

United Hunter Oil & Gas Corp.

(formerly Vesta Capital Corp.)
(an exploration stage company)

Financial Statements

(expressed in US dollars)

September 30, 2010

(unaudited)

Management's Comments on Unaudited Interim Financial Statements

These unaudited interim financial statements of United Hunter Oil & Gas Corp. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited interim financial statements have not been reviewed by the Company's external auditors.

United Hunter Oil & Gas Corp.

(formerly Vesta Capital Corp.)
(an exploration stage company)

Consolidated Balance Sheets

(expressed in US dollars)

	As at September 30, 2010 \$ (unaudited)	As at December 31, 2009 \$
Assets		
Current		
Cash and cash equivalents	4,627,127	2,101
Receivables	53,340	-
Prepaid expenses	73,407	-
	4,753,874	2,101
Oil and gas properties (note 3)	3,709,513	-
Capital assets	1,931	-
	8,465,317	2,101
Liabilities		
Current		
Accounts payable and accrued liabilities	350,830	-
Consideration payable (note 1)	800,000	-
	1,150,830	-
Shareholders' equity		
Share capital (note 4)	7,115,490	2,101
Warrants (note 4)	2,406,523	-
Contributed surplus (note 4)	94,199	-
	9,616,211	2,101
Deficit	(2,301,725)	-
	7,314,486	2,101
	8,465,316	2,101

See accompanying notes to consolidated financial statements

Approved by the Board:

Bradley Griffiths
Director

Arthur Halleran
Director

United Hunter Oil & Gas Corp.

(formerly Vesta Capital Corp.)
(an exploration stage company)

Consolidated Statements of Operations, Comprehensive Loss and Deficit

(expressed in US dollars)

	3 months ended September 30,		9 months ended September 30,		Period from August 21, 2008 (date of incorporation) to June 30,
	2010	2009	2010	2009	2010
	\$	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Expenses					
Management fees	24,375	-	65,000	-	65,000
Salaries and wages	139,880	-	142,759	-	142,759
Consulting fees	317,387	-	475,540	-	475,540
Stock-based compensation	71,420	-	94,198	-	94,198
Premises	12,891	-	21,594	-	21,594
General and administrative	36,436	-	48,815	-	48,815
Public company costs	5,302	-	16,013	-	16,013
Investor relations	37,387	-	51,533	-	51,533
Travel	28,489	-	37,610	-	37,610
Permitting	8,043	-	20,890	-	20,890
Foreign exchange loss	(148)	-	56,258	-	56,258
	681,462	-	1,030,211	-	1,030,211
Loss before the undernoted item	(681,462)	-	(1,030,211)	-	(1,030,211)
Recovery of loan	100,000	-	100,000	-	100,000
Loss and comprehensive loss	(581,462)	-	(930,211)	-	(930,211)
Transaction costs	51,880	-	(1,371,514)	-	(1,371,514)
Deficit, beginning of period	(1,772,143)	-	-	-	-
Deficit, end of period	(2,301,725)	-	(2,301,725)	-	(2,301,725)
Basic and diluted loss per share	(0.01)	-	(0.01)	-	-
Weighted average number of shares outstanding - basic and diluted	102,201,807	22,500,000	74,070,592	22,500,000	

See accompanying notes to consolidated financial statements

United Hunter Oil & Gas Corp.

(formerly Vesta Capital Corp.)
(an exploration stage company)

Consolidated Statements of Cash Flows

(expressed in US dollars)

	3 months ended September 30, 2010		9 months ended September 30, 2009		Period from August 21, 2008 (date of incorporation) to June 30, 2010
	2010	2009	2010	2009	2010
	\$	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flow from operating activities					
Loss for the period	(581,462)	-	(930,211)	-	(930,211)
Items not affecting cash					
Stock-based compensation	71,420	-	94,198	-	94,198
Changes in non-cash working capital					
Receivables	-	-	(23,061)	-	(23,061)
Prepaid expenses	-	-	(34,777)	-	(34,777)
Accounts payable and accrued liabilities	(12,305)	-	(258,094)	-	(258,094)
	<u>(522,346)</u>	<u>-</u>	<u>(1,151,944)</u>	<u>-</u>	<u>(1,151,944)</u>
Cash flow from financing activities					
Issue of common shares	-	-	9,008,100	-	9,010,201
Share issue costs	-	-	(787,939)	-	(787,939)
Transaction costs	-	-	(272,959)	-	(272,959)
	<u>-</u>	<u>-</u>	<u>7,947,202</u>	<u>-</u>	<u>7,949,303</u>
Cash flow from investing activities					
Acquisition of oil and gas property	(50,493)	-	(105,141)	-	(105,141)
Interest in Excelaron	-	-	(2,075,900)	-	(2,075,900)
Cash acquired upon amalgamation	-	-	10,810	-	10,810
Advance to Excelaron LLC	187,674	-	-	-	-
	<u>137,180</u>	<u>-</u>	<u>(2,170,231)</u>	<u>-</u>	<u>(2,170,231)</u>
Net change in cash for the period	(385,166)	-	4,625,026	-	4,627,127
Cash, beginning of period	5,012,293	2,101	2,101	2,101	-
Cash, end of period	4,627,127	2,101	4,627,127	2,101	4,627,127
Non-cash transactions					
Issue of common shares					
Financing consulting fee	-	-	1,150,434	-	-
Interest in Excelaron	-	-	451,008	-	-
Supplementary information					
Interest paid	-	-	-	-	-
Income taxes paid	-	-	-	-	-

See accompanying notes to consolidated financial statements

United Hunter Oil & Gas Corp.

(formerly Vesta Capital Corp.)
(an exploration stage company)

Notes to Consolidated Financial Statements

(expressed in US dollars)

September 30, 2010

(unaudited)

1. Nature of operations

Vesta Capital Corp. ("Vesta") was incorporated under the Business Corporations Act of Ontario on February 22, 2008 and was classified as a capital pool company as defined in Policy 2.4 of TSX Venture Exchange Inc. ("TSX-V").

On April 23, 2010, Vesta acquired a 65% indirect Membership Interest in Excelaron, LLC ("Excelaron"), an exploration stage company based in San Luis Obispo, California, engaged primarily in the business of oil and gas exploration and development. The acquisition constituted Vesta's Qualifying Transaction.

Excelaron holds a 100% interest in an oil and natural gas property consisting of 260 acres on the western edge of the Huasna Basin, an existing California Department of Oil, Gas and Geothermal Resources designated oilfield within the Meridian Anticline located in Arroyo Grande, California.

On August 18, 2010, the name of the company was changed to United Hunter Oil & Gas Corp. (the "Company").

Amalgamation

Vesta, United Hydrocarbon Corporation ("UHC") and a wholly-owned subsidiary of the UHC ("Subsidiary") completed a three-cornered amalgamation, whereby Subsidiary amalgamated with UHC and the Vesta issued 1.7754 common shares for each outstanding UHC common share and 1.33 common shares for each outstanding UHC Class A common share.

Prior to the closing of the Amalgamation, UHC increased its Membership Interest in Excelaron from 21% to 65%. UHC acquired an additional 4% Membership Interest in Excelaron in exchange for 2,253,001 common shares valued at C\$0.20 per common share for total consideration of \$451,008 (C\$450,600). UHC acquired an additional 40% Membership Interest in Excelaron for \$1,000,900 (C\$1,000,000), a capital contribution to Excelaron of US\$1,075,000 and a commitment to pay US\$800,000 at such time as Excelaron secures its conditional use permits for its planned operations on its oil and gas properties. In the event that Excelaron does not secure such permits or the Company does not pay the US\$800,000, the 40% Membership Interest will be reduced to a 15% Membership Interest in Excelaron. The Company has also agreed to pay a shareholder of UHC a 5% assignable gross overriding royalty on all amounts received directly or indirectly by the Company that can be attributed to its 65% Membership Interest in Excelaron.

	\$
Investment in Excelaron	
2,253,001 UHC common shares	451,008
Cash of C\$1,000,000	1,000,900
Members' equity contribution	1,075,000
Consideration payable	800,000
	<hr/> 3,326,908
Oil and gas property	2,330,621
Members' equity	996,287
	<hr/> 3,326,908

Concurrent with the closing of the Amalgamation, UHC completed a private placement of 45,000,000 units of UHC at a price of C\$0.20 per unit for gross proceeds of \$9,008,100 (C\$9,000,000) ("Private Placement"). Each unit consisted of one UHC Class A common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one UHC Class A common share at a price of C\$0.40 per UHC Class A share until April 23, 2012 ("UHC Warrant"). In the event that the UHC Class A common shares trade at or above C\$0.80 for more than 20 consecutive days, the warrants must be exercised after written notice is provided by UHC or they will expire. In respect of the Private Placement, UHC paid a commission of \$552,498 (C\$552,000) equal to 8% of certain gross proceeds of the Private Placement; issued 3,600,000 compensation warrants equal to 8% of the number of common shares issued, entitling the holder to purchase one Class A common share at a price of C\$0.20 per Class A common share until April 23, 2012 ("UHC Compensation

United Hunter Oil & Gas Corp.

(formerly Vesta Capital Corp.)
(an exploration stage company)

Notes to Consolidated Financial Statements

(expressed in US dollars)

September 30, 2010

(unaudited)

Warrants"); issued 5,746,999 common shares with a value of \$1,150,434 (C\$1,149,400) to a director of the Company in respect of a financing consulting fee; paid the agent's legal fees and out-of-pocket expenses of \$130,809 (C\$132,619).

The fair value of the UHC Warrants of \$2,003,166 and the UHC Compensation Warrants of \$381,917 was calculated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	%
Expected volatility	100%
Expected life of warrants	2 years
Expected dividend yield	Nil

The transaction is accounted for as a reverse-takeover transaction that does not constitute a business combination in accordance with Abstract 10 of the Emerging Issues Committee Abstract 10 "Reverse Takeover Accounting". Although Vesta is the legal parent company and UHC is the legal subsidiary, for accounting purposes, UHC will be considered to be the acquirer, as the shareholders of UHC will control the consolidated entity. Vesta was a capital pool company and was not considered to be an acquired business in accordance with Emerging Issues Committee Abstract 124 "Definition of a Business", and therefore the amalgamation has been accounted for as a capital transaction and not a business combination.

The consolidated financial statements of the Company are a continuation of the financial statements of UHC, except the disclosure of the authorized and issued share capital is that of Vesta. The consolidated statement of operations, comprehensive loss and deficit includes the results for UHC for the 9 months ended September 30, 2010 and the results of operations of Vesta from the closing date, April 23, 2010 to September 30, 2010. The comparative figures presented in the consolidated financial statements are those of UHC,

The net assets of are included in the consolidated balance sheet at their carrying value and the net assets of Vesta were recorded at the closing date at their carrying values as follows:

Assets	\$
Cash	10,810
Receivables	24,516
Prepaid expenses	25,023
	<hr/>
	60,348
Liabilities	
Accounts payable and accrued liabilities	362,040
Net liabilities assumed	<hr/>
	(301,691)

Basis of presentation

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These unaudited interim financial statements of the Company have been prepared using accounting policies that are consistent with policies used in preparing the Company's annual financial statements for the year ended December 31, 2009. The financial information included herein reflects all adjustments which in the opinion of management are necessary for a fair presentation of the results for the interim period presented. Generally accepted accounting principles for interim financial statements do not conform in all respects to the disclosures required for annual financial statements, and accordingly, should be read in conjunction with the annual financial statements for the year ended December 31, 2009.

United Hunter Oil & Gas Corp.

(formerly Vesta Capital Corp.)
(an exploration stage company)

Notes to Consolidated Financial Statements

(expressed in US dollars)

September 30, 2010

(unaudited)

Going concern

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Accounting policies and future accounting changes

Basis of consolidation

These consolidated financial statements include the accounts of the Company's wholly-owned subsidiary and proportionately consolidates the Company's 65% interest in Excelaron LLC.

Future accounting changes

Harmonization of Canadian and International Standards

In February 2008, the Accounting Standards Board ("AcSB") of the CICA confirmed that Canadian GAAP for publicly accountable enterprises will be converged with International Financial Reporting Standards ("IFRS") effective in the calendar year 2011 and will require restatement of the comparative figures. The conversion to IFRS will be required, for the Company, for interim and annual financial statements beginning on January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures.

Business Combinations

On January 1, 2011, the Company will adopt CICA Handbook Section 1582, "Business Combinations", which will be converged with IFRS 3, "Business Combinations" and replaces CICA Handbook Section 1581, "Business Combinations". The new standard establishes the standards for the measurement of a business combination and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date.

Consolidated Financial Statements

On January 1, 2011, the Company will adopt CICA issued Handbook Section 1601, "Consolidated Financial Statements", which replaces Handbook Section 1600, "Consolidated Financial Statements" other than the standards relating to non-controlling interest. The new standard establishes the standards for preparing consolidated financial statements.

Non-controlling Interests

On January 1, 2011, the Company will adopt new CICA Handbook Section 1602, "Non-controlling interests", which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of financial statements subsequent to a business combination.

The Company does not expect the adoption of these new standards to have an effect on the Company's financial statements.

3. Oil and gas properties

	2010	2009
	\$	\$
Husana	3,604,372	—
Atlee Buffalo	105,141	—
	<hr/> 3,709,513	<hr/> —

United Hunter Oil & Gas Corp.

(formerly Vesta Capital Corp.)
(an exploration stage company)

Notes to Consolidated Financial Statements

(expressed in US dollars)

September 30, 2010

(unaudited)

On April 23, 2010, the Company acquired an indirect 65% membership interest in Excelaron, which holds a 100% interest in an oil and natural gas property consisting of 260 acres on the western edge of the Huasna Basin, an existing California Department of Oil, Gas and Geothermal Resources designated oilfield within the Meridian Anticline located in Arroyo Grande, California.

The Company acquired a 95% working interest in a portion of the suspended Alberta Mannville G oil field ("Atlee Buffalo") for \$105,141 from a company controlled by an officer of the Company. On May 31, 2010, the Company acquired a 47.5% working interest in Atlee Buffalo for C\$54,648 and on September 15, 2010, the Company acquired an additional 47.5% working interest in Atlee Buffalo for C\$54,648. The Atlee Buffalo Mannville G pool was discovered in 1980 and is currently suspended.

4. Share capital

	Shares			Contributed
	Number of	Amount	Warrants	surplus
	shares	\$	\$	\$
Vesta common shares				
Balance, December 31, 2008 and December 31, 2009	6,303,000	781,073	20,120	53,143
UHC common shares (note 1)				
Balance, September 30, 2009	22,500,000	2,101	—	—
Acquisition of 4% membership interest in Excelaron	2,253,001	451,008	—	—
Financing consulting fee	5,746,999	1,150,434	—	—
	30,500,000	1,603,543	—	—
UHC Class A shares (note 1)				
Private placement of units	45,000,000	9,008,100	—	—
Fair value of UHC Warrants	—	(2,003,166)	2,003,166	—
Fair value of UHC Compensation Warrants	—	(381,918)	381,917	—
Share issue costs	—	(787,939)	—	—
	45,000,000	5,835,077	2,385,083	—
Adjustment to reflect the issue of 1.7754 common shares of Vesta for each UHC common share outstanding (note 1)	23,649,701	—	—	—
Adjustment to reflect the issue of 1.33 common shares of Vesta for each UHC Class A share outstanding (note 1)	14,850,000	—	—	—
Adjustment to reflect the elimination of share capital and contributed surplus of the Company (note 1)	—	(1,104,167)	—	(53,143)
Stock-based compensation	—	—	—	94,198
Balance, September 30, 2010	120,302,722	7,115,490	2,405,203	94,198

United Hunter Oil & Gas Corp.

(formerly Vesta Capital Corp.)
(an exploration stage company)

Notes to Consolidated Financial Statements

(expressed in US dollars)

September 30, 2010

(unaudited)

Warrants

A summary of the Company's warrants is presented below:

	Number of warrants	\$	Weighted- average exercise price C\$	Expiry date
Balance, December 31, 2008, December 31, 2009	200,000	20,120	0.20	July 29, 2010
UHC Warrants issued (note 1)	27,500,000	2,003,166	0.40	April 23, 2012
UHC Compensation Warrants issued (note 1)	3,600,000	381,917	0.20	April 23, 2012
Balance, September 30, 2010	31,300,000	2,405,203	0.39	
Warrants exercisable	31,300,000		0.39	

Stock options

Under its stock option plan, the Company may grant options to its directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares at the time of the grant. As at September 30, 2010, there were 12,030,272 common shares available for issuance under the stock option plan.

A summary of the Company's stock options is presented below:

	Number of options	Weighted- average exercise price C\$	Expiry date
Balance, December 31, 2008 and 2009	380,000	0.20	July 25, 2013
Cancelled	(380,000)	0.20	
Issued	8,350,000	0.15	May 12, 2015
Issued	425,000	0.15	August 31, 2015
Balance, September 30, 2010	8,775,000	0.15	
Options exercisable	—	—	

Pursuant to the terms of the Amalgamation, the 380,000 stock options of Vesta outstanding at the closing date of the Amalgamation were cancelled.

The Company granted 8,350,000 stock options to directors, officers, employees, consultants and investor relations advisors, entitling the holder to purchase one common share for C\$0.15 until May 12, 2015. The stock options vest in equal instalments on May 12, 2011, 2012 and 2013.

A summary of the stock options granted and the assumptions for the calculation of the fair value of those stock options using the Black-Scholes option pricing model is presented below:

United Hunter Oil & Gas Corp.

(formerly Vesta Capital Corp.)
(an exploration stage company)

Notes to Consolidated Financial Statements

(expressed in US dollars)

September 30, 2010

(unaudited)

	May 12, 2010	August 31, 2010
Options granted	8,350,000	425,000
Exercise price	C\$0.15	C\$0.15
Expiry date	May 12, 2015	August 31, 2015
Fair value	C\$872,965	C\$37,735
Risk-free interest rate	2.96%	2.05%
Expected volatility	100%	100%
Expected life of options	5 years	5 years
Expected dividend yield	0%	0%

The fair value of the stock options will be recorded as stock-based compensation over the 3 year vesting term of the stock options.

5. Capital disclosures

Capital of the Company consists of the equity attributable to the common shareholders, comprised of share capital, warrants, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to explore and develop its mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company, it has no revenues and its principal source of capital is from the issue of common shares. In order to achieve its objectives, the Company will spend its existing working capital and raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

6. Financial instruments

Fair value

Fair value represents the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair values estimates are based on quoted market values and other valuation methods.

The carrying value of cash and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these financial instruments.

Risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

Currency risk

As the majority of the Company's expenditures are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash and cash equivalents in Canadian dollars.

United Hunter Oil & Gas Corp.

(formerly Vesta Capital Corp.)
(an exploration stage company)

Notes to Consolidated Financial Statements

(expressed in US dollars)

September 30, 2010

(unaudited)

Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through the management of its capital structure as outlined in note 5. Accounts payable are all due within 30 days.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.