



ANNUAL INFORMATION FORM
FOR THE YEAR ENDED
DECEMBER 31, 2005

March 27, 2006

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ABBREVIATIONS

Oil and Natural Gas Liquids

Bbl	barrel
Bbls	barrels
Mbbls	thousand barrels
MMbbls	million barrels
Mstb	1,000 stock tank barrels
Bbls/d	barrels per day
BOPD	barrels of oil per day
NGLs	natural gas liquids
STB	standard tank barrels

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
MMbtu	million British Thermal Units
Bcf	billion cubic feet
GJ	gigajoule
MM	Million

Other

AECO	EnCana Corp.'s natural gas storage facility located at Suffield, Alberta.
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale.
ARTC	Alberta Royalty Tax Credit
BOE	barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 Mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices)
BOE/d	barrel of oil equivalent per day
m ³	cubic metres
MBOE	1,000 barrels of oil equivalent
\$000s	thousands of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

Disclosure provided herein in respect of BOEs 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.

CONVERSIONS

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres (Alberta)	Hectares	0.400
Hectares (Alberta)	Acres	2.500
Acres (British Columbia)	Hectares	0.405
Hectares (British Columbia)	Acres	2.471

CERTAIN DEFINITIONS

In this Annual Information Form, the following words and phrases have the following meanings, unless the context otherwise requires:

"**ABCA**" means *Business Corporations Act* (Alberta);

"**Arrangement Warrants**" means formerly outstanding share purchase warrants, each of which entitled the holder to acquire 0.0655 of a Common Share at an effective exercise price of \$2.22 per whole Common Share and which were issued to former shareholders of True in connection with the True Arrangement;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

"**Common Shares**" means the common shares in the capital of the Corporation;

"**Development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

- (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground draining, road building, and relocating public roads, gas lines and power lines, pumping equipment and wellhead assembly;
- (b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly;
- (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and
- (d) provide improved recovery systems.

"**Exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

- (a) costs of topographical, geo-chemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies;
- (b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;
- (c) dry hole contributions and bottom hole contributions;
- (d) costs of drilling and equipping exploratory wells; and
- (e) costs of drilling exploratory type stratigraphic test wells.

"**GLJ**" means GLJ Petroleum Consultants Ltd.;

"GLJ Report" means the report of GLJ dated March 6, 2006 evaluating the crude oil, natural gas liquids and natural gas reserves of the Corporation as at December 31, 2005;

"Gross" means:

- (a) in relation to the Corporation's interest in production and reserves, its "Corporation gross reserves", which are the Corporation's interest (operating and non-operating) share before deduction of royalties and without including any royalty interest of the Corporation;
- (b) in relation to wells, the total number of wells in which the Corporation has an interest; and
- (c) in relation to properties, the total area of properties in which the Corporation has an interest.

"Ledge" means Ledge Resources Limited, Vero's wholly-owned subsidiary.

"Ledge Acquisition" means the acquisition by Vero of all of the issued and outstanding shares of Ledge;

"Net" means:

- (a) in relation to the Corporation's interest in production and reserves, the Corporation's interest (operating and non-operating) share after deduction of royalties obligations, plus the Corporation's royalty interest in production or reserves.
- (b) in relation to wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and
- (c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation.

"NI 51-101" means National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities;

"Service well" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt water disposal, water supply for injection, observation or injection for combustion;

"Transitional Services Agreement" means the transitional services agreement entered into between Vero and True dated November 2, 2005 and extended on January 25, 2006 pursuant to which True provides certain services to Vero;

"True" means True Energy Inc., a corporation amalgamated pursuant to the ABCA;

"True Arrangement" means the plan of arrangement made effective November 2, 2005 among, *inter alia*, True, True Energy Trust (formerly TKE Energy Trust) and Vero under the provisions of Section 193 of the ABCA;

"True Energy Trust" means True Energy Trust (formerly TKE Energy Trust), a trust established under the laws of Alberta;

"TSX" means the Toronto Stock Exchange;

"Vero" or the **"Corporation"** means Vero Energy Inc., a corporation amalgamated pursuant to the ABCA;

"Vero Initial Private Placement" has the meaning ascribed thereto under the section "*General Development of the Business*";

"Vero Initial Properties" means the initial oil and gas assets acquired by Vero from True under the True Arrangement;

"Vero Service Providers" means management, directors, employees and other service providers to Vero;

Certain other terms used herein but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101.

Unless otherwise specified, information in this Annual Information Form is as at the end of the Corporation's most recently completed financial period, being December 31, 2005.

All dollar amounts herein are in Canadian dollars, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

Certain of the statements contained herein including, without limitation, financial and business prospects and financial outlook, reserve and production estimates, drilling and re-completion plans, timing of drilling, re-completion and tie-in of wells, productive capacity of wells and productive capacity of wells and capital expenditures and the timing thereof may be forward-looking statements. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, 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, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources and the risk factors outlined under "Risk Factors" and elsewhere herein. The recovery and reserve estimates of Vero's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhausted. Additional information on these and other factors that could effect Vero'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), at Vero's website (www.veroenergy.ca). Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Corporation assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Forward-looking statements and other information contained herein concerning the oil and gas industry and the Corporation's general expectations concerning this industry is based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Corporation is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

BACKGROUND

Vero is a junior oil and natural gas company engaged in the exploration for, and the acquisition, development and production of oil and natural gas reserves primarily in western Canada.

Vero was formed on November 2, 2005 upon the amalgamation of Vero Energy Inc. and its then wholly-owned subsidiary, Vero Finance Corp., and was created for the sole purpose of participating in the True Arrangement. See "*General Development of the Business*".

Vero currently has two wholly-owned subsidiaries, both of which were incorporated under the ABCA, being Ledge Resources Limited and 1144771 Alberta Ltd.

Vero's principal office is located at 1750, 530 - 8th Avenue S.W., Calgary, Alberta T2P 3S8 and its registered office is located at 1400, 350 - 7th Avenue S.W., Calgary, Alberta, T2P 3N9.

The Common Shares of Vero trade on the TSX under the symbol "VRO".

GENERAL DEVELOPMENT OF THE BUSINESS

History of Vero

Vero has been engaged in the business of acquiring crude oil and natural gas properties and exploring for, developing and producing crude oil and natural gas in western Canada since it commenced active operations in November 2005 following completion of the True Arrangement.

On November 1, 2005 Vero Finance Corp. completed an initial private placement to Vero Service Providers (the "Vero Initial Private Placement") of common shares of Vero Finance Corp. at an issue price of \$2.22 per share for total gross proceeds of approximately \$5 million. The common shares of Vero Finance Corp. were exchanged for Common Shares of Vero on a one-for-one basis pursuant to the True Arrangement and are subject to contractual hold periods under the terms of escrow agreements entered into among Vero and the Vero Service Providers that subscribed to the Vero Initial Private Placement. See "*Escrowed Securities*".

Pursuant to the True Arrangement, effective November 2, 2005 Vero acquired working interests in certain of True's producing assets and undeveloped lands primarily in the Whitecourt/Edson area of west central Alberta, in addition to other minor properties (the "Vero Initial Properties"). Under the terms of the True Arrangement, the shareholders of True received in exchange for each of their shares of True: (i) 0.5 of a pre-consolidated trust unit of the True Energy Trust (0.25 of a post-consolidated trust unit); (ii) 0.10 of a Common Share; and (iii) one Arrangement Warrant. An aggregate of 9,836,244 Common Shares and 100,103,604 Arrangement Warrants were issued to the former shareholders of True pursuant to the True Arrangement. An additional 6,458,625 Common Shares were issued upon exercise of the Arrangement Warrants for total gross proceeds to Vero of \$14,338,153. The proceeds from the Vero Initial Private Placement were used by Vero to pay the cash portion of \$5 million payable to True for the Vero Initial Properties.

At the effective date of completion of the True Arrangement, the Vero Initial Properties were producing approximately 850 BOE/d, comprised of 3,774 MMcf/d of natural gas and 221 Bbls/d of light oil and natural gas liquids. In addition, the Vero Initial Properties included approximately 61,600 net acres of undeveloped lands.

Upon completion of the True Arrangement, Vero and True entered into the Transitional Services Agreement pursuant to which True agreed to provide certain administrative, financial, operational and engineering services to Vero relating to its assets for a period of three months following the effective date of the True Arrangement or such longer period as may be agreed to. This agreement was mutually extended by the parties and expires on April 1, 2006.

Recent Developments

Acquisition of Ledge Resources Limited

On February 24, 2006 Vero completed the acquisition of all of the outstanding shares of a private company, Ledge Resources Limited, on the basis of \$1.90 in cash and 0.49473 of a Common Share of Vero for each share of Ledge. The previous shareholders of Ledge received a total of \$18,250,000 in cash and 4,754,945 Common Shares of Vero in exchange for all of the outstanding shares of Ledge.

Ledge held certain producing oil and natural gas assets located primarily in the Westeros and Wilson Creek areas, which, upon closing of the Ledge Acquisition were producing approximately 1,050 BOE/d, comprised of approximately 55% natural gas and 45% liquids with the liquids consisting mainly of light sweet oil. AJM Petroleum Consultants assigned 2,521 Mboe of proved plus probable reserves to the Ledge assets effective September 30, 2005. The Ledge assets are comprised of an average working interest of 60% and over 90% of Ledge production is operated. The area is characterized by year round access and the main property is a light, sweet Belly River oil pool at Wilson Creek. Vero has identified up to 40 drilling locations on the Ledge lands, which include 9,385 of net undeveloped acres. Upon completion of the Ledge Acquisition, Vero's total production increased to over 2,100 BOE/d.

DESCRIPTION OF THE BUSINESS AND OPERATIONS

Stated Business Objectives

The business plan of Vero is to generate profitable growth, measured by per share growth in production, proved reserves and cash flow from operations. To accomplish this, Vero will focus on the creation of value primarily through the generation and drilling of exploration and development prospects as well as through the exploitation and production of existing reserves. Vero targets areas and prospects that it believes could result in meaningful reserve and production additions.

Since commencing operations in November, 2005 Vero has concentrated on its core areas in Edson and Whitecourt. These areas are characterized by multi-zone, liquids rich natural gas and light oil at medium depths. Vero also intends to pursue strategic acquisitions of oil and natural gas properties where it believes further exploration, exploitation and development opportunities exist. Vero's activities are currently directed predominantly towards natural gas and light oil prone prospects.

Vero will internally generate exploration and development opportunities possessing medium risk and multi-zone potential and will utilize a portfolio approach in developing these opportunities to achieve a balance of risk profiles and commodity exposures with a weighting towards natural gas. Vero will maintain a balance between exploration, development and exploitation drilling, combined with acquisition opportunities that meet its business parameters. To achieve sustainable and profitable growth, management of Vero believes in controlling the timing and costs of its projects wherever possible. Further, to minimize competition within its geographic areas of interest, Vero strives to maximize its working interest ownership in its properties where reasonably possible. While management believes that Vero has the skills and resources necessary to achieve its objectives, participation in exploration and development in the oil and natural gas industry has a number of inherent risks. See "*Risk Factors*".

In reviewing potential drilling or acquisition opportunities, Vero gives consideration to the following criteria:

- the capital required to secure or evaluate the investment opportunity;
- the potential return on the project, if successful;
- the likelihood of success; and
- the risked return versus cost of capital.

In general, Vero uses a portfolio approach in developing a large number of opportunities with a balance of risk profiles and commodity exposure, in an attempt to generate sustainable high levels of profitable production and financial growth.

The board of directors of Vero may, in its discretion, but in discussion and agreement with the management of Vero, approve acquisitions that do not conform to these guidelines based upon its consideration of the qualitative aspects of the subject properties including risk profile, technical upside, reserve life and asset quality.

Competitive Conditions

Companies operating in the petroleum industry must manage risks, which are beyond the direct control of company personnel. Among these risks are those associated with exploration, environmental damage, commodity prices, foreign exchange rates and interest rates.

The oil and natural gas industry is intensely competitive and Vero will be required to compete with a substantial number of other corporations, which may have greater technical or financial resources. With the maturing nature of the Western Canadian Sedimentary Basin, the access to new prospects is becoming more and more competitive and complex. Management believes that Vero will be able to explore and develop new production and reserves with the objective of increasing its cash flow and reserve base.

Vero will attempt to enhance its competitive position by operating in areas where its technical personnel are able to reduce some of the risks associated with exploration, production and marketing because they are familiar with the areas of operation.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The statement of reserves data and other oil and gas information set forth below (the "Statement") is dated March 6, 2006. The effective date of the Statement is December 31, 2005 and the preparation date of the Statement is February 5, 2006.

The reserves information presented in this Statement is for the Vero Initial Properties that were acquired from True pursuant to the True Arrangement which represented all of our properties as at December 31, 2005 and does not include information in respect of the properties we acquired through the Ledge Acquisition, which was completed on February 24, 2006.

Disclosure of Reserves Data

The reserves data set forth below (the "Reserves Data") is based upon evaluation by GLJ with an effective date of December 31, 2005 contained in the GLJ Report. The Reserves Data summarizes the crude oil, natural gas liquids and natural gas reserves of the Corporation and the net present values of future net revenue for these reserves using constant prices and costs and forecast prices and costs. The GLJ Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which we believe is important to the readers of this information. The Corporation engaged GLJ to provide an evaluation of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves.

All of Vero's reserves are in Canada and, specifically, in the province of Alberta.

The Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 and the Report on Reserves Data by Independent Qualified Reserves Evaluators in Form 51-101F2 are attached as Schedules "A" and "B" respectively, to this Annual Information Form.

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the constant prices and costs assumptions and forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of the Corporation's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein.

Reserves Data (Constant Prices and Costs)

SUMMARY OF OIL AND GAS RESERVES AND NET PRESENT VALUES OF FUTURE NET REVENUE AS OF DECEMBER 31, 2005 CONSTANT PRICES AND COSTS

Reserves Category	Light and Medium Oil		Natural Gas		Natural Gas Liquids	
	Gross (Mbbls)	Net (Mbbls)	Gross (MMcf)	Net (MMcf)	Gross (Mbbls)	Net (Mbbls)
Proved Developed Producing	105	82	5,277	4,166	145	97
Proved Developed Non-Producing	-	-	4,800	3,554	224	154
Proved Undeveloped	46	37	1,164	858	53	35
Total Proved	151	119	11,240	8,578	422	286
Probable	82	67	4,690	3,697	182	124
Total Proved Plus Probable	233	186	15,930	12,275	604	410

Reserves Category	Net Present Values Of Future Net Revenue (\$000s)									
	Before Income Taxes Discounted At (%/year)					After Income Taxes Discounted At (%/year)				
	0	5	10	15	20	0	5	10	15	20
Proved Developed Producing	40,855	35,094	31,051	28,041	25,697	36,078	30,575	26,758	23,945	21,777
Proved Developed Non-Producing	38,546	32,424	28,107	24,889	22,393	26,723	22,035	18,826	16,487	14,703
Proved Undeveloped	6,488	5,162	4,192	3,459	2,888	4,295	3,267	2,520	1,959	1,525
Total Proved	85,889	72,680	63,351	56,388	50,978	67,096	55,877	48,105	42,391	38,006
Probable	38,419	27,320	21,239	17,422	14,803	26,599	18,434	14,139	11,505	9,722
Total Proved Plus Probable	124,308	100,000	84,590	73,810	65,780	93,695	74,311	62,244	53,897	47,727

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
AS OF DECEMBER 31, 2005
CONSTANT PRICES AND COSTS
(\$000s)**

Reserves Category	Revenue	Royalties	Operating Costs	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Income Taxes	Future Income Taxes	Future Net Revenue After Future Income Taxes
Proved	145,898	32,352	20,444	6,464	749	85,889	18,793	67,096
Proved Plus Probable	207,978	45,620	29,973	7,318	759	124,308	30,613	93,695

**FUTURE NET REVENUE
BY PRODUCTION GROUP
AS OF DECEMBER 31, 2005
CONSTANT PRICES AND COSTS**

Reserves Category	Production Group	Future Net Revenue Before Income Taxes (discounted at 10%/year) (\$000s)
Proved	Light and Medium Crude Oil (including solution gas and other by-products)	6,284
	Natural Gas (including by-products but excluding solution gas from oil wells)	57,067
Proved Plus Probable	Light and Medium Crude Oil (including solution gas and other by-products)	9,458
	Natural Gas (including by-products but excluding solution gas from oil wells)	75,132

Reserves Data (Forecast Prices and Costs)

**SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2005
FORECAST PRICES AND COSTS**

Reserves Category	Light and Medium Oil		Natural Gas		Natural Gas Liquids	
	Gross (Mbbls)	Net (Mbbls)	Gross (MMcf)	Net (MMcf)	Gross (Mbbls)	Net (Mbbls)
Proved Developed Producing	98	75	5,201	4,105	145	97
Proved Developed Non-Producing	-	-	4,811	3,565	224	154
Proved Undeveloped	44	35	1,155	852	53	35
Total Proved	142	110	11,167	8,521	422	286
Probable	82	67	4,620	3,636	181	124
Total Proved Plus Probable	224	177	15,788	12,157	603	410

Net Present Values Of Future Net Revenue (\$000s)

Reserves Category	Before Income Taxes Discounted At (%/year)					After Income Taxes Discounted at (%/year)				
	0	5	10	15	20	0	5	10	15	20
	Proved Developed Producing	35,514	31,508	28,594	26,352	24,556	30,826	27,006	24,260	22,170
Proved Developed Non-Producing	33,474	28,855	25,526	22,992	20,988	24,319	20,432	17,717	15,703	14,146
Proved Undeveloped	4,999	4,083	3,393	2,857	2,431	3,331	2,565	1,998	1,564	1,223
Total Proved	73,987	64,446	57,513	52,202	47,975	58,476	50,004	43,974	39,436	35,881
Probable	30,465	22,263	17,754	14,889	12,892	21,852	15,359	11,978	9,907	8,499
Total Proved Plus Probable	104,453	86,709	75,267	67,090	60,867	80,328	65,363	55,952	49,343	44,380

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
AS OF DECEMBER 31, 2005
FORECAST PRICES AND COSTS
(\$000s)**

Reserves Category	Revenue	Royalties	Operating Costs	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Income Taxes	Future Income Taxes	Future Net Revenue After Future Income Taxes
Proved	133,286	30,210	21,711	6,469	909	73,987	15,511	58,476
Proved Plus Probable	188,140	41,814	33,490	7,356	1,027	104,453	24,125	80,328

**FUTURE NET REVENUE
BY PRODUCTION GROUP
AS OF DECEMBER 31, 2005
FORECAST PRICES AND COSTS**

Reserves Category	Production Group	Future Net Revenue Before Income Taxes (discounted at 10%/year) (\$000s)
Proved Reserves	Light and Medium Crude Oil (including solution gas and other by-products)	5,598
	Natural Gas (including by-products but excluding solution gas from oil wells)	51,915
Proved Plus Probable	Light and Medium Crude Oil (including solution gas and other by-products)	8,080
	Natural Gas (including by-products but excluding solution gas from oil wells)	67,187

Notes to Reserves Data Tables:

1. Columns may not add due to rounding.
2. The crude oil, natural gas liquids and natural gas reserve estimates presented in the Vero Engineering Report are based on the definitions and guidelines contained in the COGE Handbook. A summary of those definitions are set forth below.

Reserve Categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions.

Reserves are classified according to the degree of certainty associated with the estimates.

- (a) **Proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- (b) **Probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Other criteria that must also be met for the categorization of reserves are provided in the COGE Handbook.

Each of the reserve categories (proved and probable) may be divided into developed and undeveloped categories:

- (c) **Developed reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.
 - (i) **Developed producing reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently

producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

(ii) **Developed non-producing reserves** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

(d) **Undeveloped reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to individual reserve entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest level sum of individual entity estimates for which reserves are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- (a) at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and
- (b) at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A qualitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook.

3. Forecast Prices and Costs

Forecast prices and costs are those:

- (a) generally acceptable as being a reasonable outlook of the future; and
- (b) if and only to the extent that, there are fixed or presently determinable future prices or costs to which True is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

The forecast cost and price assumptions assume increases in wellhead selling prices and take into account inflation with respect to future operating and capital costs. Crude oil and natural gas benchmark reference pricing, inflation and exchange rates utilized by GLJ in the GLJ Report were an average of forecast prices

published by GLJ, Sproule Associates Ltd. and McDaniel & Associates Consultants Ltd. as at January 1, 2006, which were as follows:

**SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
FORECAST PRICES AND COSTS**

Year	WTI Cushing Oklahoma (\$US/Bbl)	Light Sweet Crude Oil at Edmonton 40° API (\$Cdn/Bbl)	Medium Crude Oil 29° API (\$Cdn/Bbl)	NATURAL GAS AECO-C Spot (\$Cdn/ MMBtu)	NATURAL GAS LIQUIDS Edmonton Propane (\$Cdn/Bbl)	NATURAL GAS LIQUIDS Edmonton Butane (\$Cdn/Bbl)	INFLATION RATES ⁽¹⁾ %/Year	EXCHANGE RATE ⁽²⁾ (\$US/\$Cdn)
Forecast								
2006	58.44	67.64	57.96	10.93	42.62	48.27	2.33	0.85
2007	57.34	66.40	57.31	9.88	41.25	47.29	2.33	0.85
2008	52.70	60.89	52.68	8.48	37.55	43.44	2.33	0.85
2009	49.23	56.83	49.21	7.59	34.62	40.58	2.00	0.85
2010	47.05	54.25	47.00	7.23	32.94	38.75	2.00	0.85
2011	47.19	54.41	47.16	7.24	33.06	38.89	2.00	0.85
2012	47.83	55.12	47.83	7.34	33.51	39.37	2.00	0.85
2013	48.81	56.20	48.76	7.48	34.10	40.15	2.00	0.85
2014	49.75	57.32	49.80	7.65	34.82	40.96	2.00	0.85
2015	50.77	58.53	50.85	7.83	35.56	41.77	2.00	0.85
2016	51.79	59.66	51.82	7.98	36.28	42.58	2.00	0.85
Thereafter	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	0.85

Notes:

- (1) Inflation rates for forecasting prices and costs.
- (2) Exchange rates used to generate the benchmark reference prices in this table.

Weighted average historical prices realized by Vero for the period ended December 31, 2005 were \$12.60/Mcf for natural gas, \$63.84 /Bbl for light and medium gravity crude oil and \$66.83/Bbl for NGLs.

4. Constant Prices and Costs

Constant prices and costs are:

- (a) The Corporation's prices and costs as at the effective date of the estimation, held constant throughout the estimated lives of the properties to which the estimate applies; and
- (b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

For the purposes of paragraph (a), the Corporation's prices are the posted prices for oil and the spot price for gas, after historical adjustments for transportation, gravity and other factors.

The constant crude oil and natural gas benchmark references pricing and the exchange rate utilized by GLJ in the GLJ Report were as follows:

SUMMARY OF PRICING ASSUMPTIONS
CONSTANT PRICES AND COSTS

Year	WTI Cushing Oklahoma (\$US/Bbl)	Light Sweet Crude Oil (40° API) (\$Cdn/Bbl)	Medium Crude Oil 29° API (\$Cdn/Bbl)	NATURAL GAS LIQUIDS Edmonton Propane (\$Cdn/Bbl)	NATURAL GAS LIQUIDS Edmonton Butane (\$Cdn/Bbl)	NATURAL GAS AECO-C Spot Price (\$Cdn/ MMBtu)	EXCHANGE RATE ⁽¹⁾ (\$US/\$Cdn)
2005 Average	56.58	69.11	56.62	43.04	51.80	8.58	0.825
2005 ⁽²⁾	61.04	68.27	51.84	43.69	50.52	9.71	0.8577

Notes:

- (1) The exchange rate used to generate the benchmark reference prices in this table.
- (2) As at December 31, 2005.
5. ARTC is included in the cumulative cash flow amounts. ARTC is based on the program announced November 1989 by the Alberta government with modifications effective January 1, 1995. The Corporation qualifies for ARTC.
6. Estimated future abandonment costs related to a property have been taken into account by GLJ in determining reserves that should be attributed to a property and in determining the aggregate future net revenue therefrom, there was deducted the reasonable estimated future well abandonment costs. No allowance was made, however, for salvage values, reclamation of well sites or the abandonment and reclamation of any facilities.
7. Both the constant and forecast price and cost assumptions assume the continuance of current laws and regulations.
8. The extent and character of all factual data supplied to GLJ was accepted by GLJ as represented. No field inspections were conducted.

Reconciliation of Changes in Reserves

The following table sets out the reconciliation of Vero's net reserves based on forecast prices and costs by principal product type:

FACTORS	LIGHT AND MEDIUM OIL			ASSOCIATED AND NON-ASSOCIATED GAS			NATURAL GAS LIQUIDS		
	Net Proved (Mbbls)	Net Probable (Mbbls)	Net Proved Plus Probable (Mbbls)	Net Proved (MMcf)	Net Probable (MMcf)	Net Proved Plus Probable (MMcf)	Net Proved (Mbbls)	Net Probable (Mbbls)	Net Proved Plus Probable (Mbbls)
November 2, 2005⁽¹⁾									
Discoveries	-	-	-	-	-	-	-	-	-
Extensions	-	-	-	2,909	1,049	3,958	147	51	198
Improved Recovery	-	-	-	733	279	1,013	35	12	47
Technical Revisions	-	-	-	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions ⁽²⁾	121	67	187	5,040	2,308	7,348	107	61	168
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
Production	(11)	-	(11)	(161)	-	(161)	(3)	-	(3)
December 31, 2005	110	67	177	8,521	3,636	12,157	286	124	410

Notes:

- (1) Vero commenced active operations on November 2, 2005 following completion of the True Arrangement.
- (2) Reflects the acquisition of the Vero Initial Properties from True effective November 2, 2005. See "General Development of the Business".
- (3) The Corporation has no unconventional reserves (bitumen, synthetic crude oil, natural gas from coal, etc.)

Net Revenue Reconciliation

The following table sets out a reconciliation of Vero's net revenue as at the date Vero commenced active operations compared to December 31, 2005 based on constant prices and costs and proved reserves:

FUTURE NET REVENUE AFTER INCOME TAXES (discounted at 10%/year) PERIOD AND FACTOR	2005 (\$000s)
Estimated Future Net Revenue at November 2, 2005 ⁽¹⁾	-
Sales and Transfers of Oil and Gas Produced, Net of Production Costs and Royalties ⁽²⁾	(2,638)
Net Change in Prices, Production Costs and Royalties Related to Future Production ⁽³⁾	-
Changes in Previously Estimated Development Costs Incurred During the Period ⁽⁴⁾	8,320
Changes in Estimated Future Development Costs ⁽⁵⁾	(14,464)
Extensions and Improved Recovery ⁽⁶⁾	28,680
Discoveries	-
Acquisitions of Reserves ⁽⁶⁾	35,514
Dispositions of Reserves ⁽⁶⁾	-
Net Change Resulting from Revisions in Quantity Estimates	-
Accretion of Discount ⁽⁷⁾	-
Net Change in Income Taxes ⁽⁸⁾	(15,528)
All other changes ⁽⁹⁾	8,231
Estimated Future Net Revenue at December 31, 2005	48,105

Notes:

- (1) Vero commenced active operations on November 2, 2005 following completion of the True Arrangement.
- (2) Corporation actual before income taxes, excluding general and administrative expenses.
- (3) The impact of changes in prices and other economic factors on future net revenue.
- (4) Actual capital expenditures relating to the exploration, development and production of oil and gas reserves.
- (5) The change in forecast development costs.
- (6) End of period net present value of the related reserves.
- (7) Estimated as 10% of the beginning of period net present value.
- (8) The difference between forecast income taxes at beginning of period and the actual taxes for the period plus forecast income taxes at the end of period.
- (9) Includes change due to revised production profiles, development timing, operating costs, royalty rates, actual price received in 2005 versus forecast.

Additional Information Relating to Reserves Data*Undeveloped Reserves*

In general, once proved and/or probable undeveloped reserves are identified they are scheduled into Vero's development plans. Normally, the Corporation plans to develop its proved and probable undeveloped reserves within two years. A number of factors that could result in delayed or cancelled development are as follows:

- changing economic conditions (due to pricing, operating and capital expenditure fluctuations);
- changing technical conditions (production anomalies (such as water breakthrough, accelerated depletion));
- multi-zone developments (such as a prospective formation completion may be delayed until the initial completion is no longer economic);
- a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and
- surface access issues (landowners, weather conditions, regulatory approvals).

Significant Factors or Uncertainties

The Corporation does not anticipate any significant economic factors or significant uncertainties will affect any particular components of the reserves data. However, the reserves can be affected significantly by fluctuations in product pricing, capital expenditures, operating costs, royalty regimes and well performance that are beyond the Corporation's control (see "*Risk Factors*").

Future Development Costs

The following table sets forth development costs deducted in the estimation of the Corporation's future net revenue attributable to the reserve categories noted below (\$000s):

Year	Undiscounted Forecast Prices and Costs		Undiscounted Constant Prices and Costs
	Proved Reserves	Proved Plus Probable Reserves	Proved Reserves
2006	6,381	6,800	6,381
2007	-	373	-
2008	53	-	50
2009	-	51	-
2010	34	-	31
Thereafter	2	132	2
Total Undiscounted	6,469	7,356	6,464
Total Discounted at 10%	6,148	6,890	6,144

The Corporation expects that the capital listed in the preceding table will be funded through internally generated cash flows and will not have any associated funding costs. Therefore, the capital commitments will not affect the disclosed reserves of future net revenue.

Other Oil and Gas Information

Principal Properties

The following is a description of Vero's principal oil and natural gas properties as at December 31, 2005. The following descriptions do not include the properties acquired by Vero in February, 2006 pursuant to the Ledge Acquisition. See "*General Development of the Business – Recent Developments*". Unless otherwise indicated, production stated is the average production for the period from the commencement of our operations on November 2, 2005 to December 31, 2005 received by us in respect of our working interest share attributable before deduction of royalties. Unless otherwise specified, gross and net acres and well count information is as at December 31, 2005.

The properties comprising our assets are principally located in the Edson – Whitecourt area of west central Alberta and are characterized by liquids rich gas and light oil targets in multiple horizon wells ranging from 500 to 2,500 meters in depth. At December 31, 2005 Vero's properties were comprised of 46 (18.5 net) producing natural gas wells and 3 (1.9 net) producing oil wells in the aggregate. Overall production attributable to our assets averaged 980 BOE/d over the two months of operations in 2005, weighted 68% to natural gas.

The largest individual producing property is Edson, located approximately 15 kilometers east of the town of Edson. There are currently 34 (13.8 net) producing natural gas wells and 1 (0.1 net) producing oil well at Edson which averaged 343 BOE/d for the two months ended December 31, 2005, weighted 83% to natural gas.

The Whitecourt area is located approximately 150 kilometers northwest of Edmonton and consists of 10 (4.1 net) producing natural gas wells. Whitecourt production averaged 328 BOE/d for the two months ended December 31, 2005, weighted 91% to natural gas.

From the date Vero commenced operations on November 2, 2005 to December 31, 2005, Vero drilled 6 (3.8 net) wells, resulting in 4 (2.5 net) gas wells and 2 (1.3 net) dry wells. Of the successful wells, 2 (1.3 net) are tied-in and producing and 2 (1.2 net) are completed and awaiting tie-in.

At the end of 2005, aggregate Vero acreage included 38,560 gross (16,239 net) acres of undeveloped land and 94,400 gross (66,192 net) acres of undeveloped land.

Oil And Gas Wells

The following table sets forth the number and status of wells in which the Corporation had a working interest as at December 31, 2005.

	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	3	1.9	1	1.0	46	18.5	29	11.8
Total	3	1.9	1	1.0	46	18.5	29	11.8

Properties with no Attributable Reserves

The following table sets out the Corporation's developed and undeveloped land holdings as at December 31, 2005.

	Developed Acres		Undeveloped Acres		Total Acres	
	Gross	Net	Gross	Net	Gross	Net
Alberta	38,560	16,239	94,400	66,192	132,960	82,430
Total	38,560	16,239	94,400	66,192	132,960	82,430

The Corporation expects that rights to explore, develop and/or exploit 17,993 net acres of its undeveloped land holdings will expire by December 31, 2006. Vero plans to drill or submit application to continue selected portions of the above acreage.

Additional Information Concerning Abandonment and Reclamation Costs

The Corporation uses its internal historical costs to estimate its abandonment and reclamation costs when available. The costs are estimated on an area by area basis. The industry's historical costs are used when available. If representative comparisons are not readily available, an estimate is prepared based on the various regulatory abandonment requirements. As at December 31, 2005 the Corporation has 31.8 net wells for which it expects to incur abandonment and reclamation costs.

The total abandonment cost in respect of proved reserves using forecast prices is \$909,000 (undiscounted) and \$400,000 (discounted at 10%). One hundred percent of such amounts were deducted as abandonment and reclamation costs in estimating future net revenue of the Corporation in respect of proved reserves as disclosed above.

The following table sets forth abandonment costs deducted in the estimation of the Corporation's future net revenue:

Forecast Prices and Costs (Total Proved) (\$000s)

Year	Abandonment Costs (Undiscounted)
2006	-
2007	61
2008	67
2009	36
2010	78
Thereafter	667
Total Undiscounted	909
Total Discounted @ 10%	400

Constant Prices and Costs (Total Proved) (\$000s)

Year	Abandonment Costs (Undiscounted)
2006	-
2007	60
2008	64
2009	34
2010	71
Thereafter	520
Total Undiscounted	749
Total Discounted @ 10%	344

Tax Horizon

The income tax deducted in the calculation of future net revenue above assumes a blow-down scenario whereby Vero produces out its existing reserves and does not reinvest any capital. Under this scenario, Vero would be taxable in 2006.

Capital Expenditures

The following table summarizes capital expenditures (including capitalized and general administrative expenses) related to the Corporation's activities for the period from its commencement of operations on November 2, 2005 to December 31, 2005:

	000's
Property acquisition costs	
Plan of Arrangement	27,198
Proved properties	-
Undeveloped properties ⁽¹⁾	656
Exploration costs	61
Development costs	7,078
Administrative	28
Total	35,021

Notes:

- (1) Cost of land acquired and non-producing lease rentals on those lands.

Exploration and Development Activities

The following table sets forth the gross and net exploratory and development wells in which Vero participated since it commenced active operations on November 2, 2005 through December 31, 2005.

	Exploratory Wells		Development Wells	
	Gross	Net	Gross	Net
Natural Gas	-	-	4	2.5
Oil	-	-	-	-
Service	-	-	-	-
Dry	-	-	2	1.3
Total	-	-	6	3.8

See "*Principal Properties*" for a description of the Corporation's exploration and development plans.

Production Estimates

The following table sets out the volume of the Corporation's production estimated for the year ended December 31, 2006 as evaluated by GLJ, which is reflected in the estimate of future net revenue disclosed in the tables contained under "Disclosure of Reserves Data".

FORECAST PRICES AND COSTS⁽¹⁾

Reserves Category	Light and Medium Oil		Natural Gas		Natural Gas Liquids		Total	
	Gross (Bbls/d)	Net (Bbls/d)	Gross (Mcf/d)	Net (Mcf/d)	Gross (Bbls/d)	Net (Bbls/d)	Gross (BOE/d)	Net (BOE/d)
PROVED								
Edson	-	-	5,533	3,965	265	180	1,188	841
Other Properties	158	107	2,226	1,555	22	15	551	380
Total Proved	158	107	7,759	5,520	287	195	1,739	1,221
PROVED PLUS PROBABLE								
Edson	-	-	6,320	4,515	306	208	1,359	961
Other Properties	163	109	2,413	1,676	26	17	591	406
Total Proved Plus Probable	163	109	8,733	6,191	332	226	1,950	1,367

CONSTANT PRICES AND COSTS⁽¹⁾

Reserves Category	Light and Medium Oil		Natural Gas		Natural Gas Liquids		Total	
	Gross (Bbls /d)	Net (Bbls /d)	Gross (Mcf/d)	Net (Mcf/d)	Gross (Bbls/d)	Net (Bbls/d)	Gross (BOE/d)	Net (BOE/d)
PROVED								
Edson	-	-	5,533	3,965	265	180	1,188	841
Other Properties	158	107	2,226	1,555	22	15	551	380
Total Proved	158	107	7,759	5,520	287	195	1,739	1,221
PROVED PLUS PROBABLE								
Edson	-	-	6,320	4,515	306	208	1,359	961
Other Properties	163	109	2,413	1,676	26	17	591	406
Total Proved Plus Probable	163	109	8,733	6,191	332	226	1,950	1,367

Notes:

- (1) Numbers may not add due to rounding.

Production History

The following tables summarize certain information in respect of production, product prices received, royalties paid, operating expenses and resulting netback for the period of November 2, 2005 (the date Vero commenced active operations) to December 31, 2005:

	<u>2005</u>
Average Daily Production ⁽¹⁾	
Light and Medium Crude Oil (Bbls/d)	271
Gas (Mcf/d)	3,786
NGLs (Bbls/d)	78
Combined (BOE/d)	980
Average Price Received	
Light and Medium Crude Oil (\$/Bbl)	63.84
Gas (\$/Mcf)	12.60
NGLs (\$/Bbls)	66.83
Combined (\$/BOE)	71.65
Royalties Paid (net of ARTC)	
Light and Medium Crude Oil (\$/Bbls)	14.07
Gas (\$/Mcf)	3.49
NGLs (\$/Bbls)	13.00
Combined (\$/BOE)	18.42
Operating Expenses (\$/BOE)	
Light and Medium Crude Oil (\$/Bbls)	8.79
Gas (\$/Mcf)	1.14
NGLs (\$/Bbls)	-
Combined (\$/BOE)	6.82
Netback Received (\$/BOE) ⁽²⁾	
Light and Medium Crude Oil (\$/Bbls)	39.11
Gas (\$/Mcf)	7.73
NGLs (\$/Bbls)	52.62
Combined (\$/BOE)	44.88

Notes:

- (1) Before deduction of royalties.
(2) Netbacks are calculated by subtracting royalties and operating costs from revenues.

The following table indicates the Corporation's average daily production from its important fields for the period from November 2, 2005 (the date Vero commenced active operations) to December 31, 2005:

	<u>Light and Medium Crude Oil (Bbls/d)</u>	<u>Gas (Mcf/d)</u>	<u>NGLS (Bbls/d)</u>	<u>BOE (BOE/d)</u>
Edson	3	1,701	56	343
Whitecourt	9	1,783	22	328
Other Alberta	259	302	-	309
Total Alberta	<u>271</u>	<u>3,786</u>	<u>78</u>	<u>980</u>
Total	<u><u>271</u></u>	<u><u>3,786</u></u>	<u><u>78</u></u>	<u><u>980</u></u>

Vero's crude oil production for the period commencing with its operations on November 2, 2005 to December 31, 2005 was 100% light and medium quality crude oil (25° API or greater).

For the period from November 2, 2005 to December 31, 2005, approximately 68% of Vero's gross revenue was derived from natural gas production; 25% was derived from crude oil production; and the remainder of 7% was derived from natural gas liquids.

Forward Contracts and Marketing

Vero's crude oil, natural gas and natural gas liquid production is sold directly to credit-worthy counterparties, with the exception of small quantities of non-operated properties, which are marketed by the operator.

The board of directors of Vero may authorize management to hedge its production to provide downside commodity price protection through the use of financial derivative structures and short-term physical contracts.

As at December 31, 2005 Vero has no hedges outstanding.

DIVIDEND POLICY

Vero has not paid any dividends on the outstanding Common Shares. The board of directors of Vero will determine the actual timing, payment and amount of dividends, if any, that may be paid by Vero from time to time based upon, among other things, the cash flow, results of operations and financial conditions of Vero, the needs for funds to finance ongoing operations and other business considerations as the board of directors of Vero considers relevant. Payment of dividends is subject to the consent of Vero's lenders.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of Vero consists of an unlimited number of Common Shares and an unlimited number of first preferred shares issuable in series.

The following is a summary of the rights, privileges, restrictions and conditions attaching to the securities of Vero.

Common Shares

Holders of Common Shares are entitled to one vote per share at meetings of shareholders of Vero, to receive dividends if, as and when declared by the board of directors of Vero and to receive pro rata the remaining property and assets of Vero upon its dissolution, liquidation or winding-up, subject to the rights of shares having priority over the Common Shares.

First Preferred Shares

Each series of first preferred shares shall consist of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the board of directors of Vero prior to the issuance thereof. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of Vero, whether voluntary or involuntary, the first preferred shares are entitled to preference over the Common Shares and any other shares ranking junior to the preferred shares from time to time and may also be given such other preferences over the Common Shares and any other shares ranking junior to the first preferred shares as may be determined at the time of creation of such series.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSX and trade under the symbol "VRO". The following sets forth the price range and trading volume of the Common Shares on the TSX (as reported by the TSX) for the periods indicated, commencing with the date upon which the Common Shares began trading on the TSX:

	Price Range		Volume (000s)
	High (\$/share)	Low (\$/share)	
2005			
November (7-30)	5.60	4.02	3,939
December	5.70	4.39	1,928
2006			
January	7.18	5.31	4,880
February	6.75	5.05	4,213
March (1-20)	5.93	5.00	1,294

ESCROWED SECURITIES

The following securities of Vero are currently held in escrow:

Designation of Class	No. of Securities held in Escrow	% of Class
Common Shares	2,252,253	9.5%

Notes:

- (1) Burnet, Duckworth & Palmer LLP is the escrow agent for these Common Shares.

The escrowed securities are subject to a contractual hold period and are releasable on November 1, 2006 if the holder continues to be a Vero Service Provider on such date. If a Vero Service Provider ceases to be a Vero Service Provider prior to release of these securities from escrow, such holder will not be entitled to the release of any Common Shares held in escrow. If any Common Shares are not released under the applicable escrow agreement, Vero shall have the right to repurchase such Common Shares at a price equal to the lesser of \$2.22 and the market price of the Common Shares on the last trading day immediately prior to such person ceasing to be a Vero Service Provider.

DIRECTORS AND OFFICERS

The names, municipalities of residence, positions with the Corporation, and principal occupation of the directors and officers of the Corporation are set out below:

Name and Municipality of Residence	Office Held	Principal Occupation Held During Last Five Years
Paul R. Baay ⁽²⁾⁽³⁾ Calgary, Alberta	Chairman of the Board and a Director	President and Chief Executive Officer of True since its formation on August 31, 2000
Douglas J. Bartole Calgary, Alberta	President, Chief Executive Officer and a Director	President and Chief Executive Officer of Vero since November, 2005; prior thereto, Vice-President, Operations of True since April 2005; prior thereto held various positions with True since May 2001; prior thereto, from 1997-2000 held various positions with Renaissance Energy Ltd.

Name and Municipality of Residence	Office Held	Principal Occupation Held During Last Five Years
Gerald Gilewicz Calgary, Alberta	Vice-President, Finance and Chief Financial Officer	Vice-President of Finance and Chief Financial Officer of Vero since November, 2005; prior thereto, Vice President of Finance and Chief Financial Officer of Dual/Devlan Exploration; prior thereto, Senior Tax Manager with Deloitte & Touche LLP; prior thereto held various positions with Canada Revenue Agency and other companies in the industry.
Kevin W. Yakiwchuk Calgary, Alberta	Vice-President, Exploration	Vice-President, Exploration of Vero since November, 2005; prior thereto, Vice-President, Exploration of True since January 2005; prior thereto held various positions with True since May 2001; prior thereto, geologist with Crestar Energy Inc. from April 2000-May 2001
Robert Bachynski Calgary, Alberta	Vice President, Land	Vice President, Land of Vero since November 2005; prior thereto, Manager of Land at Apache Canada Ltd. since January 2001; prior thereto Manager Land at Canadian Forest Oil Ltd.; prior thereto has held management positions for various oil and gas exploration companies in Western Canada.
W.C. (Mickey) Dunn ⁽²⁾⁽³⁾⁽⁴⁾ Calgary, Alberta	Director	Chairman of True Energy Trust, Director of Precision Drilling Trust, Director of Vero Energy Inc., Director of Rentcash Inc., previously President and Chief Executive Officer of Cardium Service and Supply Ltd., Cardium Tool Services Inc. and Colorado Silica Sand Inc.
Robert G. Rowley ⁽¹⁾⁽²⁾ Calgary, Alberta	Director	Independent Businessman; Director and Officer of various private oil and gas companies; former Director of True; former partner with Macleod Dixon LLP (Barristers and Solicitors).
Kenneth P. Acheson ⁽¹⁾⁽⁴⁾ Calgary, Alberta	Director	President, Kennington Properties Ltd. (commercial real estate company)
Clinton T. Broughton ⁽¹⁾⁽³⁾⁽⁴⁾ Calgary, Alberta	Director	Chief Operating Officer of True since April 25, 2005 and Vice-President of True since its formation on August 31, 2000
Michael D. Sandrelli Calgary, Alberta	Corporate Secretary	Partner with Burnet, Duckworth & Palmer LLP (Barristers and Solicitors).

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Reserves Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Corporate Governance Committee.
- (5) Vero does not have an executive committee of its board of directors.

All of the directors and officers of Vero have been engaged for more than five years in their present principal occupations or executive positions with the same companies except as described above.

All of the directors of Vero were appointed in September 2005. The term of office of each director expires at the next annual meeting of shareholders of the Corporation.

As at March 20, 2006, the directors and officers of Vero and their associates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 3,085,850 Common Shares or approximately 13% of the issued and outstanding Common Shares.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of Vero will be subject to in connection with the operations of Vero. In particular, certain of the directors and officers of Vero are involved in managerial or director positions with other oil and gas companies whose operations may, from time to time, be in direct competition with those of Vero or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Vero. In accordance with the ABCA, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with Vero are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

AUDIT COMMITTEE INFORMATION

Audit Committee Mandate and Terms of References

The Mandate and Terms of Reference of the Audit Committee of the board of directors is attached hereto as Schedule "C".

Composition of the Audit Committee

The following table sets forth the names of each current member of the Audit Committee, whether such member is independent, whether such member is financially literate and the relevant education and experience of such member:

<u>Name</u>	<u>Independent</u>	<u>Financially Literate</u>	<u>Relevant Education and Experience</u>
Kenneth P. Acheson	Yes	Yes	Mr. Acheson graduated from University of Manitoba with a Bachelor of Science and subsequently received his Chartered Accountant designation in 1982. Mr. Acheson chairs the audit committee of Vero Energy and is a member of the board of directors. Mr. Acheson served as chairman of the audit committee and on the board of directors of True Energy during 2005. Mr. Acheson is the president of a private real estate company.
Robert G. Rowley	Yes	Yes	Mr. Rowley graduated from the University of Calgary in 1964 with a BSc. Degree and from the University of Alberta with an LLB degree in 1967. Mr. Rowley practiced commercial law in Calgary with the firm of Macleod Dixon until his retirement as an equity partner in 1996 and thereafter continued in practice with that firm as a non-equity partner until 2002. Mr. Rowley continues as a member of the Alberta Law Society as Counsel to Clanrob Resources Inc. In 1989 Mr. Rowley was appointed Queen's Counsel. Mr. Rowley is a director or officer of various private oil and gas companies and is a former director and audit committee member of True Energy Inc.

Clinton T. Broughton	Yes	Yes	Mr. Broughton is a professional engineer who has been active in the oil and gas industry for over 40 years including 22 in senior corporate management roles for both large and mid-sized companies. He is currently Executive Vice-President and serves on the Disclosures Committee of True Energy Trust.
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Pre-Approval of Policies and Procedures

As of the date hereof the Audit Committee has not adopted specific policies or procedures in respect of the provision of non-audit services to the Corporation.

External Auditor Service Fees

Audit Fees

Vero has accrued \$30,000 for professional services rendered for the audit of the Corporation's financial statements for the period ended December 31, 2005.

Audit – Related Fees

The aggregate fees billed in the period ended December 31, 2005 for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements that are not reported under "Audit Fees" above were \$Nil.

Tax Fees

The aggregate fees billed in the period ended December 31, 2005 for professional services rendered by the Corporation's external auditor for tax compliance, tax advice and tax planning were \$Nil.

All Other Fees

The aggregate fees billed in the period ended December 31, 2005 for products and services provided by the Corporation's auditors other than services reported above were \$Nil.

HUMAN RESOURCES

Vero currently employs 10 full-time employees, all of which are located in the head office.

Upon completion of the True Arrangement, Vero entered into a Transitional Services Agreement, pursuant to which True personnel agreed to provide certain administrative, financial, operational and engineering services to Vero relating to its assets, which agreement expires April 1, 2006. Pursuant to the Transitional Services Agreement, True and Vero pay their proportionate share of the general and administrative costs of True, after all recoveries, based upon their respective level of oil and natural gas production and their respective level of capital expenditure relative to combined capital spending.

INDUSTRY CONDITIONS

The oil and natural gas industry is subject to extensive controls and regulations governing its operations (including land tenure, exploration, development, production, refining, transportation and marketing) imposed by legislation enacted by various levels of government and with respect to pricing and taxation of oil and natural gas by agreements among the governments of Canada and Alberta, all of which should be carefully considered by investors in the oil and gas industry. It is not expected that any of these controls or regulations will affect the operations of Vero in a manner materially different than they would affect other oil and gas companies of similar size. All current legislation is a matter of public record and Vero is unable to predict what additional legislation or amendments may be enacted. Outlined below are some of the principal aspects of legislation, regulations and agreements governing the oil and gas industry.

Pricing and Marketing – Oil, Natural Gas and Associated Products

In the province of Alberta oil, natural gas and associated products are generally sold at market index based prices. These indices are generated at various sales points depending on the commodity and are reflective of the current value of the commodity adjusted for quality and locational differentials. While these indices tend to track industry reference prices (ie. price of West Texas Intermediate crude oil at Cushing, Oklahoma or price of natural gas at Henry Hub, Louisiana), some variances can occur due to specific supply-demand imbalances. These differentials can change on a monthly or daily basis depending on the supply-demand fundamental at each location as well as other non-related changes such as the value of the Canadian dollar and the cost of transporting the commodity to the pricing point of the particular index.

The producers of oil are entitled to negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. Oil prices are primarily based on worldwide supply and demand. The specific price depends in part on oil quality, prices of competing fuels, distance to market, the value of refined products, the supply/demand balance and other contractual terms. Oil exporters are also entitled to enter into export contracts with terms not exceeding one year in the case of light crude oil and two years in the case of heavy crude oil, provided that an order approving such export has been obtained from the National Energy Board of Canada (the "NEB"). Any oil export to be made pursuant to a contract of longer duration (to a maximum of 25 years) requires an exporter to obtain an export license from the NEB and the issuance of such license requires the approval of the Governor in Council.

The price of natural gas is determined by negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the NEB and the Government of Canada. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain other criteria prescribed by the NEB and the Government of Canada. Natural gas exports for a term of less than 2 years or for a term of 2 to 20 years (in quantities of not more than 30,000 m³/day) must be made pursuant to an NEB order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 25 years) or a larger quantity requires an exporter to obtain an export license from the NEB and the issuance of such license requires the approval of the Governor in Council.

The government of Alberta also regulates the volume of natural gas that may be removed from those provinces for consumption elsewhere based on such factors as reserve availability, transportation arrangements and market considerations.

Pipeline Capacity

Although pipeline expansions are ongoing, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limits the ability to produce and to market natural gas production. In addition, the pro-rationing of capacity on the inter-provincial pipeline systems also continues to affect the ability to export oil and natural gas.

The North American Free Trade Agreement

The North American Free Trade Agreement ("NAFTA") among the governments of Canada, United States of America and Mexico became effective on January 1, 1994. NAFTA carries forward most of the material energy terms that are contained in the Canada-United States Free Trade Agreement. In the context of energy resources, Canada continues to remain free to determine whether exports of energy resources to the United States or Mexico will be allowed, provided that any export restrictions do not: (i) reduce the proportion of energy resources exported relative to domestic use (based upon the proportion prevailing in the most recent 36 month period or in such other representative period as the parties may agree); (ii) impose an export price higher than the domestic price subject to an exception with respect to certain measures which only restrict the volume of exports; and (iii) disrupt normal channels of supply. All three countries are prohibited from imposing minimum or maximum export or import price requirements provided, in the case of export-price requirements, prohibition in any circumstances in which any other form of quantitative restriction is prohibited, and in the case of import-price requirements, such requirements do not apply with respect to enforcement of countervailing and anti-dumping orders and undertakings.

NAFTA contemplates the reduction of Mexican restrictive trade practices in the energy sector and prohibits discriminatory border restrictions and export taxes. NAFTA also contemplates clearer disciplines on regulators to ensure fair implementation of any regulatory changes and to minimize disruption of contractual arrangements and avoid undue interference with pricing, marketing and distribution arrangements, which is important for Canadian natural gas exports.

Provincial Royalties and Incentives

General

In addition to federal regulation, each province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of crude oil, natural gas liquids, sulphur and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee, although production from such lands is subject to certain provincial taxes and royalties. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date, method of recovery and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are from time to time carved out of the working interest owner's interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests or net carried interests.

From time to time the governments of the western Canadian provinces create incentive programs for exploration and development. Such programs often provide for royalty rate reductions, royalty holidays and tax credits, and are generally introduced when commodity prices are low. The programs are designed to encourage exploration and development activity by improving earnings and cash flow within the industry. Royalty holidays and reductions would reduce the amount of Crown royalties paid by oil and gas producers to the provincial governments and would increase the net income and funds from operations of such producers. However, the trend in recent years has been for provincial governments to allow such incentive programs to expire without renewal, and consequently few such incentive programs are currently operative.

On March 3, 2003 the Department of Finance (Canada) released a technical paper entitled "Improving the Income Taxation of the Resource Sector in Canada" (the "Technical Paper"). In November, 2003 the Tax Act was amended to provide the following initiatives applicable to the oil and gas industry (to a maximum of \$2,000,000) to be phased in over a five year period: (i) a reduction of the federal statutory corporate income tax rate on income earned from resource activities from 28% to 21%, beginning with a one percentage point reduction effective January 1, 2003, and (ii) a deduction for federal income tax purposes of actual provincial and other Crown royalties and mining taxes paid and the elimination of the 25% resource allowance. In addition, the percentage of Alberta royalty tax credit that Vero will be required to include in federal taxable income will be 12.5% in 2004; 17.5% in 2005; 32.5% in 2006; 50% in 2007; 60% in 2008; 70% in 2009; 80% in 2010; 90% in 2011, and 100% in 2012 and beyond.

Alberta

Regulations made pursuant to the *Mines and Minerals Act* (Alberta) provide various incentives for exploring and developing oil reserves in Alberta. Oil produced from horizontal extensions commenced at least 5 years after the well was originally spudded may also qualify for a royalty reduction. A 24-month, 8,000 m³ exemption is available to production from a reactivated well that has not produced for: (i) a 12-month period, if resuming production in October, November or December of 1992 or January, 1993; or (ii) a 24 month period, if resuming production in February 1993 or later. As well, oil production from eligible new field and new pool wildcat wells and deeper pool test wells spudded or deepened after September 30, 1992 is entitled to a 12-month royalty exemption (to a maximum of \$1 million). Oil produced from low productivity wells, enhanced recovery schemes (such as injection wells) and experimental projects is also subject to royalty reductions.

Oil royalty rates vary from province to province. In Alberta, oil royalty rates vary between 10% and 35% for oil and 10% and 30% for new oil. New oil is applicable to oil pools discovered after March 31, 1974 and prior to October 1, 1992. The Alberta government introduced the Third Tier Royalty with a base rate of 10% and a rate cap of 25% for oil pools discovered after September 30, 1992.

Effective January 1, 1994, the calculation and payment of natural gas royalties became subject to a simplified process. The royalty reserved to the Crown in respect of natural gas production, subject to various incentives, is between 15% and 30%, in the case of new natural gas, and between 15% and 35%, in the case of old natural gas, depending upon a prescribed or corporate average reference price. Natural gas produced from qualifying exploratory natural gas wells spudded or deepened after July 31, 1985 and before June 1, 1988 continues to be eligible for a royalty exemption for a period of 12 months, or such later time that the value of the exempted royalty quantity equals a prescribed maximum amount. Natural gas produced from qualifying intervals in eligible natural gas wells spudded or deepened to a depth below 2,500 meters is also subject to a royalty exemption, the amount of which depends on the depth of the well.

Oil sands projects are subject to a specific regulation made effective July 1, 1997 and expiring June 30, 2007, which, among other things, determines the Crown's share of crude and processed oil sands products.

In Alberta, a producer of oil or natural gas is entitled to a credit on qualified oil and natural gas production against the royalties payable to the Crown by virtue of the Alberta royalty tax credit ("ARTC") program. The ARTC rate is based on a price sensitive formula and the ARTC rate varies between 75% at prices at and below \$100 per m³ and 25% at prices at and above \$210 per m³. Crude oil and natural gas royalty programs for specific wells and royalty reductions reduce the amount of Crown royalties paid by Vero to the provincial governments. In general, the ARTC program provides a rebate on Alberta Crown royalties paid in respect of eligible producing properties. The ARTC rate is applied to a maximum of \$2,000,000 of Alberta Crown royalties payable for each producer or associated group of producers. Crown royalties on production from producing properties acquired from a corporation claiming maximum entitlement to ARTC will generally not be eligible for ARTC. The rate will be established quarterly based on the average "par price", as determined by the Alberta Department of Energy for the previous quarterly period.

On December 22, 1997, the Alberta government announced that it was conducting a review of the ARTC program with the objective of setting out better targeted objectives for a smaller program and to deal with administrative difficulties. On August 30, 1999, the Alberta government announced that it would not be reducing the size of the program but that it would introduce new rules to reduce the number of persons who qualify for the program. The new rules will preclude companies that pay less than \$10,000 in royalties per year and non-corporate entities from qualifying for the program. Such rules will not presently preclude Vero from being eligible for the ARTC program.

Land Tenure

Crude oil and natural gas located in Western Canada is owned predominantly by the respective provincial governments. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licences and permits for varying terms from two years and on conditions set forth in provincial legislation including requirements to perform specific work or make payments. Oil and natural gas located in such provinces can also be

privately owned and rights to explore for and produce such oil and natural gas on freehold lands are granted by lease on such terms and conditions as may be negotiated.

Environmental Regulation

The oil and natural gas industry is subject to environmental regulation pursuant to a variety of international conventions and Canadian federal, provincial and municipal laws, regulations, and guidelines. Such regulation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations. In addition, such regulation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. Compliance with such regulation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of material fines and penalties.

Environmental legislation in the Province of Alberta has been consolidated into the *Environmental Protection and Enhancement Act* (Alberta) (the "AEPEA"), which came into force on September 1, 1993 and the *Oil and Gas Conservation Act* (Alberta) (the "OGCA"). The AEPEA and OGCA impose stricter environmental standards, requires more stringent compliance, reporting and monitoring obligations and significantly increase penalties. Vero is committed to meeting its responsibilities to protect the environment wherever it operates and anticipates making increased expenditures of both a capital and an expense nature as a result of the increasingly stringent laws relating to the protection of the environment and will be taking such steps as required to ensure compliance with the AEPEA and similar legislation in other jurisdictions in which it operates. Vero believes that it is in material compliance with applicable environmental laws and regulations and also believes that it is reasonably likely that the trend towards stricter standards in environmental legislation and regulation will continue.

RISK FACTORS

An investment in the Common Shares is speculative due to the nature of the Corporation's involvement in the exploration for, and the acquisition, development and production of, oil and natural gas reserves. An investor should consider carefully the risk factors set out below and consider all other information contained herein and in the Corporation's other public filings before making an investment decision.

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Vero depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves Vero may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Vero's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that Vero will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, Vero may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Vero.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions.

While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, Vero is not fully insured against all of these risks, nor are all such risks insurable. Although Vero will maintain liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event Vero could incur significant costs that could have a material adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity and financial condition.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

Vero may make acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as Vero's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of Vero. The integration of an acquired business may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets may be periodically disposed of, so that Vero can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of Vero, if disposed of, could be expected to realize less than their carrying value on the financial statements of Vero.

Competition

Oil and gas exploration is intensely competitive in all its phases and involves a high degree of risk. Vero will compete with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Vero's competitors will include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of Vero. Vero's ability to increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery. Competition may also be presented by alternate fuel sources.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. See "Industry Conditions." Vero's operations may require licenses from various governmental authorities. There can be no assurance that Vero will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects and the obtaining of such licences and permits may delay operations of Vero.

Kyoto Protocol

In December 2002, the Government of Canada ratified the Kyoto Protocol ("Protocol"). The Protocol calls for Canada to reduce its greenhouse gas emissions to 6% below 1990 "business-as-usual" levels between 2008 and 2012. Given revised estimates of Canada's normal emissions levels, this target translates into an approximately 40%

gross reduction in Canada's current emissions. In April 2005, Environment Canada released "Project Green", a working paper giving early indications of how implementation was to be achieved. Large Final Emitters ("LFEs"), being 700 of Canada's largest emitters, will receive a specific reduction target of 45 mt, and will have the opportunity to purchase domestic offset and technology credits. The exact mechanism for operating in the domestic credit market has yet to be revealed, and the prospect of non-LFE enterprise participating in that market to any great extent is uncertain. Various incentive funds have also been established to provide seed funding for the purchase of experimental technologies, encourage investment in alternative energy sources, and acquire credits from the domestic and international markets for re-sale to Canadian enterprise.

Environment Canada, in August 2005, released consultation papers for the management of a system of greenhouse gas offsets in the form of tradable and bankable credits. The credits are created by enterprise, individuals, or municipal government through the implementation of projects registered with the to-be-created offset authority. Standards for quantifying greenhouse gas reductions were also proposed in the consultation paper.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Vero to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Vero's financial condition, results of operations or prospects. See "Industry Conditions" in this Appendix.

Prices, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired or discovered by Vero will be affected by numerous factors beyond its control. Vero's ability to market its natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. Vero may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities, and related to operational problems with such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

Vero's revenues, profitability and future growth and the carrying value of its oil and gas properties are substantially dependent on prevailing prices of oil and gas. Vero's ability to borrow and to obtain additional capital on attractive terms is also substantially dependent upon oil and gas prices. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of Vero. These factors include economic conditions, in the United States and Canada, the actions of the Organization of Petroleum Exporting Countries, governmental regulation, political stability in the Middle East and elsewhere, the foreign supply of oil and gas, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and gas would have an adverse effect on Vero's carrying value of its proved reserves, borrowing capacity, revenues, profitability and cash flows from operations.

The exchange rate between the Canadian and U.S. dollar also affects the profitability of Vero and the Canadian dollar has strengthened recently against the U.S. dollar.

Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty

agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

In addition, bank borrowings that are anticipated to be available to Vero will likely in part be determined by Vero's borrowing base. A sustained material decline in prices from historical average prices could reduce Vero's borrowing base, therefore reducing the bank credit available to Vero which could require that a portion, or all, of Vero's bank debt be repaid.

Substantial Capital Requirements

Vero anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If Vero's revenues or reserves decline, it may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Vero. The inability of Vero to access sufficient capital for its operations could have a material adverse effect on Vero's financial condition, results of operations or prospects.

Additional Funding Requirements

Vero's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, Vero may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause Vero to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If Vero's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect Vero's ability to expend the necessary capital to replace its reserves or to maintain its production. If Vero's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Vero.

Issuance of Debt

From time to time Vero may enter into transactions to acquire assets or the shares of other companies or other entities. These transactions may be financed partially or wholly with debt, which may increase Vero's debt levels above industry standards. Depending on future exploration and development plans, Vero may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Vero's constating documents do not limit the amount of indebtedness that Vero may incur. The level of Vero's indebtedness from time to time, could impair Vero's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Hedging

From time to time Vero may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, Vero will not benefit from such increases and Vero may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. Similarly, from time to time Vero may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, Vero will not benefit from the fluctuating exchange rate.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Vero and may delay exploration

and development activities. To the extent Vero is not the operator of its oil and gas properties, Vero will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Title to Assets

Title to oil and natural gas interests is often not capable of conclusive determination without incurring substantial expense. Vero's practice in acquiring significant oil and gas leases or interest in oil and gas leases will be to fully examine the title to the interest under the lease. In the case of minor acquisitions Vero may rely upon the judgment of oil and gas lease brokers or landmen who perform the field work in examining records in the appropriate governmental office before attempting to place under lease a specific interest. Vero believes that this practice is widely followed in the oil and gas industry. Nevertheless, there may be title defects which affect lands comprising a portion of Vero's properties. To the extent title defects do exist, it is possible that Vero may lose all or a portion of its right, title, estate and interest in and to the properties to which the title relates.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids reserves and cash flows to be derived therefrom, including many factors beyond Vero's control. The reserve and associated cash flow information set forth herein represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. Vero's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

In accordance with applicable securities laws, the independent reserves evaluators, have used both constant and forecast price and cost estimates in calculating reserve quantities included herein. Actual future net revenue will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and revenues derived therefrom will vary from the estimates contained in the independent engineering reports and such variations could be material. Such reports are based in part on the assumed success of activities Vero intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom contained in such reports will be reduced to the extent that such activities do not achieve the level of success assumed in the reports. The reports are effective as of a specific effective date and have not been updated and thus do not reflect changes in Vero's resources since that date.

Insurance

Vero's involvement in the exploration for and development of oil and natural gas properties may result in Vero becoming subject to liability for pollution, blow outs, property damage, personal injury or other hazards. Although prior to drilling Vero will obtain insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, Vero may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to Vero. The occurrence of a significant event that Vero is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Vero's financial position, results of operations or prospects.

Management of Growth

Vero may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Vero to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expend, train and manage its employee base. The inability of Vero to deal with this growth could have a material adverse impact on its business, operations and prospects.

Expiration of Licences and Leases

Vero's properties are held in the form of licences and leases and working interests in licences and leases. If Vero or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of Vero's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on Vero's results of operations and business.

Uncertainty of Global Financial Markets

On September 11, 2001, the United States was the subject of terrorist attacks resulting in significant loss of life and property damage. The events of September 11, 2001 and the response of the United States and other nations have created an environment of uncertainty in global financial markets, the effect of which could have a material impact upon Vero, its business and its ability to finance operations.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights to portions of western Canada. Vero is not aware that any claims have been made in respect of its property and assets, however, if a claim arose and was successful this could have an adverse effect on Vero and its operations.

Seasonality

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for the goods and services of Vero.

Third Party Credit Risk

Vero may be exposed to third party credit risk through its contractual arrangements with its joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to Vero, such failures could have a material adverse effect on Vero and its cash flow from operations.

Conflicts of Interest

The directors or officers of Vero may also be directors or officers of other oil and gas companies or otherwise involved in natural resource exploration and development and situations may arise where they are in a conflict of interest with Vero. Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the ABCA which require a director or officer of a company who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with Vero, disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

Reliance on Key Personnel

Vero's success depends in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse affect on Vero. Vero does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of Vero are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that Vero will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Vero.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are PriceWaterhouseCoopers LLP, Chartered Accountants, Petro-Canada Centre, Suite 3100, 111 5th Avenue SW, Calgary, Alberta T2P 5L3.

Computershare Trust Company of Canada, at its principal offices in Calgary, Alberta and Toronto, Ontario is the transfer agent and registrar of the Common Shares.

LEGAL PROCEEDINGS

To the knowledge of the Corporation, there are no legal proceedings material to the Corporation to which the Corporation or its subsidiaries is a party or of which any of their respective properties is the subject matter nor are there any such proceedings known to the Corporation to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or executive officers of the Corporation, any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares of the Corporation, or any known associate or affiliate of such persons in any transactions since the commencement of operations on November 2, 2005 or during the current financial year which has materially affected, or would materially affect, the Corporation or its subsidiaries other than the following: certain directors and officers of Vero participated in the Vero Initial Private Placement pursuant to which these directors and officers subscribed for an aggregate of 1,666,868 Common Shares. The Common Shares are subject to contractual hold periods pursuant to the terms of escrow agreements entered into between Vero and the subscribers to the Vero Initial Private Placement. See "*Escrowed Securities*".

MATERIAL CONTRACTS

Vero has an agreement for the provision of certain administrative services through a Transitional Services Agreement. This agreement expires on April 1, 2006. On February 2, 2006 the Company entered into a binding agreement for the purchase of all of the issued and outstanding shares of a private company – Ledge Resources Limited. The acquisition of the shares was completed on February 24, 2006. Except for these two agreements and contracts entered into in the ordinary course of business, the Corporation has not entered into any material contracts since commencement of its operations which are still in effect.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument NI 51-102 by Vero since its incorporation other than GLJ, Vero's independent engineering evaluators and PricewaterhouseCoopers LLP, Vero's auditors. None of the principals of GLJ had any registered or beneficial interests, direct or indirect, in any securities or other property of Vero or of Vero's associates or affiliates either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter or to be received by them. PricewaterhouseCoopers LLP, Vero's auditor's, are independent in accordance with the auditor's rules of professional conduct in Canada.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of Vero or any associate or affiliate of Vero.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the Corporation's information circular and proxy statement for the Corporation's annual meeting of shareholders to be held on May 12, 2006. Additional financial information is contained in the Corporation's consolidated financial statements and the related management's discussion and analysis for the period ended December 31, 2005.

Additional copies of this Annual Information Form and the materials listed in the preceding paragraph and any other document incorporated herein by reference are available on the foregoing basis and upon request by contacting the Corporation at its offices at 1750, 530 - 8th Avenue S.W., Calgary, Alberta T2P 3S8, by phone at (403) 403 218-2063, fax at (403) 218-2064 or email at general.info@veroenergy.ca

SCHEDULE "A"
FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of Vero Energy Inc. (the "Company") are responsible for the preparation and disclosure of information with respect to Vero's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which consist of the following:

- (a) (i) proved and proved plus probable oil and gas reserves estimated as at December 31, 2005 using forecast prices and costs; and
- (ii) the related estimated future net revenue; and
- (b) (i) proved oil and gas reserves estimated as at December 31, 2005 using constant prices and costs; and
- (ii) the related estimated future net revenue.

An independent qualified reserves evaluator has evaluated the reserves data. The report of the independent qualified reserves evaluator is presented below.

The Reserves Committee of the board of directors of the Company has

- (a) reviewed the procedures of the Company for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors of the Company has reviewed the procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved

- (a) the content and filing with securities regulatory authorities of the reserves data and other oil and gas information;
- (b) the filing of the report of the independent qualified reserves evaluator on the reserves data; and
- (c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

DATED as of this 6th day of March, 2006.

(signed) "*Douglas J. Bartole*"
Douglas J. Bartole
President and Chief Executive Officer

(signed) "*Gerald Gilewicz*"
Gerald Gilewicz
Vice-President, Finance and Chief Financial Officer

(signed) "*Clinton T. Broughton*"
Clinton T. Broughton
Director and Chairman of the Reserves Committee

(signed) "*W.C. (Mickey) Dunn*"
W.C. (Mickey) Dunn
Director and member of the Reserves Committee

SCHEDULE "B"
FORM 51-101F2
REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATORS

To the board of directors of Vero Energy Inc. (the "Company"):

1. We have prepared an evaluation of the Company's reserves data as at December 31, 2005. The reserves data consist of the following:
 - (a)
 - (i) proved and proved plus probable oil and gas reserves estimated as at December 31, 2005, using forecast prices and costs; and
 - (ii) the related estimated future net revenue; and
 - (b)
 - (i) proved oil and gas reserves estimated as at December 31, 2005, using constant prices and costs; and
 - (ii) the related estimated future net revenue.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended December 31, 2005, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's board of directors:

Independent Qualified Reserves Evaluator	Description and Preparation Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate – M\$)			
			Audited	Evaluated	Reviewed	Total
GLJ Petroleum Consultants	February 5, 2006	Canada	-	\$75,267	-	\$75,267

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook.
6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.
7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

GLJ Petroleum Consultants Ltd., Calgary, Alberta, Canada, March 6, 2006

Per: (signed) Neil I. Dell
 Neil I. Dell, P.Eng.
 Vice President

SCHEDULE "C"

VERO ENERGY INC.

AUDIT COMMITTEE

MANDATE AND TERMS OF REFERENCE

Role and Objective

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of Vero Energy Inc. ("Vero" or the "Corporation") to which the Board has delegated its responsibility for the oversight of the nature and scope of the annual audit, the oversight of management's reporting on internal accounting standards and practices, the review of financial information, accounting systems and procedures, financial reporting and financial statements and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of Vero and related matters;
2. To provide better communication between directors and external auditors;
3. To enhance the external auditor's independence;
4. To increase the credibility and objectivity of financial reports; and
5. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

Membership of Committee

1. The Committee will be comprised of at least three (3) directors of Vero or such greater number as the Board may determine from time to time and all members of the Committee shall be "independent" (as such term is used in Multilateral Instrument 52-110 — Audit Committees ("MI 52-110")) unless the Board determines that the exemption contained in MI 52-110 is available and determines to rely thereon.
2. The Board of Directors may from time to time designate one of the members of the Committee to be the Chair of the Committee.
3. All of the members of the Committee must be "financially literate" (as defined in MI 52-110) unless the Board determines that an exemption under MI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon in accordance with the provisions of MI 52-110.

Mandate and Responsibilities of Committee

It is the responsibility of the Committee to:

1. Oversee the work of the external auditors, including the resolution of any disagreements between management and the external auditors regarding financial reporting.
2. Satisfy itself on behalf of the Board with respect to Vero's internal control systems:
 - identifying, monitoring and mitigating business risks; and

- ensuring compliance with legal, ethical and regulatory requirements.
3. Review the annual and interim financial statements of Vero and related management's discussion and analysis ("MD&A") prior to their submission to the Board for approval. The process should include but not be limited to:
- reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
 - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
 - reviewing accounting treatment of unusual or non-recurring transactions;
 - ascertaining compliance with covenants under loan agreements;
 - reviewing disclosure requirements for commitments and contingencies;
 - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - reviewing unresolved differences between management and the external auditors; and
 - obtain explanations of significant variances with comparative reporting periods.
4. Review the financial statements, prospectuses, MD&A, annual information forms ("AIF") and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Vero's disclosure of all other financial information and will periodically assess the accuracy of those procedures.
5. With respect to the appointment of external auditors by the Board:
- recommend to the Board the external auditors to be nominated;
 - recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;
 - on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
 - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
 - review and pre-approve any non-audit services to be provided to Vero or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.
6. Review with external auditors (and internal auditor if one is appointed by Vero) their assessment of the internal controls of Vero, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee will also review

annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Vero and its subsidiaries.

7. Review risk management policies and procedures of Vero (i.e. hedging, litigation and insurance).
8. Maintain and administer the Corporation's "whistleblower" policy.
9. Review and approve Vero's hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of Vero.

The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Corporation. The Committee will also have the authority to investigate any financial activity of Vero. All employees of Vero are to cooperate as requested by the Committee.

The Committee may also retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at such compensation as established by the Committee and at the expense of Vero without any further approval of the Board.

Meetings and Administrative Matters

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.
5. The Committee will meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.
6. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
7. The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to

the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.

11. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Committee Chair.