



## PRESS RELEASE

### **VERO ENERGY INC. ANNOUNCES RECORD CASH FLOWS OF \$17.8 MILLION FOR THE FIRST QUARTER OF 2008**

CALGARY, Alberta - April 30, 2008 – Vero Energy Inc. (“Vero” or the “Company”) (TSX-VRO) today announces its first quarter, 2008 financial results. Copies of the financial statements and management discussion and analysis in respect thereof for the quarter ended March 31, 2008 will be available, in due course, through [www.sedar.com](http://www.sedar.com) or by visiting Vero’s website at [www.veroenergy.ca](http://www.veroenergy.ca).

#### **First Quarter 2008 Highlights**

- ✓ Increased average daily production 30% to 5,771 boe/d for the first quarter.
- ✓ Cash flow from operations increased 70% to \$17.8 million equating to \$0.60 per share (basic) and \$0.59 (diluted).
- ✓ Reduced operating costs by 19% to \$5.13 per boe in 2008 from \$6.30 per boe in 2007.
- ✓ Achieved an operating netback of \$36.86 per boe and cash flow netback of \$33.98 per boe.
- ✓ Closed a flow-through share private placement with net proceeds of \$16.8 million.
- ✓ Net debt was reduced to \$47,059 or 0.7x net debt to cash flow.
- ✓ Increased bank credit facility to \$90 million from \$70 million.
- ✓ Drilled 8 (5.5 net) wells with a 100% success rate including 2 new pool discoveries.

Financial and operating highlights for the first quarter of 2008 with comparisons to the first quarter of 2007 are as follows:

<i>Financial (\$000's except per share amounts)</i>	<b>Q1 2008</b>	<b>Q1 2007</b>	<b>% Change</b>
Production revenue	<b>31,168</b>	20,407	53
Cash flow from operations	<b>17,842</b>	10,504	70
Per basic share	<b>0.60</b>	\$ 0.41	46
Per diluted share	<b>0.59</b>	\$ 0.41	44
Net earnings	<b>3,783</b>	722	424
Per basic share	<b>0.13</b>	\$ 0.03	333
Per diluted share	<b>0.13</b>	\$ 0.03	333
Capital expenditures	<b>19,888</b>	26,898	(26)
Net debt	<b>47,059</b>	65,934	(29)
<b><i>Share Capital (000's)</i></b>			
Basic, weighted average	<b>29,597</b>	25,907	14
Basic, end of period	<b>30,855</b>	25,907	19
Diluted, weighted average	<b>30,154</b>	25,907	16
Fully diluted	<b>33,295</b>	28,298	18
<b><i>Daily Production</i></b>			
Natural gas volumes (mcf/d)	<b>26,730</b>	21,221	26
Light oil (boe/d)	<b>567</b>	340	67
Liquids (boe/d)	<b>749</b>	553	36
Corporate (boe/d)	<b>5,771</b>	4,430	30
<b><i>Average Prices</i></b>			
Natural gas (\$/mcf)	<b>8.51</b>	8.23	3
Light Oil (\$/bbl)	<b>88.07</b>	62.20	42
Liquids (\$/bbl)	<b>86.89</b>	55.86	56
Corporate (\$/boe)	<b>59.35</b>	51.19	16
<b><i>Netbacks (\$/boe)</i></b>			
Operating	<b>36.86</b>	29.79	24
Cash flow	<b>33.98</b>	26.35	29
<b><i>Wells drilled</i></b>			
Gross	<b>8</b>	17	(53)
Net	<b>5.5</b>	10.9	(50)

- (1) Cash flow from operations is calculated as cash provided by operating activities from the statement of cash flows, adding change in non-cash working capital and asset retirement expenditures. Cash flow from operations is used to analyze the Company's operating performance and leverage. Cash flow from operations does not have a standardized measure prescribed by Canadian Generally Accepted Accounting Principles and therefore may not be comparable with the calculations of similar measures for other companies.
- (2) Net debt represents current assets less current liabilities and bank debt (but excludes the potential future liability related to the mark-to-market measurement of hedges). It does not have a standardized meaning prescribed by Generally Accepted Accounting Principles and it is therefore unlikely to be comparable to similar measures presented by other companies.
- (3) All barrels of oil equivalent conversions use 6 mcf to 1 barrel of oil.
- (4) Operating netback equals total revenue less royalties, transportation and operating costs calculated on a per boe basis. Operating netback and cash flow from operations netback do not have a standardized measure prescribed by Canadian Generally Accepted Accounting Principles and therefore may not be comparable with the calculations of similar measures for other companies.

## **OUTLOOK**

Vero once again executed on what it set out to do in the first quarter and delivered record results. The Company executed an aggressive capital program that achieved 100% drilling success including two new pool discoveries. We continued our quarterly growth trends in production and in doing so, average production reached a corporate high of 5,771 boe/d for the quarter. A 10% increase in daily production over the fourth quarter in 2007, higher commodity prices, and reduced operating costs have helped us achieve record cash flow and cash flow per share. During this active quarter, Vero significantly reduced its controllable costs which were already amongst the lowest levels of our peer group. Particularly noteworthy was the 19% reduction in operating expenses in the Edson area as our wholly-owned processing facility has reduced our reliance on third party facilities. Since approximately 90% of the company's gas production is from the Edson area, operating cost savings realized in this area have been translated into significant enhancements to our cash flow.

Current plans are for reduced capital spending in the second quarter compared to the first quarter to accommodate spring break-up. While spending levels during this period will be reduced, we are still completing drilling projects started in March, and tying in wells drilled in the first quarter. During April, we finished drilling 2 (1.6 net) horizontal wells in Edson that were started in March. In addition, we are currently drilling 1 (0.5 net) horizontal well in Edson and making preparations to continue drilling later in the quarter.

With higher cash flows resulting from new production and rising commodity prices; our increased credit facility; and the private placement proceeds, we will be increasing our planned capital expenditures for the year to \$65 million (excluding acquisitions) from the current \$50 million. Approximately 20% of this increase will be devoted to increased infrastructure and 20% towards seismic and land purchases. The majority will be towards drilling and completions with a push toward wells that are more exploratory in nature. The company will increase its gross well count by 3 or 4 wells to 33 to 36 for the year.

We are on target to meet our newly upgraded average production guidance of between 6,300 and 6,700 boe/d for 2008 and I look forward to reporting our future activities.

Douglas J. Bartole  
President and Chief Executive Officer

## **FINANCIAL REVIEW**

Vero continued to deliver solid financial results with increases in both production and cash flow. Our success in the first quarter was highlighted by a 30% increase in daily production volumes to a company high of 5,771 boe/d. In conjunction with strengthening commodity prices, the increased production produced a 53% increase in revenues and further resulted in a 70% increase in cash flows from the comparable quarter of last year. Operating netbacks increased 24% to \$36.86 through a combination of increased commodity prices as well as cost efficiencies realized from new operated facilities.

Cash flow for the first quarter set a company record of \$17.8 million, which in turn yielded \$0.60 per basic share and \$0.59 per diluted share. The significant increase in cash flow was spear-headed by the 30% increase in production over last year. In addition, operating costs were reduced by 19% from 2007

levels directly as a result of our reduced reliance on third party processing for our gas production in Edson. The first quarter of 2008 was the first full quarter of operations at our 100% owned gas processing plant in Edson. This new plant eliminated a significant portion of processing fees paid to third parties in this area. Furthermore, successful drilling results from the second half of 2007 and the first quarter of 2008 have reduced the company's depletion rate per boe by 26%. All of these positive results generated net earnings for the first quarter of \$3.8 million or \$0.13 per share (basic and diluted).

Vero spent \$19.9 million during the quarter including drilling 8 (5.5 net) wells. Vero directed 72% of its total first quarter capital expenditures towards drilling costs, while 23% was devoted to facilities and tie-ins. An additional \$634 thousand was spent on Crown land acquisitions to continually expand our inventory of drillable prospects.

Due to our successful drilling program resulting in a solid reserve report for year end December 31, 2007, the Company had its bank credit facility increased to \$90 million in April. This credit enhancement, plus the private placement (\$16.8 million of net proceeds), which closed on February 28 have allowed the Company to re-evaluate its 2008 capital program. The capital program will be expanded and increased through the acceleration of our own organic drilling program and/or pursuing external opportunities that would be beneficial for the Company. To this end, the Board has approved a new capital budget for the year of \$65 million.

The Company closed a strategic acquisition of a private company in April in a all-share deal. The total acquisition cost, including the assumption of approximately \$1.5 million of net debt was approximately \$16 million. Vero and the private company had significant, common production and the Company views the acquisition to be an excellent way to increase opportunities in our areas. The acquisition also included approximately 9,500 net undeveloped acres of land, which will add to our project inventory.

## **OPERATIONS REVIEW**

### Edson, Alberta

Edson is Vero's largest producing property with production of 4,001 boe/d (81% natural gas) in the quarter. There were 6 (3.5 net) wells drilled in the first quarter with a success rate of 100% and one new pool discovery. The production primarily targets the Rock Creek and Manville zones to 2,400-2,500 meters in depth and is characterized by gas with a very high liquid content, which can generate volumes of up to 30 bbls/mmcf. The Company has an active program in the area for the balance of 2008. We are planning to drill approximately 22 (14.8 net) vertical and horizontal wells in 2008 which equates to approximately 70% of our capital program for the year. Vero has also been an active and proficient driller of horizontal wells within the Edson area. Currently there are 11 (7.6 net) horizontal producing wells and our forecast for 2008 includes drilling 8 to 10 (5.4 to 6.0 net) horizontal wells. Results from the horizontal drilling continue to meet or exceed Vero's targets for both expected production rates and booked reserves.

Vero's acreage in the area consists of 34,560 gross (15,801 net) developed acres and 27,040 (17,255 net) undeveloped acres. It is expected that in due course, a majority of the acreage will have at least two wells per section. Therefore, while our acreage in Edson is a significant part of our total acreage, we believe that the reserve potential in this area is a bigger part of this story.

## Corbett

Corbett has become Vero's second largest producing area contributing 15% to total corporate production in the first quarter. Production averaged 889 boe/d (62 % natural gas) in the first quarter. In Corbett 2 (2.0 net) wells were drilled in 2008 with one of these being a new pool discovery. Our plans for the rest of the year are to drill an additional 4-5, 100% wells. The main focus in the area is the Nordegg at a depth of 1,250 meters. The oil and natural gas liquids production has benefited from the increasing oil prices and the production from this area has become a significant contributor to the Company's cash flows.

Vero currently controls 7,998 (4,573 net) developed acres and 16,320 (14,400 net) undeveloped acres in this area.

## Alberta - Other

Total production for other areas in the first quarter was 881 boe/d (75 % natural gas).

Whitecourt production for the first quarter of 2008 averaged 452 boe/d (88% natural gas). Wilson Creek is mainly an exploitation property and production in the first quarter was 302 boe/d. This area generated the highest netbacks for the Company in the first quarter at approximately \$41/boe.

Vero has 40,479 (18,439 net) developed acres and 56,000 (44,540 net) undeveloped acres in the Alberta – Other category.

## FINANCIAL STATEMENTS

Below is selected financial statement information for the three month periods ended March 31, 2008 and 2007. For full disclosure of Vero's financial statements with their accompanying notes and the Management's Discussion and Analysis, please visit our website or SEDAR.

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### VERO ENERGY INC.

#### Balance Sheet

(in thousands of dollars)

	<b>March 31, 2008 (unaudited)</b>	December 31, 2007 (audited)
<b>ASSETS</b>		
<b>CURRENT</b>		
Accounts receivable	<b>19,094</b>	16,767
Prepaid expenses and deposits	<b>3,618</b>	3,523
	<b>22,712</b>	20,290
Property and equipment	<b>182,936</b>	171,727
Goodwill	<b>15,034</b>	15,034
	<b>220,682</b>	207,051
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	<b>33,693</b>	36,051
Risk management	<b>3,468</b>	-
Bank debt	<b>36,078</b>	46,013
	<b>73,239</b>	82,064
Asset retirement obligations	<b>2,715</b>	2,641
Future taxes	<b>15,043</b>	10,812
	<b>90,997</b>	95,517
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	<b>117,259</b>	103,077
Contributed surplus	<b>3,779</b>	3,593
Retained Earnings	<b>8,647</b>	4,864
	<b>129,685</b>	111,534
	<b>220,682</b>	207,051

## VERO ENERGY INC.

### Statement of Operations, Comprehensive Income and Retained Earnings

For the three months ended March 31,

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

	2008	2007
<b>REVENUE</b>		
Production revenue	31,168	20,407
Royalties	(8,492)	(5,645)
Unrealized loss on risk management activities	(3,468)	-
	<b>19,208</b>	14,762
<b>EXPENSES</b>		
Operating	2,694	2,512
Transportation	626	375
General and administrative	892	694
Stock-based compensation	186	426
Interest and bank charges	622	677
Depletion, depreciation and accretion	8,753	8,907
	<b>13,773</b>	13,591
<b>INCOME BEFORE INCOME TAXES</b>	<b>5,435</b>	1,171
<b>INCOME TAX EXPENSE</b>		
Future	1,652	449
	<b>1,652</b>	449
<b>NET EARNINGS AND COMPREHENSIVE INCOME</b>	<b>3,783</b>	722
<b>RETAINED EARNINGS, BEGINNING OF PERIOD</b>	<b>4,864</b>	1,700
<b>RETAINED EARNINGS, END OF PERIOD</b>	<b>8,647</b>	2,422
<b>NET EARNINGS PER SHARE</b>		
Basic	<b>0.13</b>	0.03
Diluted	<b>0.13</b>	0.03

# VERO ENERGY INC.

## Statement of Cash Flows

For the three months ended March 31,

(in thousands of dollars) (unaudited)

	2008	2007
<b>CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Net earnings	3,783	722
Adjustments for:		
Unrealized loss on risk management activities	3,468	-
Depletion, depreciation and accretion	8,753	8,907
Future income taxes	1,652	449
Stock-based compensation	186	426
	<b>17,842</b>	10,504
Changes in non-cash working capital	(2,465)	(4,393)
	<b>15,377</b>	6,111
<b>FINANCING</b>		
(Decrease) increase in bank debt	(9,935)	12,598
Proceeds from issuance of commons shares, net of share issue costs	16,761	-
	<b>6,826</b>	12,598
<b>INVESTING</b>		
Additions to petroleum and natural gas properties	(19,883)	(24,412)
Purchase of petroleum and natural gas properties	-	(2,478)
Additions to administrative assets	(5)	(8)
Changes in non-cash working capital	(2,315)	8,189
	<b>(22,203)</b>	(18,709)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	-	-
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	-	-
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	-	-

Vero Energy Inc. is a Calgary based oil and natural gas exploration and development company. Vero's common shares trade on The Toronto Stock Exchange under the symbol "VRO". Please view the Vero Energy website at [www.veroenergy.ca](http://www.veroenergy.ca) for the latest corporate presentation and details of anticipated 2008 operations.

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

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

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

*Non-GAAP terms: this press release contains the terms "cash flow from operations" and "netbacks" which are not terms recognized under Generally Accepted Accounting Policies ("GAAP"). The Company uses these measures to help evaluate its performance as well as to evaluate acquisitions. The Company considers cash flow from operations a key measure as it demonstrates the Company's ability to generate funds necessary to repay debt and to fund future growth through capital investment. Funds generated from operations should not be considered as an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with Canadian GAAP as an indicator of Vero's performance. Vero's determination of cash flow from operations may not be comparable to that reported by other companies. The reconciliation between net income and cash flow from operations can be found in the statement of cash flows in the financial statements. Vero also presents funds generated from operations per share whereby per share amounts are calculated using weighted average shares (basic and diluted) outstanding consistent with the calculation of net earnings per share, which per share amounts are calculated under GAAP. The Company considers netbacks as a key measure as it demonstrates its profitability relative to current commodity prices. Operating netbacks are calculated by taking total revenues and subtracting royalties, operating expenses and*

*transportations costs on a per boe basis. Cash flow netbacks are calculated by taking the operating netback and subtracting interest costs, and general and administrative costs on a per boe basis.*

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