

Management, Discussion and Analysis

The following discussion and analysis was prepared on August 4, 2006 and is management's assessment of the Company's financial and operating results and should be read in conjunction with the interim, unaudited Consolidated Financial Statements for the period ended June 30, 2006, as well as the audited Financial Statements for the period ended December 31, 2005.

Additional information related to the Company, including the interim Consolidated Financial Statements for June 30, 2006 and the Company's Annual Report for 2005 can be found on SEDAR at www.sedar.com as well as the Company's website at www.veroenergy.ca.

READER ADVISORIES

Forward Looking Statements

Information provided herein contains estimates and assumptions which management is required to make regarding future events and may constitute forward-looking statements within the meaning of applicable securities laws. Forward looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although the Company believes the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will be realized. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "plan", "should", "believe", and similar expressions are intended to identify forward-looking information. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Non-GAAP Terms

These Management, Discussion and Analysis use the terms "cash flow from operations" and "netbacks" which are terms not recognized under Generally Accepted Accounting Policies ("GAAP"). The Company uses these measures to help evaluate its performance. 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. Cash flow 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 earnings and cash flow from operations can be found in the statement of cash flows in the financial statements. Vero also presents cash flow from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of net earnings per

share, which per share amount is calculated under GAAP and is more fully described in the notes to the financial statements. The Company considers corporate netbacks as a key measure as it demonstrates its profitability relative to current commodity prices.

Barrel of Oil Equivalent

Where amounts are expressed in a barrel of oil equivalent (“boe”), or barrel of oil equivalent per day (“boed”), natural gas volumes have been converted to barrels of oil equivalent at 6 thousand cubic feet (“mcf”) to one barrel. Use of the term boe may be misleading particularly if used in isolation. The boe conversion ratio of 6 Mcf to 1 barrel (“bbl”) of oil or natural gas liquids is based on an energy equivalency conversion methodology primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms to the Canadian Securities Regulators’ National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.

Dollar amounts

All dollar amounts below are in thousands of Canadian dollars except for share and per share data or as specifically elsewhere noted.

Comparative Information

Oil and gas operations of Vero commenced on November 2, 2005. Consequently, comparative data for the first sixty days of 2006 to the comparable period in 2005 is not available. Instead, comparative data for the second quarter of 2006 to the first quarter of 2006 has been done for reader information purposes.

FINANCIAL REVIEW

PRODUCTION REVENUE

Vero increased aggregate production volumes by 67% in the second quarter of 2006 as compared to the first quarter of 2006. This quarter was the first full quarter of operations that take into account the corporate acquisition, which closed on February 24, 2006. In addition to the acquired volumes, the Company tied-in some of its first quarter drilling during the second quarter. The proximity of established processing and transportation facilities and our undeveloped land base in our main core area of Edson lends itself well to continued drilling in this area. The major new area that was acquired in February was Wilson Creek and added both oil and gas production and also aids in risk diversification.

Aggregate Sales Volumes

	Q2 2006	Q1 2006	% Change	YTD 2006
Natural gas (mcf)	915,181	514,364	78	1,429,545
Light/medium oil (bbl)	34,647	27,836	24	62,483
Natural gas liquids (bbl)	26,644	14,857	79	41,501
Barrels of oil equivalent (boe)	213,821	128,420	67	342,241

Daily Sales Volumes

Daily sales volumes increased 65% from an average of 1,427 boe/d in the first quarter of 2006 to 2,350 boe/d in the second quarter of 2006. The main reason for the increase was a 76% increase in natural gas production from successful drilling in the first and second quarters as well as the corporate acquisition in late February.

	Q2 2006	Q1 2006	% Change	YTD 2006
Natural gas (mcf/d)	10,057	5,715	76	7,898
Light/medium oil (bbl/d)	381	309	23	345
Natural gas liquids (bbl/d)	293	165	78	229
Barrels of oil equivalent (boe/d)	2,350	1,427	65	1,891

Production revenue

In the second quarter, natural gas revenue was the largest contributor to corporate revenue at 58%, oil is next highest at 26% and natural gas liquids revenue contributed the balance of 16%. The combination of natural gas and the associated liquids revenue was the same at 74% of total revenues for the second quarter as it was in the first quarter. For the balance of the year this product mix is expected to be similar to these levels. Revenues did not experience the same percentage increase as the production levels due to the weakening gas prices throughout the quarter.

<i>Production Revenue</i>	Q2 2006	Q1 2006	% Change	YTD 2006
Natural gas	6,131	4,359	41	10,487
Light/medium oil	2,793	1,834	52	4,627
Natural gas liquids	1,647	903	82	2,553
Production revenue	10,571	7,096	49	17,667

Commodity prices realized by the Company for 2006 were as follows:

<i>Commodity Prices Realized</i>	Q2 2006	Q1 2006	% Change	YTD 2006
Natural gas (\$/mcf)	6.70	8.46	(21)	7.34
Light/medium oil (\$/bbl)	80.61	65.87	22	74.06
Natural gas liquids (\$/bbl)	61.80	60.78	2	61.50
Barrels of oil equivalent (\$/boe)	49.44	55.26	(11)	51.62

Gas prices declined 21% in the second quarter as compared to the first quarter due to the increase in continental storage levels and reduced demand during the shoulder months. Oil prices continued their ascent in the world markets and Vero experienced a 22% price increase quarter over quarter. Liquids prices were up slightly by 2% from the first to the second quarter. Gas prices are expected to increase over the summer months and accordingly we will experience a rise in revenues. Oil prices are expected to be similar to present levels into the next quarter.

ROYALTIES

Net royalties were \$2,712 for the quarter as compared to \$1,633 for the first quarter of 2006. On a per boe basis the amount was \$12.68 for the second quarter, which was basically flat with the year-to-date average boe rate. Royalty expense averaged 26% of production revenue in the second quarter as compared to 23% in the first quarter of 2006 and 25% for the year-to-date. Vero is anticipated to reach maximum ARTC in the third quarter and to that end the royalty rates may rise slightly from the current levels.

<i>Royalties</i>	Q2 2006		Q1 2006		YTD 2006	
	\$	\$/boe	\$	\$/boe	\$	\$/boe
Crown – gross	2,659	12.44	1,319	10.26	3,978	11.62
Freehold/Gross over-riding	310	1.45	403	3.14	713	2.08
Total royalties	2,969	13.89	1,722	13.40	4,691	13.70
ARTC	(257)	(1.21)	(89)	(0.69)	(346)	(1.01)
Royalty expense, net of ARTC	2,712	12.68	1,633	12.71	4,345	12.69
Royalties - % of revenue		26%		23%		25%

DEPLETION, DEPRECIATION AND ACCRETION (“DD&A”)

During the second quarter of 2006 Vero experienced an increase in DD&A charges of 80% to \$6,106 from \$3,389 in the first quarter of 2006. This translates into a per boe rate of \$28.56 as compared to \$26.39 in the first quarter. The increase has two main reasons. The first is due to the acquisition of the private company in February. By using the purchase method of accounting, Vero recognized the fair values of the target’s assets. With purchase metrics of over \$44 per barrel of proven reserves, the DD&A increased

accordingly. The second reason is the ongoing drilling activity within Vero's lands. The aggressive capital program for 2006 has increased the depletion base accordingly. We anticipate the DD&A rate for the balance of 2006 to decline slightly from second quarter levels as we concentrate on our lower risk, developmental drilling programs and reserves are added at costs significantly less than that of an acquisition.

<i>DD&A</i>	Q2 2006		Q1 2006		YTD 2006	
	\$	\$/boe	\$	\$/boe	\$	\$/boe
Depletion and depreciation	6,080	28.44	3,375	26.28	9,455	27.63
Accretion	26	0.12	14	0.11	41	0.12
Total DD&A	6,106	28.56	3,389	26.39	9,496	27.75

OPERATING

Operating costs were \$1,293 or \$6.05 per boe in the second quarter of 2006 as compared to \$813 and \$6.33, respectively in the first quarter of 2006. The 59% increase in aggregate operating expenses was attributable to the 67% increase in production volumes from additional drilling successes and the corporate acquisition. However, this cost increase resulted in a 4% decrease in cost per boe. The synergies gained from averaging our fixed operating costs over the increased production volumes in the second quarter assisted greatly in reducing the cost per boe. The Company enjoys a low operating cost environment due to the concentration of operations in only two geographic areas. For the balance of 2006 it is anticipated that the per boe expense will remain consistent with current levels as increasingly upward pressure on service prices will be offset by anticipated, increased production.

<i>Operating</i>	Q2 2006	Q1 2006	% Change	YTD 2006
Expense per financial statements	1,293	813	59	2,107
Operating expense (\$ per boe)	6.05	6.33	(4)	6.16
Net expense (% revenue)	12.2%	11.5%	(6)	11.9%

TRANSPORTATION

Transportation expenses were \$153 for the quarter and amounted to 1.4% of production revenue for the period. On a per boe basis this amounted to a 32% decrease from the first quarter of 2006. Transportation costs are dependent on a variety of factors such as: the type of production facilities; the method of transportation; the distances covered; the rates charged by the carriers; quantities shipped; the type of service offered (interruptible versus firm service) as well as ownership of the transportation facilities. The cost per boe be relatively consistent with those of the second quarter as the majority of these costs are variable in nature.

<i>Transportation</i>	Q2 2006	Q1 2006	% Change	YTD 2006
Expense	153	134	14	286
Expense (\$ per boe)	0.71	1.04	(32)	0.84
Expense (% revenue)	1.4%	1.9%	(26)	1.6

GENERAL AND ADMINISTRATIVE (G&A)

Aggregate G&A expense was \$830 for the period or \$3.88 per boe. On a net basis, G&A was \$566 and this resulted in a per boe rate of \$2.65. While aggregate G&A increased by 64% the per boe rate decreased by 1%. Vero moved to its new office space on April first and commenced paying office rent at rates representative of a strong real estate market. Vero also continued to add key staff into the second quarter and thereby increased the aggregate payroll burden. However, the additional G&A was mitigated by the increased production levels and the per boe rate dropped accordingly. As production increases in the third quarter the rates will drop again as the G&A will have stabilized in the third quarter. As of the end of the second quarter, Vero is adequately staffed with fifteen employees.

Overhead recoveries are a function of field operating activity as well as the number of wells drilled during the year for which the Company is the operator. The Company capitalizes a portion of its G&A for the salaries of its technical staff, which are directly related to exploration and development. G&A capitalized for the second quarter was \$92, representing a 64% increase from the first quarter as additional technical staff was added.

G&A	Q2 2006	Q1 2006	% Change	YTD 2006
Gross expense	830	505	64	1,335
Less:				
Overhead recoveries	(172)	(156)	10	(328)
Capitalized G&A	(92)	(56)	64	(148)
Net expense	566	293	93	859
Average cost (\$ per boe)				
Gross expense	3.88	3.93	(1)	3.90
Net expense	2.65	2.28	16	2.51

INTEREST AND BANK CHARGES

Interest expense for the second quarter of 2006 increased 86% to \$301 from 162 in the first quarter. The per boe interest expense rate was \$1.41 for the second quarter as compared to \$1.26 in the first quarter. The primary cause of the increase was that bank debt existed throughout the second quarter. Bank debt outstanding in the first quarter only commenced upon the corporate acquisition on February 24. Prior to that date we had a

surplus cash position. A 7% increase in the effective interest rates during the period also contributed to the interest expense increase. We expect the \$1.41 per boe rate to be consistent for the balance of 2006 as the debt utilization will be somewhat offset with production gains.

<i>Interest and bank charges</i>	Q2 2006	Q1 2006	% Change	YTD 2006
Interest per financial statements	301	162	86	463
Deduct: Commitment & other fees	(4)	38	(111)	(39)
Debt bearing interest	296	124	139	424
Average debt outstanding	20,265	22,831	(11)	21,169
Average interest rate	5.9%	5.5%	7	5.8%
Average interest cost (\$ per boe)	1.41	1.26	12	1.35

STOCK BASED COMPENSATION

Stock based compensation expense was \$520 for the second quarter of 2006 as compared to \$372 for the first quarter. This represents a 40% increase quarter over quarter. Additional stock options granted during the quarter, amortization of the expense from option grants in 2005, and the valuation of the new options granted using higher strike prices and stock volatility all contributed to the increased expense. The fair value of all stock options is amortized over the options' vesting period.

<i>Stock Based Compensation</i>	Q2 2006	Q1 2006	% Change	YTD 2006
Expense	520	372	40	892
Expense (\$ per boe)	2.43	2.90	(16)	2.61

INCOME TAXES

During the second quarter of 2006 several tax initiatives were announced by both the Federal and Alberta Governments that were favourable to Vero. These included Federal initiatives for the elimination of the Federal Large Corporations tax effective January 1, 2006, the elimination of the Federal Surtax of 1.12% effective January 1, 2008 and a scheduled reduction of Federal corporate income tax rates from 21% to 19% commencing January 1, 2008 through January 10, 2010. In addition, the Alberta Government announced a reduction of corporate income tax rates from 11.5% to 10% effective April 1, 2006. The impact on the Company's future tax obligation of these announcements was a recovery of \$851 that was recognized in the second quarter of 2006.

In addition, the current income tax expense from 2005 as well as the federal capital tax from the first quarter of 2006 were reversed in the period ended June 30, 2006 due to the elimination of the large corporations tax and Vero's improved tax situation respectively.

Taking into account projected spending for 2006 as well as anticipated production levels and prices realized it is anticipated that Vero will not be cash taxable throughout the remainder of 2006.

	Q2 2006		Q1 2006		YTD 2006	
	\$	\$/boe	\$	\$/boe	\$	\$/boe
<i>Income taxes</i>						
Current income tax	(308)	(1.44)	16	0.13	(292)	(0.85)
Future income tax (recovery)	(851)	(3.98)	120	0.93	(731)	(2.14)
Total income taxes	(1,159)	(5.42)	136	1.06	(1,023)	(2.99)

The estimated combined income tax pools available at the end of June 2006 were as follows:

<i>Tax Pools</i>	Rate %	Q2 2006
Canadian exploration expenses	100	6,050
Canadian development expenses	30	29,273
Canadian oil and gas property expenses	10	26,824
Undepreciated capital costs	10 - 30	14,529
Financing costs	20% S.L.	1,123
Attributed Canadian Royalty Income	100 (Alberta)	2,227
Total		80,026

NETBACKS

Below is a breakdown of the netbacks for the Company. Operating netbacks of \$30.00 per boe for the second quarter of 2006 were 15% lower than those realized for the first quarter of 2006. The largest single contributor to the decline was the 11% decrease in realized, average, commodity prices. Specifically, the 21% decline in natural gas prices, which production accounts for 58% of the total corporate revenue, was the largest contributor to the decline. Operating expense declines were the result of newly added production and some resulting operational efficiencies were realized. Cash flow netbacks were lower by 15% as the gains we made in operating cost efficiencies were more than offset by price declines. For the corporate netback, the largest expense, at \$28.56/boe, was DD&A and reduced the earnings netback significantly. The larger DD&A was the result of the increased depletion base as a result of the corporate acquisition in February and Vero's own aggressive capital plan. It is anticipated that as production volumes increase and more emphasis is placed on drilling gas locations, the corporate netback will increase accordingly.

<i>Netbacks (\$ per boe)</i>	Natural Gas	Light Oil	Liquids	Q2 2006 Total	Q1 2006 Total	% Change
	(\$/mcf)	(\$/boe)	(\$/boe)	(\$/boe)	(\$/boe)	
Realized price	6.70	80.63	61.90	49.44	55.26	(11)
Royalties (net of ARTC)	(1.84)	(16.33)	(17.35)	(12.68)	(12.71)	-
Operating expenses	(1.02)	(8.90)	(1.88)	(6.05)	(6.33)	(4)
Transportation expenses	(0.10)	(0.79)	(1.19)	(0.71)	(1.04)	(32)
Operating netback	3.74	54.61	41.48	30.00	35.18	(15)
G&A				(2.65)	(2.28)	16
Interest expense				(1.41)	(1.26)	12
Interest and other income				-	0.69	-
Current income taxes				1.44	(0.13)	1,208
Cash flow netback				27.38	32.20	(15)
Stock based compensation				(2.43)	(2.90)	(16)
D,D&A				(28.56)	(26.39)	8
Future income taxes				3.98	(0.93)	(528)
Net earnings netback				0.37	1.98	(81)

<i>Netbacks (\$ per boe)</i>	Natural Gas	Light Oil	Liquids	YTD 2006 Total
	(\$/mcf)	(\$/boe)	(\$/boe)	(\$/boe)
Realized price	7.34	74.06	61.50	51.62
Royalties (net of ARTC)	(1.86)	(15.86)	(16.87)	(12.69)
Operating expenses	(1.06)	(8.15)	(2.00)	(6.16)
Transportation expenses	(0.12)	(1.11)	(1.21)	(0.84)
Operating netback	4.30	48.94	41.42	31.93
G&A				(2.51)
Interest expense				(1.35)
Interest and other income				0.26
Current income taxes				0.85
Cash flow netback				29.18
Stock based compensation				(2.61)
D,D&A				(27.75)
Future income taxes				2.14
Net earnings netback				0.96

CASH FLOW AND RETAINED EARNINGS

Cash flow from operations in 2006 was \$5,854, an increase of 42% from the first quarter of 2006. While natural gas prices have declined from the first quarter, this was offset by several factors such as: an 18% increase in oil prices realized and a 67% increase in production volumes. Additional production from the corporate acquisition in February as well as the successful drilling operations in the first and second quarters has increased cash flow. Cash flow from operations is calculated as follows:

	Q2 2006	Q1 2006	% Change	YTD 2006
Net earnings	79	252	(69)	331
Adjustments for:				
Depletion, depreciation and accretion	6,106	3,389	80	9,496
Future income tax (recovery)	(851)	120	(809)	(731)
Stock based compensation expense	520	372	40	892
Cash flow from operations	5,854	4,133	42	9,988

On a per share basis, there were no net earnings per share (basic or diluted) for the second quarter of 2006. This compares to net earnings per share of \$0.01 for the first quarter of 2006. Cash flow per share in the second quarter was \$0.23 (basic and diluted) representing a 15% increase from the \$0.20 realized in the first quarter. On the year, Vero realized cash flow of \$0.43 per share (basic and diluted).

<i>Per share data (\$)</i>	Q2 2006	Q1 2006	% Change	YTD 2006
Net earnings (loss)				
Basic weighted average	-	0.01	(100)	0.01
Diluted	-	0.01	(100)	0.01
Cash flow				
Basic weighted average	0.23	0.20	15	0.43
Diluted	0.23	0.20	15	0.43

CAPITAL EXPENDITURES

Vero delivers on its growth plan mainly through exploration and development activities which are supplemented by strategic acquisitions. Excluding the corporate acquisition Vero spent \$12,495 on its oil and gas operations for the second quarter of 2006 and \$23,443 on its capital program for the year-to-date. Vero drilled 8 (3.8 net) wells in the second quarter and 16 (9.6 net) for the year-to-date with all sixteen wells being successful.

<i>Capital expenditures</i>	Q2 2006	Q1 2006	% Change	YTD 2006
Exploration and development				
Land acquisitions and lease rentals	833	1,991	(58)	2,824
Geological and geophysical	348	71	390	419
Drilling and completions	9,345	7,279	28	16,624
Well equipment and facilities	2,269	1,607	41	3,876
Disposals	(300)	-	-	(300)
Exploration and development expenditures	12,495	10,948	14	23,443
Other expenditures	49	76	(36)	125
Total capital expenditures	12,544	11,024	13	23,568
Corporate acquisition (cash cost)	-	18,887	-	18,887
Net capital expenditures before ARO	12,544	29,911	(58)	42,455
Capitalized asset retirement obligations	126	76	66	202
Total capital additions	12,670	29,987	(58)	42,657

	Q2 2006		Q1 2006		YTD 2006	
<i>Wells drilled</i>	Gross	Net	Gross	Net	Gross	Net
Exploration	-	-	3	2.8	3	2.8
Development	8	3.8	5	3.0	13	6.8
Dry holes	-	-	-	-	-	-
Standing wells	-	-	-	-	-	-
Total wells	8	3.8	8	5.8	16	9.6

For 2006, the Company's capital plan (revised to take into account the February, 2006 acquisition) is to spend approximately \$40 million and Vero is on target to spend the amount budgeted. At this level of spending it is projected that 37 gross (23 net) wells will be drilled during the year. This spending will be dependent on many factors such as: weather, commodity prices, rig and services availability and success rates on exploratory wells.

LIQUIDITY AND CAPITAL RESOURCES

The Company funded its \$25,133 in total capital expenditures plus the \$18,887 spent on the corporate acquisition in February from a variety of resources. Vero had a surplus cash position it carried forward from 2005 of \$8,412. In addition, cash flow of \$9,988 for the year-to-date and a private placement in April, which netted the company \$12,061 were direct cash injections. The balance was funded by Vero's bank facility. The net debt of Vero was \$30,133 at June 30, 2006. For the balance of 2006, Vero expects to generate an additional \$15 million of cash flow. This, plus the unutilized bank line, which is approximately \$13 million is sufficient to fund the remaining capital program for the year of \$15 million.

Available borrowings on the bank credit facility are limited by the borrowing base, which is established by the bank. The amount of available credit is based mainly upon the value of petroleum and natural gas assets. The most recent formal evaluation by our external engineers determined these reserve values as at December 31, 2005. The bank facility is subject to periodic borrowing base reviews. The credit facility is subject to a borrowing base review by the bank. The next one is scheduled for May of 2007. Corporate working-capital liquidity is maintained by drawing from the unutilized facility as needed and then repaying it periodically through production revenues. The bank has approved the upgrade of our credit to \$35 million and this will further enhance our flexibility to expand the capital program if warranted.

Below is a summary of the trading history of the Company for 2006 and 2005.

	Q2 2006	Q1 2006	Q4 2005
High	7.06	7.18	5.70
Low	5.02	5.00	4.02
Close	5.43	6.15	5.31
Volume (000's)	3,773	11,409	5,867

OFF BALANCE SHEET TRANSACTIONS

There were no off-balance sheet transactions entered into during the period, nor are there any outstanding as of the date of these MD&A.

RELATED PARTY TRANSACTIONS

On the date Vero was created, it was considered to be related to True Energy Trust ("True") as we had a common shareholder base. Since then, Vero completed two private placements, thereby issuing an aggregate of 2,726 shares. In addition, we issued 4,755 shares in the course of a corporate acquisition in 2006 and traded 21,049 shares since our inception. Therefore, since Vero no longer has the same shareholder base as True, and the management of Vero is separate and distinct from True, we no longer consider ourselves related to True.

CONTRACTUAL OBLIGATIONS

The Company is obligated, at June 30, 2006 to make the following payments under the terms of long-term contracts it has entered into:

	Payments Due by Period			
	Total	Less than 1 year	1-3 Years	4-5 Years
Head Office Lease	1,197	252	441	504
Transportation obligations	102	23	46	33
Total contractual obligations	1,299	275	487	537

Vero entered into a five-year lease for its head office space effective April 1, 2006. The transportation obligations are comprised of firm service natural gas commitments with a gas transmission company. In the event of a shortfall in gas deliveries to the pipeline, the Company must pay the carrier the difference between volumes delivered and the contracted volumes in cash at the contracted rate.

SHARE CAPITAL

The following table provides a summary of the outstanding common shares and other equity instruments as at the date of these MD&A and the preceding year-end:

(000's)	August 4, 2006	June 30, 2006	December 31, 2005
Common shares outstanding	25,907	25,907	19,021
Stock options outstanding	2,276	2,176	1,600
Fully diluted shares	28,183	28,083	20,621
Weighted average common shares			
Basic - year-to-date	-	23,249	9,379
Diluted - year-to-date	-	23,249	9,379

SELECTED QUARTERLY INFORMATION

The Company has been operating since November 2, 2005. Therefore quarterly information is from that date forward. The results for the fourth quarter of 2005 are for sixty days of operations only.

<i>(000's except as noted)</i>	Q2 2006	Q1 2006	Q4 2005
Production (boe/d)	2,350	1,427	980
Average prices realized (\$/boe)	49.44	55.26	71.65
Production revenue	10,571	7,096	4,212
Net earnings	79	252	665
Basic - per share (\$/share)	-	0.01	0.07
Diluted - per share (\$/share)	-	0.01	0.07
Cash flow	5,854	4,133	1,896
Basic - per share (\$/share)	0.23	0.20	0.20
Diluted - per share (\$/share)	0.23	0.20	0.20
Total assets	142,344	132,787	53,130
Long term financial liabilities	-	-	-
Net debt (surplus)	30,133	35,768	(8,411)
Dividends paid	-	-	-

RISK MANAGEMENT

There were no changes to Vero's risk management policies during the period from those described in our audited financial statements for the period ended December 31, 2005.

CRITICAL ACCOUNTING ESTIMATES

Management is often required to make judgments, assumptions and estimates in the application of generally accepted accounting principles that have a significant impact on the financial results of the Company. There were no changes to Vero's critical accounting estimates in the period from those used in the audited financial statements from 2005 except for Goodwill as described below.

Goodwill

Goodwill is the excess purchase price over the fair value of identifiable assets and liabilities acquired. Goodwill is not amortized. However, goodwill impairment will be assessed annually at December 31, or as economic events dictate, by comparing the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is less than its carrying value, the fair value of the reporting unit's goodwill is compared with its carrying value to measure the amount of goodwill impairment loss.

Disclosure Controls and Procedures

As at the interim period ended June 30, 2006, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the

Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at June 30, 2006 to provide reasonable assurance that material information relating to the Company and would be made known to them by others within the entity. It should be noted that while the Corporation's Chief Executive Officer and Chief Financial Officer believe that the Corporation's controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.