



## PRESS RELEASE

### **VERO ENERGY INC. ANNOUNCES THIRD CONSECUTIVE QUARTER OF GROWTH AND INCREASES EXIT PRODUCTION GUIDANCE**

CALGARY, Alberta – November 14, 2006 – Vero Energy Inc. ("Vero" or the "Company") (TSX-VRO) today filed with Canadian securities authorities its Consolidated Financial Statements and Management Discussion and Analysis in respect thereof for the three and nine month periods ended September 30, 2006. Copies of the filed documents may be obtained through [www.sedar.com](http://www.sedar.com) or by visiting Vero's website [www.veroenergy.ca](http://www.veroenergy.ca).

#### **Third Quarter 2006 Highlights**

- Increased average daily production 15% from 2,350 boe/d in the second quarter to 2,713 boe/d in the third quarter.
- Cash flow increase of 7% to \$6.3 million.
- Production revenue increase of 8% to \$11.4 million.
- Reduced G&A costs by 42% to \$1.55 per boe and operating costs by 6% to \$5.70 per boe.
- Achieved an operating netback of \$28.38 per boe and cash flow netback of \$25.16 per boe.
- Increased the borrowing facility to \$45 million.

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

<i>Financial (\$000's except per share amounts)</i>	<b>Q3 2006</b>	Q2 2006	% Change	<b>YTD 2006</b>
Production revenue	<b>11,436</b>	10,571	8	<b>29,103</b>
Cash flow from operations	<b>6,280</b>	5,854	7	<b>16,268</b>
Per basic share	<b>0.24</b>	0.23	4	<b>0.67</b>
Per diluted share	<b>0.24</b>	0.23	4	<b>0.67</b>
Net earnings	<b>16</b>	79	(80)	<b>347</b>
Per basic share	-	-	-	<b>0.01</b>
Per diluted share	-	-	-	<b>0.01</b>
Capital expenditures	<b>15,556</b>	12,544	24	<b>38,902</b>
Net debt	<b>39,409</b>	30,133	31	<b>39,409</b>
<b><i>Share Capital (000's)</i></b>				
Basic, weighted average	<b>25,907</b>	25,603	1	<b>24,145</b>
Basic, end of period	<b>25,907</b>	25,907	-	<b>24,145</b>
Fully diluted	<b>28,228</b>	28,083	1	<b>28,228</b>
<b><i>Daily Sales Volumes</i></b>				
Natural gas volumes (mcf/d)	<b>12,424</b>	10,057	24	<b>9,423</b>
Light oil (boe/d)	<b>306</b>	381	(20)	<b>332</b>
Liquids (boe/d)	<b>336</b>	293	15	<b>265</b>
Corporate (boe/d)	<b>2,713</b>	2,350	15	<b>2,168</b>
<b><i>Average Prices Realized</i></b>				
Natural gas (\$/mcf)	<b>6.21</b>	6.70	(7)	<b>6.84</b>
Light Oil (\$/bbl)	<b>77.52</b>	80.61	(4)	<b>75.13</b>
Liquids (\$/bbl)	<b>69.70</b>	61.80	13	<b>65.00</b>
Corporate (\$/boe)	<b>45.82</b>	49.44	(7)	<b>49.17</b>
<b><i>Netbacks (\$/boe)</i></b>				
Operating	<b>28.38</b>	30.00	(5)	<b>30.44</b>
Cash flow	<b>25.16</b>	27.38	(8)	<b>27.49</b>
<b><i>Wells drilled</i></b>				
Gross	<b>11</b>	8	38	<b>27</b>
Net	<b>6.2</b>	3.8	63	<b>15.8</b>

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

There were no comparative results for the third quarter of 2005 as oil and gas operations for Vero commenced on November 2, 2005.

## FINANCIAL REVIEW

Vero delivered another quarter of growth despite the significant natural gas price uncertainty over the summer months. Daily sales volumes rose by 15% to 2,713 boe/d in the third quarter from 2,350 boe/d in the second quarter. Natural gas drilling continued to be the company's focus in the third quarter and the 7% decline in natural gas prices did not curb our plans. In anticipation of strengthening natural gas prices, Vero spent \$15.5 million during the quarter including the drilling of 11 (6.2 net) wells. 60% of this amount was directed to drilling costs, while 33% was for facilities and tie-ins. Included in the facilities expenditures are several projects related to optimizations and clearing the inventory of wells drilled in the first and second quarters that could not previously be tied-in due to a lengthy break-up.

Cash flow for the third quarter reached \$6.3 million, a 7% increase over that realized in the second quarter. Increased production levels continued to offset natural gas price declines and ultimately resulted in increased cash flow. For the year-to-date, cash flow reached \$16.3 million, which translates into \$0.67 per share (basic and diluted). Net earnings of \$16 thousand were recorded for the third quarter and \$347 thousand for the year-to-date. Net earnings per share is \$0.01 for the nine months ended September 30, 2006 (basic and diluted).

As a result of Vero's successful drilling efforts, the company's bank line of credit has been increased to \$45 million to accommodate the expanding capital plan and to ensure that we have the resources for future opportunities.

## **OPERATIONS REVIEW**

### Edson, Alberta

In Edson, Vero drilled 4 (2.2 net) wells in the third quarter of which 3 (1.4 net) wells are tied in and producing with 1 (0.8 net) well to be tied in during December. Since the end of the third quarter 1 (1.0 net) additional well has been drilled and cased. This well is awaiting completion and is expected to be tied-in prior to year end. The Company currently plans to drill 3 (2.0 net) wells during the remainder of the year in this area. In addition, the company has entered into an agreement with the operator of the Edson gas facility where the majority of our gas is processed. Under this agreement, Vero will pay for upgrades to the facility, which will increase our liquids recovery. The upgrade is expected to be completed in December and under the terms of the agreement the operator has given Vero priority processing. This initiative will allow us to expand our Edson drilling program into 2007 and beyond. A drilling rig has been contracted to the end of the first quarter of 2007 to ensure we have the ability to execute on our winter drilling plans in the area.

### Wilson Creek

Wilson Creek is our second largest area and is mainly an exploitation property. The significant future potential in this area is in the implementation of a water-flood into the Belly River oil pool. Preliminary submissions to the regulatory bodies for the use of source water have been made and the final submission will be forwarded once the approval for source water usage has been received. Vero believes that this project has the potential to substantially increase the current production and reserves from this pool. Based on the current status of the project, implementation of the water-flood is tentatively planned for the latter part of the first quarter of 2007. Vero drilled 1 (0.5 net) well in October in Wilson Creek, which is expected to be tied-in and producing by the end of November.

### Whitecourt

In the third quarter, Vero drilled 2 (1.4 net) wells in the Whitecourt area. One well is producing and the second well was completed, but did not show economic results. In addition, construction projects targeted to tie-in production from wells drilled in prior quarters have been completed. There remains 150 boe/d to be placed on-production due to third party operator related facility issues. These issues are expected to be resolved prior to year end. Whitecourt is an area in which Vero has large land holdings coupled with high working interests and we expect to be more active in this area in 2007.

### Corbett

At Corbett 2 (1.5 net) wells were drilled in the third quarter with one (1.0 net) additional well to be drilled prior to year end. In the Nordegg oil pool Vero has been forced to shut-in 275 boe/d until the solution gas is tied-in. The tie-in is scheduled to be completed prior to year end. Construction has commenced to install a gathering system, facility, and sales line to conserve this gas and allow us to produce both the oil and the gas concurrently. This 100% owned facility will also facilitate further production and support additional drilling in the area. Since it will be the only facility of its kind in the area, this also gives Vero the potential to generate third party revenue as other operators start drilling wells in proximity to this facility. These other operators are predominately

drilling for coal bed methane (“CBM”) and while this is not the company’s primary focus in this area, the results of these projects will be monitored as Vero does own the CBM rights on the majority of the company’s lands in the area.

### Alberta Miscellaneous

Vero drilled 3 (1.2 net) wells in the third quarter in Vero’s non-core areas. Currently 2 (0.2 net) of these wells are under post-completion evaluations, and the third well, which is in Ferrier (100% Vero) is awaiting completion. The Ferrier completion will commence upon freeze-up when surface access and lease conditions improve.

## **OUTLOOK AND PRESIDENT’S MESSAGE**

In the third quarter of 2006 Vero again showed gains in production, and cash flow notwithstanding a drop of 7% in commodity prices. This was accomplished by continued drilling in the third quarter and also involved the tie-in of wells drilled in the first two quarters of the year.

Vero continues to make progress in the area of controllable costs. Specifically, per-boe operating and general and administration costs were reduced from the second quarter by 6% and 42% respectively. We believe that one of the best hedges against commodity price volatility is to have a low cost structure.

During the third quarter, we realized some cost reductions in drilling costs due to a general slowdown in drilling activity in the industry. However, we did not realize the same level of reductions for completion services nor in the tie-in of our wells. Having said this, we were still able to get previously drilled wells producing during the end of August and throughout September, which enabled us to exceed the high end of our guidance for the quarter. We exited the third quarter over 3,000 boe/d. Through the end of the third quarter and into the fourth quarter we are placing a substantial amount of capital into facility and gathering infrastructure, which will allow us to bring on shut-in, and restricted production. More importantly it will allow us the ability and flexibility to continue with our ongoing drilling program with little disruption due to presently encountered infrastructure limitations.

We are confident that we will meet our fourth quarter guidance of 3,100-3,400 boe/d and exceed the high end of our previous exit production guidance of 3,500-3,800 boe/d. Our new exit production guidance is 3,800-4,000 boe/d. Current production based on field estimates is at 3,200 boe/d with 400 boe/d behind pipe and a further 400 boe/d restricted or shut-in. With the success that we have demonstrated to date and the numerous opportunities that lay in front of us, Vero’s Board of Directors has approved an increase in our 2006 capital budget to \$53.5 million.

Finally, the Board of Directors has given approval for the initial 2007 capital budget of \$50 million dollars. Planning for 2007 is underway. To assist in the timely execution of our 2007 program, we have contracted two drilling rigs to take us through to the end of the first quarter of 2007. We are planning our most aggressive drilling program to date with 16-18 gross wells, which carries an approximate average working interest to Vero of 60% per well. With our large inventory of projects, Vero’s initial guidance for 2007 is to achieve 20-25 % growth in production.

As always I want to commend our employees for their efforts and their commitment to long term per-share growth for our shareholders. I would also like to thank our shareholders for their optimism in us over the last few months during the volatile times in the stock market. Finally, I wish to thank our Board of Directors for their guidance and the ongoing reaffirmation of the potential of the Company.

For more information and for the latest presentation please visit our website at [www.veroenergy.ca](http://www.veroenergy.ca).

Douglas J. Bartole  
President and Chief Executive Officer

## FINANCIAL STATEMENTS

Below is selected financial statement information for the three months and nine months ended September 30, 2006. For full disclosure of financials statements with their accompanying notes and the Management, Discussion and Analysis, please visit our website or SEDAR.

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### VERO ENERGY INC.

#### Consolidated Balance Sheets

(in thousands of dollars)

	September 30, 2006	December 31, 2005
	(unaudited)	
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	-	12,523
Accounts receivable	16,041	6,013
Prepaid expenses and deposits	958	156
	16,999	18,692
Property and equipment	123,677	34,207
Goodwill	14,804	-
Future tax benefit	-	232
	155,480	53,131
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	24,858	9,988
Taxes payable	-	292
Bank debt	31,550	-
	56,408	10,280
Asset retirement obligations	1,511	380
Future taxes	10,234	-
	68,153	10,660
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	84,710	41,703
Contributed surplus	1,605	103
Retained Earnings	1,012	665
	87,327	42,471
	155,480	53,131

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**VERO ENERGY INC.****Consolidated Statements of Operations and Retained Earnings  
For the three months and nine months ended September 30, 2006***(in thousands of dollars, except per share data)(unaudited)*

	<b>Three months ended September 30, 2006</b>	<b>Nine Months ended September 30, 2006</b>
<b>REVENUE</b>		
Production revenue	11,436	29,103
Royalties	(2,714)	(7,059)
Interest and other	4	93
	<b>8,726</b>	<b>22,137</b>
<b>EXPENSES</b>		
Operating	1,423	3,530
Transportation	214	500
General and administrative	387	1,246
Stock-based compensation	610	1,502
Interest and bank charges	422	885
Depletion, depreciation and accretion	6,139	15,635
	<b>9,195</b>	<b>23,298</b>
<b>LOSS BEFORE INCOME TAXES</b>	<b>(469)</b>	<b>(1,161)</b>
<b>INCOME TAX RECOVERY</b>		
Current	-	(292)
Future	(485)	(1,216)
	<b>(485)</b>	<b>(1,508)</b>
<b>NET EARNINGS</b>	<b>16</b>	<b>347</b>
<b>RETAINED EARNINGS, BEGINNING OF PERIOD</b>	<b>996</b>	<b>665</b>
<b>RETAINED EARNINGS, END OF PERIOD</b>	<b>1,012</b>	<b>1,012</b>
<b>NET EARNINGS PER SHARE</b>		
Basic	-	0.01
Diluted	-	0.01

**VERO ENERGY INC.****Consolidated Statement of Cash Flows****For the three months and nine months ended September 30, 2006***(in thousands of dollars) (unaudited)*

	<b>Three months ended September 30, 2006</b>	<b>Nine Months ended September 30, 2006</b>
<b>CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Net earnings	16	347
Adjustments for:		
Depletion, depreciation and accretion	6,139	15,635
Future income taxes	(485)	(1,216)
Stock-based compensation	610	1,502
	<b>6,280</b>	<b>16,268</b>
Changes in non-cash working capital	<b>(3,556)</b>	<b>(8,753)</b>
	<b>2,724</b>	<b>7,515</b>
<b>FINANCING</b>		
Increase in bank debt	9,996	13,030
Proceeds from issuance of common shares, net of share issue costs	-	12,061
	<b>9,996</b>	<b>25,091</b>
<b>INVESTING</b>		
Corporate acquisition	-	(18,887)
Additions to petroleum and natural gas properties	(15,551)	(39,073)
Disposals of capital assets	-	300
Additions to administrative assets	(5)	(129)
Changes in non-cash working capital	2,836	12,660
	<b>(12,720)</b>	<b>(45,129)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>(12,523)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>-</b>	<b>12,523</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>-</b>	<b>-</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 2006 operations.

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

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**READER ADVISORY**

*Forward Looking Statements: Certain information regarding the Company in this news release including management's assessment of future plans and operations, production estimates, drilling inventory and wells to be drilled, timing of drilling and tie-in of wells, productive capacity of new wells, capital expenditures and the timing thereof, may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, the timing and length of plant turnarounds and the impact of such turnarounds and the timing thereof, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, the Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or, if any of them do so, what benefits the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could effect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](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. The Company considers corporate netbacks as a key measure as it demonstrates its profitability relative to current commodity prices. The Company considers cash flow from operations a key measure as it demonstrates the Company's ability to generate funds necessary to repay debt and to fund future growth through capital investment. Funds generated from operations should not be considered as an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with Canadian GAAP as an indicator of Vero's performance. Vero's determination of cash flow from operations may not be comparable to that reported by other companies. The reconciliation between net income and cash flow from operations can be found in the statement of cash flows in the financial statements.*

*Vero also presents funds generated from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of net earnings per share, which per share amount is calculated under GAAP.*

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