gain for the period	(31,074)	(41,843)	(30,241)	(400,163)
Basic and diluted gain (loss) per share	0.00	0.00	0.00	(0.02)

In the fourth quarter of each fiscal year, the Company recorded a write down of its oil and gas properties.

**Liquidity and Capital Resources**

At November 30, 2011, the Company had cash of \$37,779, total current assets of \$48,716 and a working capital deficiency of \$254,398.

The Company is actively seeking other opportunities to provide shareholder value. Although historically the Company has been involved in oil and gas exploration and production, future prospects will not necessarily be restricted or limited to this sector or business. While management is confident that it will be able to raise funds, there can be no assurance that these funds will be available on terms acceptable to the Company in the future.

***Three month period ended November 30, 2011 compared to the three month period ended November 30, 2010:******Operating activities***

For the three month period ended November 30, 2011, the Company's operating activities used cash of \$4,633 compared to \$4,833 used in operating activities for the three month period ended November 30, 2010.

***Investing activities***

For the three month period ended November 30, 2011, the Company received cash of \$ Nil from investing activities compared to \$ Nil from investing activities for the three month period ended November 30, 2010.

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***Financing activities***

For the three month period ended November 30, 2011, the Company received cash of \$ Nil from financing activities compared to cash of (\$1,000) from financing activities for the three month period ended November 30, 2010.

***Capital Management***

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, contributed surplus and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged during the quarter ended November 30, 2011.

**Transactions with Related Parties**

During the three month periods ended November 30, 2011 and 2010, the Company was involved in the following related party transactions:

- (a) The amount of \$7,200 (2010 – \$7,200) was incurred to the President of the Company for management fees.
- (b) The amount of \$4,800 (2010 - \$4,800) was incurred to the spouse of the President of the Company for bookkeeping fees.
- (c) The amount of \$9,000 (2010 – \$9,000) was incurred to a Company controlled by the President of the Company for rent.
- (d) As at November 30, 2011, the amount of \$198,370 (2010 - \$144,435) is owed to the President of the Company and companies controlled by the President of the Company which is non-interest bearing, unsecured, and due on demand.
- (e) As at November 30, 2011, the amount of \$26,600 (2010 – \$34,200) is owed to the spouse of the President of the Company, which is non-interest bearing, unsecured, and due on demand.

All of the above transactions have been in the normal course of operations and have been recorded at their exchange amounts which are the amounts agreed upon by the transacting parties.

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**Financial Instruments and Risks**

## (a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's balance sheet as at November 30, 2011 as follows:

	Fair Value Measurements Using			Balance, February 28, 2011 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	37,779	–	–	37,779

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments. The fair value of convertible debt is estimated to approximate its carrying value based on borrowing rates currently available to the Company for a loan with similar terms.

## (b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure. Amounts receivable consist of GST/HST refunds due from the Government of Canada.

## (c) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

## (d) Interest Rate Risk

The Company's cash is currently held in current accounts with Chartered Canadian Banks and therefore the Company does not consider its exposure to interest rate fluctuations to be significant.

## (e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

## (f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. As the Company does not have any producing assets or any current programs for exploration management considers the Company's commodity price risk to be minimal.

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**Disclosure of Outstanding Share Data****Share Capital**

Authorized: Unlimited common shares without par value

As at January 27, 2012, the Company had 24,033,330 shares issued and outstanding.

**Share Purchase Warrants**

As at January 27, 2012, the following share purchase warrants were outstanding.

Number of warrants outstanding	Exercise price \$	Expiry date
2,300,000	0.05	January 15, 2015

**Adoption of IFRS**

As stated in note 2, these financial statements are for the period covered by the Company's first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in note 2 have been applied in preparing the financial statements for the period ended November 30, 2011, and the opening IFRS statement of financial position on March 1, 2010, the "Transition Date". In preparing the opening IFRS statement of financial position and the financial statements for the year ended February 28, 2011, the Company has reviewed the amounts reported previously in financial statements of the Company that were prepared in accordance with Canadian GAAP and determined that no adjustments were required to the statements of financial position and operations and comprehensive loss, and changes in equity; therefore, no reconciliations have been presented. The opening financial position as at March 1, 2010 is presented in the statement of financial positions.

The Company has adopted IFRS on March 1, 2011 with a transition date of March 1, 2010. Under IFRS 1 *'First-time Adoption of International Financial Reporting Standards'*, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied. The Company is applying the following optional exemptions on first-time adoption of IFRS:

- to apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date;
- to not account for business combinations that occurred prior to the date of transition using the principles of IFRS 3 – Business Combinations and instead retain the accounting treatment applied under Canadian GAAP;
- to apply the requirements of IAS 23, Borrowing Costs, as of the Transition Date; and
- to apply the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as at the Transition Date. The Company re-measured all provisions, and estimated the amount to be included in the cost of the related asset by discounting the liability to the date at which the liability first arose. This was done using best estimates of the historical risk-adjusted discount rates, and recalculated the accumulated depreciation, depletion, and amortization under IFRS up to the Transition Date.

The Company has determined that no adjustments from the transition from Canadian GAAP to IFRS were required.