VANGUARD INVESTMENTS CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIODS ENDED

November 30, 2010

UNAUDITED

Note to Reader

The Company's auditors have not reviewed these financial statements. The financial statements have been prepared by management in accordance with generally accepted accounting principles (GAAP) and the Company's regular accounting procedures.

VANGUARD INVESTMENTS CORP.
CONSOLIDATED BALANCE SHEET
NOVEMBER 30, 2010

	November 30, 2010 (unaudited)	February 28, 2010
ASSETS		
Current Assets		
Cash	$ 31,247	$ 86,380
Prepaid expenses	-	-
GST Recoverable	3,750	4,461
	34,997	90,841
Oil & Gas Properties	241,302	240,989
	$ 276,299	$ 331,830
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 45,820	$ 40,269
Due to related parties	178,635	136,558
Current portion of asset retirement obligations	24,801	18,462
	249,256	195,289
Asset retirement obligations	-	6,339
Convertible debt	78,157	78,157
Future income taxes	-	-
	327,413	279,785
SHAREHOLDERS' EQUITY		
Share capital	359,101	359,101
Equity component of convertible loans	176,251	176,251
Retained earnings	(586,466)	(483,307)
	(51,114)	52,045
	$ 276,299	$ 331,830

SEE ACCOMPANYING NOTES

VANGUARD INVESTMENTS CORP.
STATEMENTS OF LOSS AND DEFICIT
FOR THE THREE AND NINE MONTH PERIODS ENDED NOVEMBER 30, 2010 AND 2009
(UNAUDITED)

	Three Months Ended November 30, 2010	Three Months Ended November 30, 2009	Nine Months Ended November 30, 2010	Nine Months Ended November 30, 2009
Expenses:				
Interest and bank charges	$ 5,396	$ 95	$ 16,443	$ 142
Office and miscellaneous	21,000	31,196	62,256	45,298
Transfer agent and filing fees	1,176	635	6,925	1,972
Public company expense	1,002	-	10,884	-
Professional fees	2,500	37,429	6,654	53,593
Loss before other items	(31,074)	(69,355)	(103,162)	(101,005)
Other Items:				
Interest and miscellaneous income	-	-	3	-
Income (loss) before income taxes	$(31,074)	$(69,355)	$(103,159)	$(101,005)
Future income tax recovery	-	-	-	-
Net income (loss) and comprehensive income (loss) for the period	(31,074)	(69,355)	(103,159)	(101,005)
Retained earnings (deficit), beginning of period	$(555,392)	$(508,752)	$(483,307)	$(477,102)
Retained earnings (deficit), end of the period	$(586,466)	$(578,107)	$(586,466)	$(578,107)
Basic and diluted loss per share	$ -	$ -	$ -	$ -
Weighted average number of shares outstanding	22,033,330	22,033,330	22,033,330	22,033,330

SEE ACCOMPANYING NOTES

VANGUARD INVESTMENTS CORP.
STATEMENTS OF CASH FLOWS
For the three and Nine month periods ended November 30, 2010 and 2009
(Unaudited)

	Three Months Ended November 30, 2010	Three Months Ended November 30, 2009	Nine Months Ended November 30, 2010	Nine Months Ended November 30, 2009
Operating activities:				
Net loss for the period	$(31,074)	$(69,355)	$(103,159)	$(101,005)
Changes in non-cash working capital items related to operations:				
Amounts receivable	(1,396)	434	711	(2,446)
Prepaid expenses	-	-	-	-
Accounts payable and accrued liabilities	27,637	27,186	49,629	61,955
Cash used in operating activities	(4,833)	(41,735)	(52,819)	(41,496)
Investing Activities				
Acquisition of oil and gas properties	-	(11,001)	(314)	(24,551)
Income from deposits	-	-	-	-
Cash used in investing activities	-	(11,001)	(314)	(24,551)
Financing Activities				
Proceeds on shares issued for cash, net	-	-	-	-
Proceeds from convertible loans	-	(1,719)	-	(64,863)
Proceeds from loans payable	(1,000)	26,207	(2,000)	42,849
Cash from financing activities	-	24,488	(2,000)	(22,014)
Increase (decrease) in cash during the period	(5,833)	(28,248)	(55,133)	(88,061)
Cash, beginning of period	37,080	39,514	86,380	99,327
Cash, end of period	$ 31,247	$ 11,266	$ 31,247	$ 11,266
Supplemental Cash Flow Information				
Cash paid for:				
Interest	$ -	$ -	$ -	$ -
Income taxes	$ -	$ -	$ -	$ -

SEE ACCOMPANYING NOTES

1. Nature of Operations and Continuance of Business

Vanguard Investments Corp. (the “Company”), was incorporated on March 20, 2001 under the provisions of the Alberta Business Corporations Act.

On November 30, 2009, the Company entered into a Share Purchase Agreement (the “Agreement”) with Zeus Energy Inc. (“Zeus”) and its shareholders to acquire 100% of the issued and outstanding shares of Zeus (Refer to Note 3). Zeus was incorporated on November 7, 2007 under the Alberta Business Corporations Act. Since the closing of the Agreement on November 30, 2009, the Company has been in the business of oil and gas acquisition, exploration and development.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at November 30, 2010, the Company has a working capital deficiency of $214,259, has not generated any revenues from operations, and has an accumulated deficit of $586,466. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

a) Basis of Presentation

The consolidated financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles. These consolidated financial statements include the accounts of the Company and its’ wholly owned subsidiary, Zeus Energy Inc. All significant inter-company balances and transactions have been eliminated on consolidation.

b) Newly Adopted Accounting Policies

Effective February 1, 2009, the Company adopted CICA Handbook Section 3064, “Goodwill and Intangible Assets”, which replaces Section 3062, “Goodwill and Intangible Assets”, and Section 3450, “Research and Development Costs”. This revision establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

In June 2009, the Accounting Standards Board (“AcSB”) further amended CICA Handbook Section 3862, “Financial Instruments – Disclosures” to include additional disclosures about fair value measurements of financial instruments and to enhance risk disclosure. The additional fair value measurement disclosures include classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

2. Significant Accounting Policies (continued)

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

These amendments were required to be adopted for the year ended February 28, 2010. The adoption of this section did not have a material effect on the Company's financial statements.

c) Use of Estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the related notes to the consolidated financial statements. Significant consolidated financial statement items which involve the use of estimates include the impairment of oil and gas properties, asset retirement obligations, equity component of convertible debt, and future income tax asset valuation allowances. Actual results could differ from those estimates.

d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

e) Oil and Gas Properties

The Company follows the full cost method of accounting for oil and gas operations whereby all costs relating to acquisition, exploration and development activities are capitalized into cost centres country by country. These costs include land acquisition costs, geological and geophysical expenses, carrying costs on non-producing properties, cost of drilling both productive and non-productive wells, production equipment, corporate expenses, asset retirement and abandonment costs and directly related overhead. Proceeds from the disposal of properties are deducted from the full cost pool without recognition of a gain or loss unless such a sale would significantly alter the rate of depletion and depreciation.

The costs of acquiring and evaluating unproved properties are excluded from the depletion calculation until it is determined whether proved reserves are attributable to the properties or impairment has occurred. When an unproved property is deemed impaired, the cost of the property or the amount of impairment is written off.

Depletion of oil and gas properties is provided for each cost centre using the unit-of-production method based on production volumes before royalties in relation to total estimated proved reserves as determined by independent engineers. Natural gas reserves and production are converted at a ratio of six thousand cubic feet of natural gas to one barrel of oil.

The Company applies a ceiling test to its oil and gas properties' capitalized costs to ensure that such costs are recoverable and do not exceed their fair value. The test is applied in a two-stage process. The first stage requires the carrying amounts of cost centres to be tested for recoverability using undiscounted future cash flows from proved reserves and management's best estimate of forward indexed prices. When the carrying amount of a cost centre is not recoverable, the second stage of the process will determine the impairment whereby the cost centre would be written down to its fair value. The

2. Significant Accounting Policies (continued)

second stage requires the calculation of discounted future cash flows, using a risk-free rate, from proved plus probable reserves. The fair value is estimated using accepted present value techniques, which incorporate risks and other uncertainties when determining expected cash flows.

f) Joint Interests

Substantially all of the Company's exploration activities are conducted jointly with others and, accordingly, the financial statements reflect only the Company's proportionate interest in such activities.

g) Long-lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

h) Asset Retirement Obligations

The Company follows CICA Handbook Section 3110, "Asset Retirement Obligations", which established standards for asset retirement obligations and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value.

i) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Future income taxes assets and liabilities are recognized for the estimated future tax consequences attributable to the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases ("temporary differences") and loss carry forwards. When necessary, a valuation allowance is recorded to reduce income tax assets to an amount where realization is more likely than not. Future income tax assets and liabilities are measured using enacted or substantively enacted tax laws and rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in rates is recognized in the period that included the date of enactment or substantive enactment.

j) Flow-through Shares

The Company follows the recommendations of Emerging Issue Committee Abstract No. 146, which is effective for all flow-through share transactions. Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized and share capital is reduced. If the Company has sufficient unused tax losses carried forward or other future income tax assets to offset all

2. Significant Accounting Policies (continued)

or part of this future income tax liability and no future income tax assets have been previously recognized for these items, a portion of such unrecognized losses is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

k) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at transaction date rates. Revenue and expenses are translated at average rates for the period. Foreign exchange gains and losses are included in the results of operations.

l) Financial Instruments

The Company classifies all financial instruments as either held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities. Financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instruments classification. Held-for-trading instruments are measured at fair value with unrealized gains and losses recognized in results of operations. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost.

The Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables. Accounts payable, accrued liabilities, amounts due to related parties, and convertible debt are classified as other financial liabilities.

m) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments. As the Company has recorded a loss in each of the periods presented, basic and diluted loss per share are the same since the exercise of warrants or options would reduce the loss per share.

n) Comprehensive Loss

Section 1530 establishes standards for the reporting and display of comprehensive income. The Company's does not have any items representing comprehensive income and loss.

o) Stock-based Compensation

The Company recognizes stock-based compensation expense in accordance with CICA Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments". When stock or stock options are issued to employees, compensation expense is recognized based on the fair value of the stock or stock options issued on the date of grant, over the vesting period of the stock or stock options. Stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value

2. Significant Accounting Policies (continued)

of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date. On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus.

p) Future Changes in Accounting Standards

In January 2009, the Accounting Standards Board ("AcSB") issued CICA Handbook Sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements" and 1602, "Non-controlling Interests" which replace CICA Handbook Sections 1581, "Business Combinations" and 1600, "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after March 1, 2011. Early adoption of this section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning March 1, 2011. Early adoption of this section is permitted and all three sections must be adopted concurrently.

In February 2008, the AcSB confirmed that public companies will be required to prepare interim and annual financial statements under International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. The transition date of March 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended February 28, 2010. Management is currently assessing the impact of adopting IFRS and it has not yet determined its effect on the Company's financial statements.

q) Reclassifications

Certain comparative figures have been reclassified to conform to the current year's presentation.

3. Oil and Gas Properties

During the three and nine month periods ended November 30, 2010 the Company incurred development costs in unproved properties of $314 (2009 - $10,701 & $13,550 respectively), and the costs were excluded from the calculation of depletion and depreciation.

4. Related Party Transactions

During the three month period ended November 30, 2010, the Company recorded the following transactions with related parties:

a) An expense amount of $7,200 (2009 – $12,150) was incurred to the President of the Company for management fees for the three month period ended November 30, 2011.

b) An expense amount of $4,800 (2009 - $8,100) was incurred to a company owned by the spouse of the President of the Company for accounting fees for the three month period ended November 30, 2011.

c) An expense amount of $9,000 (2009 – nil) was incurred to a company controlled by the President of the Company for rent for the three month period ended November 30, 2011.

d) As at November 30, 2010, the amount of $178,635 (2009 - $72,065) is owed to the President of the Company, a company controlled by the President of the Company and a company owned by the spouse of the President of the Company which is non-interest bearing, unsecured, and due on demand.

5. Share Capital

Authorized: Unlimited common shares without par value

	Number of common shares	$
Balance, February 28, 2010	22,033,330	876,132
Issued for acquisition of subsidiary	-	-
Issued for convertible debentures	-	-
Balance, November 30, 2010	22,033,330	876,132

6. Financial Instruments and Risks

a) Fair Values

The fair values of financial instruments, which include cash, accounts receivable, taxes receivable, accounts payable and accrued liabilities, amounts due to a related party, and loan payable approximate their carrying values due to the relatively short-term maturity of these instruments.

At November 30, 2010, the fair value of financial instruments measured on a recurring basis includes cash determined based on level one inputs, consisting of quoted prices in active markets for identical assets.

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.

c) Foreign Exchange Rate and Interest Rate Risk

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

6. Financial Instruments and Risks (continued)

d) 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.

7. Subsequent Events

On January 4, 2011 the Company issued 1,000,000 common shares pursuant to the exercise of 1,000,000 warrants at $0.05 per warrant. The Company received total funds of $50,000. These funds were used to pay outstanding corporate indebtedness.