



PRESS RELEASE

VERO ENERGY INC. ANNOUNCES ITS FINANCIAL RESULTS FOR THE SECOND QUARTER OF 2006 AND PROVIDES AN OPERATIONAL UPDATE

CALGARY, Alberta - August 14, 2006 – Vero Energy Inc. (“Vero” or the “Company”) (TSX-VRO) today filed with Canadian securities authorities its Consolidated Financial Statements and Management Discussion and Analysis in respect thereof for the period ended June 30, 2006. Copies of the filed documents may be obtained through www.sedar.com or by visiting Vero’s website www.veroenergy.ca.

Financial and operating highlights for the second quarter of 2006 with comparisons to the first quarter of 2006 and the year-to-date operations for 2006 are as follows:

<i>Financial (\$000's except per share amounts)</i>	Q2 2006	Q1 2006	% Change	YTD 2006
Production revenue	10,571	7,096	49	17,667
Cash flow from operations	5,854	4,133	42	9,988
Per basic share	0.23	0.20	15	0.43
Per diluted share	0.23	0.20	15	0.43
Net earnings	79	252	(69)	331
Per basic share	-	0.01	-	0.01
Per diluted share	-	0.01	-	0.01
Capital expenditures	12,447	11,024	13	25,133
Net debt	30,133	35,768	(16)	30,133
<i>Share Capital (000's)</i>				
Basic, weighted average	25,603	20,870	23	23,249
Basic, end of period	25,907	23,776	9	25,907
Fully diluted	28,083	25,450	10	28,083
<i>Daily Sales Volumes</i>				
Natural gas volumes (mcf/d)	10,057	5,715	76	7,898
Light oil (boe/d)	381	309	23	345
Liquids (boe/d)	293	165	78	229
Corporate (boe/d)	2,350	1,427	65	1,891
<i>Average Prices Realized</i>				
Natural gas (\$/mcf)	6.70	8.46	(21)	7.34
Light Oil (\$/bbl)	80.61	65.87	22	74.06
Liquids (\$/bbl)	61.80	60.78	2	61.50
Corporate (\$/boe)	49.44	55.26	(11)	51.62
<i>Netbacks (\$/boe)</i>				
Operating	30.00	35.18	(15)	31.93
Cashflow	27.38	32.20	(15)	29.18
<i>Wells drilled</i>				
Gross	8	8	-	16
Net	3.8	5.8	(34)	9.6

All barrels of oil equivalent conversions use 6 Mcf to 1 barrel of oil.

Second Quarter 2006 Highlights

- Production revenue increase of 49% over the first quarter to \$10,571 thousand.
- Increased average daily production 65% from 1,427 boe/d in the first quarter of 2006 to 2,350 boe/d in the second quarter.
- Increased cash flow 42% to \$5.9 million and just under \$10 million for the year-to-date.
- Achieved a field netback of \$30.00 per boe and cash flow netback of \$27.38 per boe.
- Vero drilled 8 wells (3.8 net) with a 100% success rate.
- Closed a bought-deal financing to raise \$13 million in common share equity.

FINANCIAL REVIEW

Vero reported production volumes of 2,350 boe/d in the second quarter of 2006. This represented a 65% increase over the average production for the first quarter of the year. For the year-to-date production volumes averaged 1,891 boe/d. The largest gains in production were from natural gas and liquids production at 78% and 79% respectively. Successful drilling in our major core area of Edson as well as the corporate acquisition, which closed in February accounted for the production gains.

Cash flow for the second quarter was \$5.9 million, a 42% increase over that realized in the first quarter. The increased production levels more than offset the natural gas prices declines of 21% resulting in the increase to cash flow. Gas prices declined 21% during the second quarter as increasing continental supply continued to affect the gas producers. For the year-to-date cash flow is approximately \$10 million, which translates into \$0.43 per share (basic and diluted). Net earnings of \$79 thousand were recorded for the second quarter, which was 69% lower than the first quarter of the year. Larger depletion charges took their toll and offset the gains we made in future tax recoveries. The favourable income tax environment continued to improve as both federal and provincial taxes were lowered. The benefits of the lower rates were recognized in this quarter resulting in an \$851 thousand future tax reduction. For the year-to-date, net earnings were \$331 thousand or \$0.01 per share (basic and diluted).

During the second quarter, Vero spent \$12.4 million on its exploration and development capital program. Of this amount, 75% was devoted to drilling and completions activities and 18% to pipelines and facilities. In addition, \$833 thousand was spent on crown land acquisitions to further bolster our land holdings mainly in our core area of Edson. Vero's bank line of credit is being increased to \$35 million to ensure the maximum amount of flexibility in executing our capital plan.

OPERATIONS REVIEW

Edson, Alberta

Edson continues to be the largest producing property and based on the opportunities identified will be a focus of the company's capital spending in the coming years. In the second quarter, 3 (2.1 net) wells were drilled and cased. All were completed and one was placed on-production in late June. The other two wells will be placed on-production in the upcoming weeks. An additional 4 (2.2 net) wells were drilled and cased in the third quarter. These wells are expected to be on-production by the end of the third quarter. An application has been made to downspace the Rock Creek formation on the company's lands to two wells per section. Vero is currently evaluating alternatives to increase processing capacity in the area to accommodate the upcoming drilling program.

Wilson Creek

Currently this is Vero's second largest producing area. All operators in the Wilson Creek Belly River Oil pool have been meeting on a weekly basis since the middle of February with the mandate of implementing a water flood project. The group's plans are to submit the water flood application shortly with implementation targeted for the first quarter of 2007. This project has the potential to more than double the company's reserves and production from this pool.

Also in the Wilson Creek area, 3 (0.7 net) wells were drilled in the quarter and all wells have been put on-production. Another 2 (1.0 net) locations have been identified and will be drilled in the coming months.

Whitecourt

Three wells that were previously drilled in 2005 and the first quarter of 2006 are currently being tied in and should be on-production prior to the end of August. In the third quarter to date, 2 (1.4 net) wells have been drilled and completed with one well to be placed on-production by the end of the quarter. The other well proved to be uneconomic. The purchase of additional Crown lands in the area during the second quarter has increased the land holdings by 915 acres to over 31,000 net undeveloped acres.

Corbett

At Corbett 2 (1.0 net) wells were drilled with one being brought on-production at the end of July and the other is awaiting additional stimulation. The company is continuing to evaluate the new well to determine facility requirements in the area. There is currently a well (100% Vero) with production capability of 100 bbls/d that is shut-in due to rate restrictions. This well will come back onto production once the solution gas is conserved.

Alberta Miscellaneous

At Ferrier the company will spud an offset to its Viking oil discovery in the near future. The initial well flowed at rates greater than 300 bbls/d plus 300 mcf/d of gas in September 2005 and continues to produce at rates of 120bbls/d and 260 mcf/d. Future plans include the drilling of 2 to 3 gross (1.8 to 2.5 net) wells.

Evaluation is ongoing at the company's high impact exploration play at Ricinus where trade 2D seismic data has been purchased. The potential is for Leduc gas which offsets a competitor's discovery well at Tay River. This well is currently producing greater than 100 mmcf/d. The company is also reviewing trade 3D data over the lands and evaluating the cost of shooting 3D data to supplement the available trade data.

OUTLOOK

In the second quarter of 2006 Vero posted significant gains in cash flow and cash flow per share while reducing unit operating costs as compared to the first quarter. This resulted in Vero continuing to have top tier netbacks in a declining commodity price environment. The quarter also had its challenges as there was a large lag time from breakup at the end of March to the recommencement of field operations in mid June due to road bans and then incremental wet weather. During the second quarter we averaged 2,350 boe/d and are currently producing approximately 2,600 boe/d based on field estimates. Two pipeline crews are currently tying-in behind-pipe production of approximately 700

boe/d. Half of this behind-pipe production will be producing before the end of August and the remaining behind-pipe volumes are expected to commence production during September and October. We currently have one drilling rig working and it will continue to drill for the remainder of the year. Two more rigs will be hired in the next month to drill two wells.

Due to the decline and uncertainty in commodity prices and Vero being predominately a natural gas producer, management reviewed its projects for the balance of the year as part of its ongoing capital planning strategy. Although we remain optimistic in long-term commodity prices we believe we were being prudent in revising our capital program to expedite the drilling of wells, which we believe have a higher chance of success and that will generate higher rate of returns. So far to date, we have had 100% success in drilling 24 (13.3 net) wells and plan to drill up to 13 (10 net) wells for the remainder of the year. This strategy will allow us to maintain a strong balance sheet. Our existing credit facility and estimated cash flows are projected to be more than sufficient to fund our capital expenditures for 2006 and the first quarter of 2007. If the commodity price environment changes we will be able to add or delete projects accordingly. We estimate that we will average between 2,500 and 2,700 boe/d in the third quarter, 3,100 to 3,400 boe/d in the fourth quarter and will exit the year between 3,500 and 3,800 boe/d.

Vero has currently generated approximately 50 drilling locations. These do not include the many potential down space locations. Applications to the EUB for reduced spacing on many of our lands have been made and we expect to receive the approvals before year end. We have a high impact exploration prospect at Ricinus and numerous development plays in Edson. In addition, we look forward to obtaining approvals for a water flood project on the Wilson Creek oil pool with plans to be operational in early 2007. This will potentially add significant production volumes and reserves.

Vero continues to recruit high quality technical staff with the most recent being Marc Melnic as our engineering manager. He is a professional engineer with an executive MBA from Queens University. He has over 12 years experience and his last eight years were with a large royalty trust where he worked in the business development group and was the team leader for the unconventional gas group.

With completion of our second full quarter we are very pleased with the team that has been assembled and what they have accomplished to date. We believe we are just getting started in many respects even though we have already grown to a 2,600 boe/d company in just eight months of existence. We are committed to providing per share growth in each of production, reserves, and cash flow categories. We especially look forward to reporting to our shareholders our results as we move forward for the remainder of this year and into 2007.

For more information please visit our website at www.veroenergy.ca. Vero will have an updated presentation prior to the end of August.

Douglas J. Bartole
President and Chief Executive Officer

FINANCIAL STATEMENTS

Below is selected financial statement information for the second quarter of 2006. For full disclosure of financials statements with their accompanying notes and the Management, Discussion and Analysis, please visit our website or SEDAR.

VERO ENERGY INC.

Consolidated Balance Sheets

(in thousands of dollars)

	June 30, 2006 (<i>unaudited</i>)	December 31, 2005 (<i>audited</i>)
ASSETS		
CURRENT		
Cash and cash equivalents	-	12,523
Accounts receivable	12,505	6,013
Prepaid expenses and deposits	997	156
	13,502	18,692
Property and equipment	114,038	34,207
Goodwill	14,804	-
Future tax benefit	-	232
	142,344	53,131
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	22,081	9,988
Taxes payable	-	292
Bank debt	21,554	-
	43,635	10,280
Asset retirement obligations	1,289	380
Future taxes	10,719	-
	55,643	10,660
SHAREHOLDERS' EQUITY		
Share capital	84,710	41,703
Contributed surplus	995	103
Retained Earnings	996	665
	86,701	42,471
	142,344	53,131

VERO ENERGY INC.

Consolidated Statements of Operations and Retained Earnings

For the three months and six months ended June 30, 2006

(in thousands of dollars, except per share data)(unaudited)

	Three months ended June 30, 2006	Six Months ended June 30, 2006
REVENUE		
Production revenue	10,571	17,667
Royalties	(2,712)	(4,345)
Interest and other	-	89
	7,859	13,411
EXPENSES		
Operating	1,293	2,107
Transportation	153	286
General and administrative	566	859
Stock-based compensation	520	892
Interest and bank charges	301	463
Depletion, depreciation and accretion	6,106	9,496
	8,939	14,103
LOSS BEFORE INCOME TAXES	(1,080)	(692)
INCOME TAX EXPENSE (RECOVERY)		
Current	(308)	(292)
Future	(851)	(731)
	(1,159)	(1,023)
NET EARNINGS	79	331
RETAINED EARNINGS, BEGINNING OF PERIOD	917	665
RETAINED EARNINGS, END OF PERIOD	996	996
NET EARNINGS PER SHARE		
Basic	-	0.01
Diluted	-	0.01

VERO ENERGY INC.

Consolidated Statement of Cash Flows

For the three months and six months ended June 30, 2006

(in thousands of dollars) (unaudited)

	Three months ended June 30, 2006	Six Months ended June 30, 2006
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net earnings	79	331
Adjustments for:		
Depletion, depreciation and accretion	6,106	9,496
Future income taxes	(851)	(731)
Stock-based compensation	520	892
	5,854	9,988
Changes in non-cash working capital	(440)	(5,197)
	5,414	4,791
FINANCING		
(Decrease) increase in bank debt	(3,745)	3,033
Proceeds from issuance of common shares, net of share issue costs	12,102	12,061
	8,357	15,094
INVESTING		
Corporate acquisition	-	(18,887)
Additions to petroleum and natural gas properties	(12,573)	(23,520)
Disposals of capital assets	300	300
Additions to administrative assets	(49)	(125)
Changes in non-cash working capital	(1,449)	9,824
	(13,771)	(32,408)
NET DECREASE IN CASH AND CASH EQUIVALENTS	-	(12,523)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	-	12,523
CASH AND CASH EQUIVALENTS, END OF PERIOD	-	-

Vero Energy Inc. is a Calgary based oil and natural gas exploration and development company. Vero's common shares trade on The Toronto Stock Exchange under the symbol "VRO". Please view the Vero Energy website at www.veroenergy.ca for the latest corporate presentation and details of anticipated 2006 operations.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy the securities in any jurisdiction. The common shares of Vero will not be and have not been registered under the *United States Securities Act of 1933*, as amended, and may not be offered or sold in the United States, or to a U.S. person, absent registration or applicable exemption therefrom.

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READER ADVISORY

Forward Looking Statements: Certain information regarding the Company in this news release including management's assessment of future plans and operations, production estimates, drilling inventory and wells to be drilled, timing of drilling and tie-in of wells, productive capacity of new wells, capital expenditures and the timing thereof, may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, the timing and length of plant turnarounds and the impact of such turnarounds and the timing thereof, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, the Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or, if any of them do so, what benefits the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could effect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), and the Company's website (www.veroenergy.ca). Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

BOE Disclosure: Disclosure provided herein in respect of barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Mboe means thousands of barrels of oil equivalent.

Non-GAAP terms: this press release contains the terms "cash flow from operations" and "netbacks" which are not terms recognized under Generally Accepted Accounting Policies ("GAAP"). The Company uses these measures to help evaluate its performance. The Company considers corporate

netbacks as a key measure as it demonstrates its profitability relative to current commodity prices. The Company considers cash flow from operations a key measure as it demonstrates the Company's ability to generate funds necessary to repay debt and to fund future growth through capital investment. Funds generated from operations should not be considered as an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with Canadian GAAP as an indicator of Vero's performance. Vero's determination of cash flow from operations may not be comparable to that reported by other companies. The reconciliation between net income and cash flow from operations can be found in the statement of cash flows in the financial statements. Vero also presents funds generated from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of net earnings per share, which per share amount is calculated under GAAP.

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