



PRESS RELEASE

VERO ENERGY INC. REPORTS SECOND QUARTER OPERATING AND FINANCIAL RESULTS

CALGARY, Alberta – August 10, 2011 – Vero Energy Inc. (“Vero” or the “Company”) (TSX-VRO) today announces its second quarter, 2011 financial results. Copies of the financial statements and management discussion and analysis in respect thereof for the quarter ended June 30, 2011 will be available, in due course, through www.sedar.com or by visiting Vero’s website at www.veroenergy.ca.

Second Quarter 2011 Highlights

- ✓ Achieved a quarterly average of over 10,000 boe/d for the first time in Vero history. Daily volumes were 10,272 boe/d, representing an increase of 21% over the first quarter of 2011.
- ✓ Achieved funds flow from operations of \$19.3 million, equating to \$0.39 per share (basic and diluted).
- ✓ Generated net earnings of \$5.6 million (\$0.11 per share) in the quarter. This was a 138% increase over the \$2.4 million from the second quarter of 2010 and a 350% increase over the first quarter of 2011, which had a loss of \$2.2 million.
- ✓ Increased oil production by 73% to 960 bbls/d from 556 bbl/d in the same quarter of 2010.
- ✓ Achieved an operating netback of \$25.34 per boe and funds flow netback of \$20.83 per boe representing a 24% and 23% increase respectively, in the second quarter 2011 versus 2010, while realized natural gas prices were unchanged over the same time period.
- ✓ Drilled 6 (4.1 net) wells with a 100% success rate which included 3 (1.8 net) new pool discoveries. Of the six wells, 4 (2.9 net) targeted Cardium oil.
- ✓ On May 31, 2011, increased the syndicated credit facility to \$170 million representing a 21% increase to the previous facility.

Third Quarter 2011 Update

- ✓ Drilled 4 (2.7 net) wells to date in the third quarter. Currently have 4 (2.6 net) wells waiting on completion operations or final production tie-in.
- ✓ Increased land holdings in the Cardium by 12 sections.
- ✓ Evaluating current Duvernay land holdings of 58 gross (50 net) sections in the Edson to Kaybob fairway.

Selected financial and operating highlights for the second quarter of 2011 with comparisons to the second quarter of 2010 are set out below and should be read in conjunction with Vero's financial statements for the period ended June 30, 2011 as follows:

<i>Financial (\$000's except per share amounts)</i>	Three Months ended June 30,			Six months ended June 30,		
	2011	2010	%	2011	2010	%
Production revenue	36,611	27,472	33	65,732	56,955	15
Funds flow from operations ⁽¹⁾	19,275	13,879	39	35,891	29,477	22
Per basic share	0.39	0.32	22	0.73	0.68	7
Per diluted share	0.39	0.32	22	0.73	0.67	9
Net earnings	5,621	2,357	138	3,438	3,932	(13)
Per basic share	0.11	0.05	120	0.07	0.09	(22)
Per diluted share	0.11	0.05	120	0.07	0.09	(22)
Capital expenditures, net	22,682	14,020	62	67,585	54,057	25
Net debt ⁽²⁾	155,186	111,875	39	155,186	111,875	39
<i>Share Capital (000's)</i>						
Basic, weighted average	48,978	43,472	13	48,964	43,355	13
Basic, end of period	48,986	43,511	13	48,986	43,511	13
Fully diluted	52,713	47,376	11	52,713	47,376	11
<i>Daily Production</i>						
Natural gas volumes (mcf/d)	47,581	42,531	12	42,828	41,500	3
Liquids (boe/d)	1,382	1,366	1	1,242	1,276	(3)
Light oil (boe/d)	960	556	73	1,005	517	94
Corporate (boe/d)	10,272	9,010	14	9,386	8,709	8
<i>Realized Commodity Prices</i>						
Natural gas (\$/mcf)	4.21	4.24	(1)	4.17	4.74	(12)
Light Oil (\$/bbl)	97.90	73.40	33	90.80	74.12	23
Liquids (\$/bbl)	78.01	59.09	32	75.02	62.32	20
Corporate (\$/boe)	39.17	33.51	17	38.69	36.13	7
<i>Netbacks (\$/boe)</i>						
Operating ⁽⁴⁾	25.34	20.41	24	25.32	22.28	14
Funds flow	20.83	16.94	23	21.23	18.70	14
<i>Wells drilled</i>						
Gross	6	2	200	18	12	50
Net	4.1	2.0	105	14.3	10.6	35

(1) Funds flow from operations is calculated as funds provided by operating activities from the statement of funds flows, adding change in non-funds working capital and decommissioning expenditures. Funds flow from operations is used to analyze the Company's operating performance and leverage. Funds flow from operations does not have a standardized measure prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable with the calculations of similar measures for other companies.

(2) Net debt represents current assets less current liabilities (excluding bank debt) and bank debt (but excludes the potential future liability related to the mark-to-market measurement of derivative contracts). Net debt does not have a standardized meaning prescribed by IFRS 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. Funds flow netback equals the operating netback less cash finance costs, general and administrative costs, realized gains and losses on derivative contracts, plus any interest income. Operating netback and funds flow netback do not have a standardized measure prescribed by IFRS and therefore may not be comparable with the calculations of similar measures for other companies.

OUTLOOK

The continued divergence between oil and gas prices has realigned the industry's focus towards drilling oil and liquids rich gas projects. Vero has reaffirmed its focus towards liquids production as the associated products continue to provide superior netbacks. Drilling success in the first quarter and the subsequent completion of these wells, which occurred late in the first quarter and early in the second quarter, resulted in Vero reaching record production levels. This was achieved despite several operational issues that plagued most of the industry in the quarter which the Company estimates resulted in 800 boe/d of lost production for the quarter. Vero dealt with these challenges and still delivered a 21% increase in corporate production rates over the first quarter of 2011 for an average of 10,272 boe/d.

Vero has continued with its solid plan of a balanced approach to exploration and development activities in the Company's multi-zoned liquids portfolio. This was demonstrated in the second quarter where the Company drilled 6 (4.1 net) horizontal wells including 4 (2.9 net) Cardium, 1 (0.68 net) Rock Creek, and 1 (0.5 net) Wilrich wells. Operationally, there were an additional 2 (1.1 net) Cardium wells drilling through the end of the second quarter. Only 3 (2.3 net) of the wells drilled in the quarter were completed late in June. Vero is continuing to optimize its completion techniques by varying fluid types, quantities of sand and fluids, and in the case of the liquids rich gas wells has reduced the fracture intervals on average by half from earlier completions. Early results are pointing towards better initial rates and recoveries and ultimately higher returns. This balanced portfolio approach will continue and is working as the Company continues to show growth and is profitable as shown by near record quarterly earnings for the Company of \$5.62 million.

The three new horizontal Notikewin liquids rich gas wells that were brought on production late in the first quarter and early in the second quarter continue to perform exceptionally. Two of these wells are in the Brazeau area and the third is closer to Vero's original Notikewin play in Pine Creek. These wells are an example of positive results due to increased fracture density and longer horizontal legs. Over the first three months these wells have cumulative production that on average has exceeded similar earlier wells by approximately 75% or 50,000 mboe per well. The Pine Creek well has the potential to increase Vero's current corporate type curve on all of its Notikewin inventory. These three wells, which have been producing over 200 bbls/d of natural gas liquids (over 50% condensate) for the first three months, will pay out in less than three quarters of a year at current prices. The Company has also been able to increase its holdings in the Brazeau area and recently recommenced drilling operations. With these results, Vero plans to allocate more capital to this play and drill up to four more wells prior to year end.

Emphasis on the Cardium oil play continues with a combination of development and delineation drilling. Wells completed late in June and throughout July continue to meet Vero's average well

type curves. A well completed in early July has been exceptional where during the first month it averaged over 700 boe/d (60% oil) and is still currently flowing without pumping equipment at approximately 235 boe/d (50% oil). The Company has recently been able to secure 12 more sections (7,680 acres) of land for Cardium prospectively. Current production from the Cardium is approximately 1550 boe/d (69% oil) with approximately 150 boe/d of additional production on clean up and waiting final tie-in of solution gas. Plans are to keep one drilling rig active in this play which should equate to an additional 9-10 wells being drilled by year end.

Vero was the first company to drill a horizontal well targeting the Viking sands in the Edson area, and we are extremely pleased with the outcome. The Carrot Creek Viking gas pool that was being offset has a historical liquids ratio of approximately 45 bbl/mmcfd and the expectation was that we would encounter the same. This well came on production at the end of the first quarter and the results are suggestive of a separate oil bearing trend. Cumulative production to date from this well is approximately 11,000 bbl of 40 API oil with an average rate over the first 30 days of approximately 200 bbls/d and 1,200 mcf/d of gas. The Company is planning to drill additional wells over the remainder of the year to continue to delineate this opportunity over its land base of 65 (45 net) sections of Viking rights.

Vero has a large position in an industry emerging play which we believe to have significant hydrocarbon potential. The Duvernay is receiving considerable attention by the industry as a potential new shale play. Many of the largest historical conventional hydrocarbon discoveries in the Western Canada Sedimentary Basin have been sourced by the Duvernay shale, the most prolific Devonian aged source rock in the basin. This shale is now being targeted by a number of operators and has been described as an analog to the Eagle Ford shale play in Texas due to the presence of oil, condensate rich gas and dry gas fairways. The recent Alberta Crown land sales on this play have commanded prices of \$1,000 – \$4,200 per acre. To date industry has licensed a total of 20 wells targeting the Duvernay shales in the greater Edson / Kaybob area. Vero's land position throughout this area consists of 58 gross (50 net) sections (32,000 net acres). The Company has been evaluating the play and is closely following industry activity and results and potentially allocating capital to this project in 2012.

For the second half of the year the Company has plans to drill approximately 15-18 (10-12 net) horizontal wells. Based on recent successes Vero anticipates this program will be a balance between light oil and high return liquids rich projects and will consist of 9-10 Cardium wells, 4 Notikewin wells, and then the balance between Wilrich, Viking, and Bluesky. The Company estimates that with the wet weather in the latter part of the second quarter and into the third quarter the current drilling and completion program is approximately 3-4 weeks behind schedule. July production based on field estimates was approximately 9900 boe/d (26 % liquids) that includes downtime from a three day turnaround at our owned and operated facility. Notwithstanding the lag in schedule, the Company's current yearly average production estimates are at the low end of the current 10,000 – 10,500 (25-27% liquids) boe/d guidance. Vero forecasts that year end exit production will be approximately 11,700 – 12,300 boe/d (26-30% liquids). The liquids content will be slightly lower than previously forecasted based solely from the focus on the high return Notikewin play. Operating costs have increased slightly and are now expected to average approximately \$8.50 for the remainder of the year based on volumes expected from the Company's Notikewin play which are processed through third party facilities

and have a higher cost structure than operated facilities. Vero will still have high comparative industry netbacks with the low overall cost structures in operating, royalties, transportation, administrative and interest expense.

Vero plans to continue with a flexible capital budget that will be continually monitored and changed accordingly. Current expectations are to spend \$30 million in the second quarter. With the recent pullback in commodities, the Company's forecast based on strip prices has a yearend debt to fourth quarter annualized cash flow of 2 times. This does not include the potential sale on non-core properties Vero is currently evaluating.

FINANCIAL REVIEW

In the face of stagnant natural gas prices, Vero continued in its pursuit of increasing its oil and natural gas liquids production. As a percentage of corporate production, liquids accounted for 23% of total production for the second quarter of 2011. This was an increase of 10% compared to the same period in 2010. As a result, liquids revenues accounted for approximately 50% of total production revenue during the second quarter. Total production increased by 21% over the first quarter of 2011 and 14% over the second quarter of 2010. The increase in aggregate production levels accompanied by the increased contribution from the higher priced liquids production, delivered funds flow for the second quarter of \$19.3 million. This translated into \$0.39 per share on both a basic and diluted per share basis. The Company reduced operating expenses by 4% per boe for the year to date in 2011 to \$8.04 as compared to \$8.41 in 2010. Royalty expense was slightly higher in the second quarter at \$4.27 per boe as increased oil prices was the predominant factor contributing to the increase from \$3.10 in the same quarter of 2010. For the year to date, royalty expense was lower by 2% to average \$3.87 per boe as compared to 2010 rates. In all, operating netbacks increased by 24% to \$25.34 per boe and funds flow netbacks increased by 23% to \$20.83 per boe in the second quarter. The Company reversed the \$2.2 million loss incurred in the first quarter of 2011 as the Company realized \$5.6 million in net earnings during the second quarter of 2011. The mark to market gain on financial derivatives was \$5.1 million and essentially the reversal of the mark to market loss incurred in the first quarter. The reversal was caused by the decrease in oil price as at June 30, 2011 as compared to March 31, 2011. For the year to date in 2011 net earnings were \$3.4 million. This translated into \$0.11 per share (basic and diluted) on the quarter and \$0.07 (basic and diluted) for the year to date.

Vero spent \$22.7 million on its exploration and development program during the second quarter. 74%, or \$16.8 million of the capital program was devoted to drilling and completions while \$4.5 million or 20% was spent on facilities and tie-ins. The balance of the capital spending of \$1.4 million was devoted to land acquisitions and geological and geophysical costs.

Total net debt amounted to \$155.2 million at June 30, 2011, including bank debt of \$132.8 million. At June 30, 2011 the total net debt to annualized, second quarter, funds flow ratio was 2.0 times. With the currently anticipated capital program for the remainder of 2011 Vero expects the ratio to be consistent with the current level at the end of the year. Attributable to significant 2010 year end and first quarter 2011 drilling additions, on May 31, 2011 the Company's syndicate of banks increased the credit facility from \$140 million to \$170 million.

OPERATIONS REVIEW

Edson continues to be Vero's largest producing property with average production of 9,074 boe/d (76% natural gas), accounting for 88% of total corporate production in the second quarter of 2011.

The Company has targeted six separate zones with horizontal drilling coupled with multi-frac completions. The shallowest of these zones is the light oil bearing Cardium Formation which will be the main target for drilling locations for the year. The remaining targets range from 2,000 – 2,600 meters in depth and yield high netback liquids rich gas.

During the quarter, the Company successfully drilled 6 (4.1 net) horizontal wells including 4 Cardium oil wells, 1 Rock Creek gas well and 1 Wilrich gas well. Operational challenges in the quarter resulted in production shortfalls estimated to represent approximately 800 boe/d. The largest occurred as a result of one third party turnaround at a processing facility that lasted five days longer than anticipated (200 boe/d), and the improper calibration of new gas well meters (250 boe/d). The balance was a combination of another third party facility that had three days of downtime at the end of June, and forest fires coupled with high winds causing power outages in both operated and non-operated facilities. Contributing to operational challenges in the quarter was wet weather that affected much of the industry thereby the ability to get completions and production operations executed.

In addition, Vero expanded a compressor station in the Edson area to increase throughput of 8 mmcf/d to 16 mmcf/d to accommodate new gas volumes from successful drilling in the area.

Other Areas

Total production for Vero's non-core areas in the second quarter averaged 1,198 boe/d (84% natural gas) and accounts for the remaining 12% of corporate production.

Selected financial and operating highlights for the second quarter of 2011 with comparisons to the second quarter of 2010 are set out below and should be read in conjunction with Vero's financial statements for the period ended June 30, 2011 summarized as follows:

VERO ENERGY INC.

Balance Sheet

(in thousands of Canadian dollars) (unaudited)

	June 30, 2011	December 31, 2010	January 1, 2010
ASSETS			
CURRENT			
Accounts receivable	23,519	27,458	29,541
Prepaid expenses and deposits	3,683	3,241	4,566
Loans receivable	-	-	2,289
	27,202	30,699	36,396
Property, plant and equipment	395,928	352,007	272,343
Exploration and evaluation assets	17,292	19,495	15,302
Derivative contracts	45	-	-
Goodwill	19,913	19,913	19,913
	460,380	422,114	343,954
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	49,580	60,349	49,574
Derivative contracts	717	1,422	1,132
Bank debt	132,808	94,164	77,719
Deferred liability	-	5,062	-
	183,105	160,997	128,425
Derivative contracts	-	-	113
Decommissioning liabilities	11,509	9,346	7,960
Deferred taxes	26,830	18,013	13,422
	221,444	188,356	149,920
SHAREHOLDERS' EQUITY			
Share capital	216,649	216,174	180,617
Contributed surplus	12,469	11,204	9,610
Retained earnings	9,818	6,380	3,807
	238,936	233,758	194,034
	460,380	422,114	343,954

VERO ENERGY INC.**Statement of Comprehensive Income****For the three and six month periods ended June 30,***(in thousands of Canadian dollars, except per share data)(unaudited)*

	Three months ended June 30		Six months ended June 30	
	2011	2010	2011	2010
Petroleum and natural gas sales	36,611	27,472	65,732	56,955
Royalties	(3,994)	(2,541)	(6,571)	(6,217)
Revenue, net of royalties	32,617	24,931	59,161	50,738
EXPENSES				
Operating	7,667	6,824	13,663	13,250
Transportation	1,273	1,380	2,478	2,369
Losses (gains) on derivative contracts	(4,334)	(2,463)	23	(3,307)
General and administrative	1,766	1,626	2,967	3,102
Share based compensation	618	741	1,329	1,721
Loss on disposal of assets	-	476	-	476
Exploration and evaluation	2,651	601	3,033	1,612
Depletion and depreciation	13,395	10,999	25,064	21,126
	23,036	20,184	48,557	40,349
NET EARNINGS BEFORE FINANCE AND TAXES	9,581	4,747	10,604	10,389
FINANCE				
Finance income	4	140	18	190
Finance expenses	(1,837)	(1,485)	(3,416)	(2,870)
	(1,833)	(1,345)	(3,398)	(2,680)
NET EARNINGS BEFORE TAXES	7,748	3,402	7,206	7,709
TAXES				
Deferred tax expense	2,127	1,045	3,768	3,777
NET EARNINGS AND COMPREHENSIVE INCOME	5,621	2,357	3,438	3,932
NET EARNINGS PER SHARE				
Basic	0.11	0.05	0.07	0.09
Diluted	0.11	0.05	0.07	0.09

VERO ENERGY INC.
Statement of Cash Flows
For the three and six months ended June 30,
(in thousands of dollars) (unaudited)

	Three months ended		Six months ended	
	June 30		June 30	
	2011	2010	2011	2010
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:				
OPERATING				
Net earnings	5,621	2,357	3,438	3,932
Adjustments for:				
Unrealized gain on derivative contracts	(5,052)	(2,420)	(751)	(3,325)
Share based compensation	427	741	1,138	1,721
Depletion and depreciation	13,395	10,999	25,064	21,126
Accretion of decommissioning liabilities	106	79	201	158
Exploration and evaluation expense	2,651	601	3,033	1,612
Loss on disposal of assets	-	476	-	476
Deferred tax expense	2,127	1,045	3,768	3,777
	19,275	13,878	35,891	29,477
Decommissioning costs incurred	(3)	(22)	(6)	(265)
Changes in non-cash working capital	(127)	4,932	5,370	2,489
	19,145	18,788	41,255	31,701
FINANCING				
Increase in bank debt	10,672	13,884	38,644	29,648
Loans to officers / directors	-	-	-	2,289
Proceeds from stock option exercises	51	582	328	981
	10,723	14,466	38,972	32,918
INVESTING				
Additions to petroleum and natural gas properties	(21,784)	(12,061)	(66,595)	(44,784)
Additions to exploration and evaluation assets	(898)	(5,357)	(944)	(6,147)
Purchase of petroleum and natural gas assets	-	(127)	(40)	(5,751)
Additions to administrative assets	-	(3)	(6)	(3)
Proceeds on sale of petroleum properties	-	3,528	-	3,528
Changes in non-cash working capital	(7,186)	(19,234)	(12,642)	(11,462)
	(29,868)	(33,254)	(80,227)	(64,619)
NET DECREASE IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	-	-	-	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	-	-	-	-

Vero Energy Inc. is a Calgary based oil and natural gas exploration and development company. Vero's common shares trade on The Toronto Stock Exchange under the symbol "VRO". Please view the Vero Energy website at www.veroenergy.ca for the latest corporate presentation and details of anticipated 2011 operations.

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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, and the timing thereof, production estimates, drilling inventory and wells to be drilled, timing of drilling and tie-in of wells, productive capacity of new wells, the prospective potential of the Duvernay play, anticipated year-end production forecasts and commodity mix, capital expenditures, timing and the ability to fund the 2011 capital program, and capital efficiencies, 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, risks that planned dispositions will not be completed on projected timelines or at all, 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 affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), and the Company's website (www.veroenergy.ca). Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

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

Non-IFRS terms: this press release contains the terms "funds flow from operations" and "netbacks" which are not terms recognized under International Financial Reporting Standards ("IFRS"). The Company uses these measures to help evaluate its performance as well as to evaluate acquisitions. The Company considers funds 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 IFRS as an indicator of Vero's performance. Vero's determination of funds flow from operations may not be comparable to that reported by other companies. The reconciliation between net income and funds 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 IFRS. 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 production revenues and subtracting royalties, operating expenses and transportations costs on a per boe basis. Funds flow netbacks are calculated by taking the operating netback and subtracting interest costs, realized losses (or gains) on derivative contracts and general and administrative costs on a per boe basis.

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