UNITED STATES
SECURITIES AND EXCHANGE COMMISSION - WASHINGTON, D.C. 20549
Form 40-F

¨ Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934; or
þ Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For fiscal year ended: December 31, 2008
Commission file number: No. 0-50832

Vermilion Energy Trust

(Exact name of registrant as specified in its charter)

Alberta

(Province or other jurisdiction of incorporation or organization)

1311

(Primary standard industrial classification code number)

N/A

(I.R.S. employer identification number)

2800, 400 – 4th Avenue S.W.
Calgary, Alberta T2P 0J4 Canada
(403) 269-4884

(Address and telephone number of registrant's principal executive office)

National Corporate Research, Ltd.
225 West 34th Street, Suite 910
New York, New York 10122 U.S.A.
(212) 947-7200

(Name, address and telephone number of agent for service in the United States)

Securities registered pursuant to Section 12(b) of the Act:
Title of each class: **N/A** Name of each exchange on which registered: **N/A**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **Trust Units**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **Not Applicable**

For annual reports, indicate by check mark the information filed with this form:

þ **Annual Information Form** þ **Audited Annual Financial Statements**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:
77,185,830 Trust Units (including exchangeable shares)

Indicate by check mark whether the registrant by filing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the file number assigned to the registrant in connection with such rule.

¨ Yes þ **No**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13(d) or 15(d) of the Exchange Act during the proceeding 12 months (or for such shorter period that the registrant has been required to file such reports); and (2) has been subject to such filing requirements in the past 90 days.

þ **Yes** ¨ No

DISCLOSURE CONTROLS AND PROCEDURES

A. Evaluation of Disclosure Controls and Procedures

Vermilion Energy Trust (the "Registrant") maintains disclosure controls and procedures and internal control over financial reporting designed to ensure that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time period specified in the rules and forms of the Securities and Exchange Commission (the "SEC"). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Registrant's Chief Executive Officer and Chief Financial Officer, after having evaluated the effectiveness of the Registrant's disclosure controls and procedures (as defined in Exchange Act Rules 13a-14(e) and 15d-14(e)) as of the end of the period covered by this report have concluded that, as of such date, the Registrant's disclosure controls and procedures are effective to ensure that information relating to the Registrant and its consolidated subsidiaries would be made known to them by others within those entities. However, as recommended by the SEC in its adopting release, the Registrant will continue to periodically evaluate its disclosure controls and procedures and will make modifications from time to time as deemed necessary to ensure that information is recorded, processed, summarized and reported within the time period's specified in the SEC's rules and forms.

B. Changes in Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

There was no change in the Registrant's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

C. Management's Annual Report on Internal Controls.

See page 2 of the 2008 Audited Financial Statements included as Exhibit 99.3 to this report.

D. Auditor Attestation

See page 4 of the 2008 Audited Financial Statements included as Exhibit 99.3 to this report.

AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant's Board of Directors has determined that it has at least one audit committee financial expert (as such term is defined in the rules and regulations of the SEC) serving on its Audit Committee. Joseph F. Killi has been determined to be such audit committee financial expert and is independent (as such term is defined by the New York Stock Exchange's corporate governance standards).

The SEC has indicated that the designation of Joseph F. Killi as an audit committee financial expert does not make him an "expert" for any purpose, impose on him any duties, obligations or liability that are greater than the duties, obligations or liability imposed on him as a member of the Audit Committee and the Board of Directors in absence of such designation, or affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

CODE OF ETHICS

The Registrant has adopted a written “code of ethics” (as that term is defined in Form 40-F) that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions (together, the “Financial Supervisors”). A copy of such code of ethics is available upon request or on the Trust’s website at www.vermilionenergy.com.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

See page 36 of the year ended December 31, 2008 Annual Information Form included as Exhibit 99.1 to this report.

AUDIT COMMITTEE'S PRE-APPROVAL POLICIES AND PROCEDURES

The audit committee pre-approves all audit related fees. The auditors present the estimate for the annual audit related services to the Committee for approval prior to undertaking the annual audit of the financial statements.

AUDIT COMMITTEE APPROVAL OF NON-AUDIT SERVICES

All non-audit fees were pre-approved by the Registrant’s audit committee and none were approved on the basis of the de minimis exemption set forth in Rule 2-01(c)(7)(i)(C) of Regulation S-X .

NOTICES RELATING TO PENSION FUND BLACKOUT PERIODS

None

OFF-BALANCE SHEET ARRANGEMENTS

The Trust has certain lease agreements that are entered into in the normal course of operations. All leases are operating leases and accordingly no asset or liability value has been assigned in the balance sheet as of December 31, 2008.

The Trust uses a variety of options including funded and costless collars and puts to manage the risk associated with fluctuating commodity prices on the sale of crude oil and natural gas. The Trust does not obtain collateral or other security to support its financial derivatives as the majority of these instruments are with the Trust’s banking syndicate.

The Trust has not entered into any guarantee or off balance sheet arrangements that would adversely impact the Trust’s financial position or results of operations.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Payments due by period (Cdn $000's)

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations [1]	197,651	-	197,651	-	-
Operating lease obligations	53,015	4,063	10,224	7,862	30,866
Total	250,666	4,063	207,875	7,862	30,866

(1) Does not include interest

IDENTIFICATION OF THE AUDIT COMMITTEE

See page 35 of the year ended December 31, 2008 Annual Information Form included as Exhibit 99.1 to this report.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the staff of the SEC, and to furnish promptly, when requested to do so by the SEC staff, information relating to the securities in relation to which the obligation to file an annual report on Form 40-F arises or transactions in said securities.

B. Consent to Service of Process

The Registrant has previously filed with the SEC a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

VERMILION ENERGY TRUST (the Registrant)

Date: March 17, 2009

By: *("Curtis Hicks")*

Curtis W. Hicks
Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibits	Description
99.1	Annual Information Form for the Year Ended December 31, 2008
99.2	Management's Discussion and Analysis from the 2008 Annual Report to Shareholders
99.3	Audited Annual Financial Statements for the Year Ended December 31, 2008
99.4	Consent Letter from Independent Registered Chartered Accountants
99.5	Consent of Independent Engineers GLJ Petroleum Consultants Ltd.
99.6	Officers' Certifications Required by Rule 13a-14(a) or Rule 15d-14(a)
99.7	Officers' Certifications Required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code

EXHIBIT 99.1



ANNUAL INFORMATION FORM

FOR THE YEAR ENDED

DECEMBER 31, 2008

March 17, 2009

TABLE OF CONTENTS

GLOSSARY OF TERMS	1
Conventions	4
Abbreviations	4
Conversion	4
SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS	5
PRESENTATION OF OIL AND GAS RESERVES AND PRODUCTION INFORMATION	6
NON-GAAP MEASURES	6
VERMILION ENERGY TRUST	7
General	7
Organizational Structure of the Trust	7
Summary Description of the Business	8
History of Vermilion	9
NARRATIVE DESCRIPTION OF THE BUSINESS	10
Stated Business Objectives	10
Description of Properties	10
STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION	11
Reserves and Future Net Revenue	11
Reconciliations of Changes in Reserves	15
Undeveloped Reserves	16
Timing of Initial Undeveloped Reserves Assignment	16
Future Development Costs	17
Oil and Gas Properties and Wells	18
Costs Incurred	18
Exploration and Development Activities	19
Properties with No Attributed Reserves	20
Abandonment and Reclamation Costs	20
Tax Information	21
Production Estimates	22
Production History	22
Marketing	24
ADDITIONAL INFORMATION RESPECTING VERMILION ENERGY TRUST	24
Trust Units	24
Special Voting Rights	24
Unitholders' Limited Liability	25
Issuance of Trust Units	25
Cash Distributions	25
Redemption Right	26
Non-Resident Unitholders	26
Meetings of Unitholders	27
Trustee	27
Delegation of Authority, Administration and Trust Governance	27
Amendments to the Trust Indenture	28
Takeover Bid	28
Termination of the Trust	28
Reporting to Unitholders	28
Distribution Reinvestment Plan	29
Unitholder Rights Plan	29
ADDITIONAL INFORMATION RESPECTING VERMILION RESOURCES LTD.	33
Management of Vermilion	33

AUDIT COMMITTEE MATTERS 35
Audit Committee Charter 35
Composition of the Audit Committee 35
External Audit Service Fees 36
Vermilion Share Capital 36
Voting and Exchange Trust Agreement 40
Support Agreement 41
Notes 42
Royalty Agreement 43
MARKET FOR PRICE RANGE AND TRADING VOLUME OF SECURITIES 43
CONFLICTS OF INTEREST 44
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS 44
LEGAL PROCEEDINGS 44
MATERIAL CONTRACTS 44
INTERESTS OF EXPERTS 44
TRANSFER AGENT AND REGISTRAR 44
RISK FACTORS 44
Reserve Estimates 44
Volatility of Oil and Natural Gas Prices 45
Changes in Legislation 45
Competition 45
Operational Matters 46
Environmental Concerns 46
Kyoto Protocol 46
Debt Service 46
Delay in Cash Distributions 47
Taxation 47
Changes in Income Tax Laws 47
Depletion of Reserves 47
Net Asset Value 47
Return of Capital 48
Nature of Trust Units 48
Unitholders Limited Liability 48
Statutory Remedies 48
Variations in Interest Rates and Foreign Exchange Rates 49
Mutual Fund Trust Status 49
Increase in Operating Costs or Decline in Production Level 49
Acquisition Assumptions 49
Additional Financing 49
Potential Conflicts of Interest 49
GAAP Adjustments 50
Market Accessibility 50
ADDITIONAL INFORMATION 50

SCHEDULE "A" 51
REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR
(FORM 51-101F2)

SCHEDULE "B" 52
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE (FORM 51-101F3)

SCHEDULE "C" 53
AUDIT COMMITTEE TERMS OF REFERENCE

GLOSSARY OF TERMS

The following are defined terms used in this Annual Information Form:

"**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"AGCA" means Alberta Gas Cost Allowance;

"**affiliate**" when used to indicate a relationship with a person or company, has the same meaning as set forth in the *Securities Act* (Alberta);

"**Arrangement**" means the plan of arrangement under the ABCA involving the Trust, Vermilion Resources Ltd., Clear Energy Inc. and Vermilion Acquisition Ltd., which was completed on January 22, 2003;

"**board of directors**" or "**board**" means the board of directors of Vermilion;

"**control**" means, with respect to control of a body corporate by a person, the holding (other than by way of security) by or for the benefit of that person of securities of that body corporate to which are attached more than 50% of the votes that may be cast to elect directors of the body corporate (whether or not securities of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) provided that such votes, if exercised, are sufficient to elect a majority of the board of directors of the body corporate;

"**Current Market Price of a Trust Unit**" means, in respect of a Trust Unit on any date, the weighted average trading price of the Trust Units on the TSX on that date and the nine trading days preceding that date, or, if the Trust Units are not then listed on the TSX, on such other stock exchange or automated quotation system on which the Trust Units are listed or quoted, as the case may be, as may be selected by the board of directors of Vermilion for such purpose; provided, however, that if in the opinion of the board of directors of Vermilion the public distribution or trading activity of Trust Units for that period does not result in a weighted average trading price which reflects the fair market value of a Trust Unit, then the Current Market Price of a Trust Unit shall be determined by the board of directors of Vermilion, in good faith and in its sole discretion, and provided further that any such selection, opinion or determination by such board of directors shall be conclusive and binding and for the purposes of this definition, the weighted average trading price shall be determined by dividing (a) the aggregate dollar trading value of all Trust Units sold on the TSX (or other stock exchange or automated quotation system, if applicable) over the applicable ten trading days by (b) the total number of Trust Units sold on such stock exchange or system during such period;

"**Distributable Cash**" means all amounts available for distribution during any applicable period to holders of Trust Units;

"**Distribution**" means a distribution paid by the Trust in respect of the Trust Units, expressed as an amount per Trust Unit;

"**Distribution Payment Date"** means any date that Distributable Cash is distributed to Unitholders, generally being the 15th day of the calendar month following any Distribution Record Date;

"**Distribution Record Date**" means the last day of each calendar month or such other date as may be determined from time to time by the Trustee, except that December 31 shall in all cases be a Distribution Record Date;

"**DRIP Plan**" means the Distribution Reinvestment Plan adopted by the Trust;

"**Exchangeable Shares**" means the Series A exchangeable shares in the capital of Vermilion;

"**Exchangeable Share Provisions**" means the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares;

"**Exchange Ratio**" means the exchange ratio used to determine the number of Trust Units a holder of Exchangeable Shares is entitled to receive upon an exchange of Exchangeable Shares which, in respect of each Exchangeable Share, was initially equal to one upon completion of the Arrangement, and shall be cumulatively adjusted thereafter by: (a) increasing the Exchange Ratio on each Distribution Payment Date by an amount, rounded to the nearest five (5) decimal places, equal to a fraction having as its numerator the product of the Exchange Ratio immediately prior to the applicable Distribution Payment Date and the Distribution, expressed as an amount per Trust Unit, paid on that Distribution Payment Date, and having as its denominator the Current Market Price of a Trust Unit on the last business day prior to that Distribution Payment Date; and (b) decreasing the Exchange Ratio on each record date for the payment of dividends to holders of Exchangeable Shares by Vermilion, if any, by an amount, rounded to the nearest five (5) decimal places, equal to a fraction having as its numerator the amount of the dividend payable to holders of Exchangeable Shares, expressed as an amount per Exchangeable Share, and having as its denominator the Current Market Price of a Trust Unit on the date that is the last business day prior to that dividend record date. The Exchange Ratio shall also be adjusted in the event of certain other reorganizations or distributions in respect of the Trust Units as necessary on an economic equivalency basis as further described in the Exchangeable Share Provisions;

"GAAP" means Canadian Generally Accepted Accounting Principles;

"**GLJ**" means GLJ Petroleum Consultants Ltd., independent petroleum engineering consultants of Calgary, Alberta;

"**GLJ Report**" means the independent engineering evaluation of certain oil, NGL and natural gas interests of the Trust prepared by GLJ dated February 12, 2009 and effective December 31, 2008;

"**Income Tax Act**" or "**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1. (5th Supp.), as amended, including the regulations promulgated thereunder;

"**Insolvency Event**" means the institution, by Vermilion, of any proceeding to be adjudicated to be a bankrupt or insolvent or to be wound up, or the consent of Vermilion to the institution of bankruptcy, dissolution, insolvency or winding-up proceedings against it, or the filing of a petition, answer or consent seeking dissolution or winding-up under any bankruptcy, insolvency or analogous laws, including without limitation the *Companies Creditors' Arrangement Act* (Canada) and the *Bankruptcy and Insolvency Act* (Canada), and the failure by Vermilion to contest in good faith any such proceedings commenced in respect of Vermilion within fifteen (15) days of becoming aware thereof, or the consent by Vermilion to the filing of any such petition or to the appointment of a receiver, or the making by Vermilion of a general assignment for the benefit of creditors, or the admission in writing by Vermilion of its inability to pay its debts generally as they become due, or Vermilion not being permitted, pursuant to solvency requirements of applicable law, to redeem any retracted Exchangeable Shares pursuant to the Exchangeable Share Provisions;

"**Meeting**" means the annual and special meeting of Unitholders of the Trust to be held on May 8, 2009 (or, if adjourned, such other date on which the meeting is held);

"**Non-Resident**" means (a) a person who is not a resident of Canada for the purposes of the Tax Act; or (b) a partnership that is not a Canadian partnership for the purposes of the Tax Act;

"**Notes**" means the unsecured, subordinated notes issued by Vermilion under the Arrangement;

"**Partnership**" means Vermilion Resources, the partners of which are Vermilion and its wholly-owned subsidiary 1209963 Alberta Ltd.;

"**Permitted Investments**" means (a) obligations issued or guaranteed by the government of Canada or any province of Canada or any agency or instrumentality thereof, (b) term deposits, guaranteed investment certificates, certificates of deposit or bankers' acceptances of or guaranteed by any Canadian chartered bank or other financial institutions the short-term debt or deposits of which have been rated at least A or the equivalent by Standard & Poor's Corporation, Moody's Investors Service, Inc. or DBRS Limited, and (c) commercial paper rated at least A or the equivalent by DBRS Limited, in each case maturing within 180 days after the date of acquisition;

"**Pro Rata Share**" of any particular amount in respect of a Unitholder at any time shall be the product obtained by multiplying the number of Trust Units that are owned by that Unitholder at that time by the quotient obtained when such a number is divided by the total number of all Trust Units that are issued and outstanding at that time;

"**Royalty**" means the royalty granted under the Royalty Agreement commencing February 1, 2003, entitling the Trust to approximately 99% of the net cash flow generated from the present and future oil and natural gas interests, rights and related tangibles of the Partnership after certain costs, expenditures and deductions;

"**Royalty Agreement**" means the amended royalty agreement between the Partnership, Vermilion, 1209963 Alberta Ltd. and the Trust dated January 22, 2003 providing for the creation of the Royalty;

"**Special Resolution**" means a resolution proposed to be passed as a special resolution at a meeting of Unitholders and passed by the affirmative votes of the holders of not less than 66 2/3% of the Trust Units represented at the meeting and voted on a poll upon such resolution;

"**Special Voting Right**" means the special voting right of the Trust, issued and certified under the Trust Indenture for the time being outstanding and entitled to the benefits and subject to the limitations set forth therein;

"**Subsequent Investment**" means those investments which the Trust is permitted to make pursuant to the Trust Indenture;

"**Subsidiary**" means, in relation to any person, any body corporate, partnership, joint venture, association or other entity of which more than 50% of the total voting power of shares or units of ownership or beneficial interest entitled to vote in the election of directors (or members of a comparable governing body) is owned or controlled, directly or indirectly, by such person;

"**Support Agreement**" means the support agreement entered into between the Trust and Vermilion Acquisition Ltd. (prior to its amalgamation with Vermilion) on January 16, 2003;

"**Trust**" means Vermilion Energy Trust, a trust established under the laws of Alberta pursuant to the Trust Indenture;

"**Trustee**" means Computershare Trust Company of Canada, the initial trustee of the Trust, or such other trustee, from time to time, of the Trust;

"**Trust Indenture**" means the amended and restated trust indenture dated as of January 15, 2003 between Computershare Trust Company of Canada and Vermilion;

"**Trust Subsidiary**" means Vermilion Resources Ltd., 1209963 Alberta Ltd., 1209974 Alberta Ltd., Vermilion Rep S.A.S., Vermilion Resources (Partnership), Vermilion Oil & Gas Netherlands B.V. and Vermilion Oil & Gas Australia Pty Ltd.;

"**Trust Unit**" or "**Unit**" means a unit of the Trust issued by the Trust;

"**Trust Unit Award Plan**" means the Trust Unit Award Incentive Plan of the Trust;

"**TSX**" means TSX Inc., carrying on business as the Toronto Stock Exchange;

"**Unitholder Rights Plan Agreement**" means the Unitholder Rights Plan Agreement dated May 5, 2006 between the Trust and Computershare Trust Company of Canada establishing the Unitholder Rights Plan of the Trust;

"**Unitholders**" means holders from time to time of the Trust Units;

"**Unit Rights Incentive Plan**" means the Unit Rights Incentive Plan of the Trust;

"**Verenex**" means Verenex Energy Inc., a publicly traded oil and natural gas exploration and production company;

"**Vermilion**" means Vermilion Resources Ltd.;

"**Voting and Exchange Agreement Trustee**" means Computershare Trust Company of Canada, the initial trustee under the Voting and Exchange Trust Agreement, or such other trustee, from time to time appointed thereunder; and

"**Voting and Exchange Trust Agreement**" means the voting and exchange trust agreement entered into on January 16, 2003 between the Trust, Vermilion Acquisition Ltd. (prior to its amalgamation with Vermilion) and the Voting and Exchange Agreement Trustee.

Conventions

Unless otherwise indicated, references herein to "$" or "dollars" are to Canadian dollars. All financial information herein has been presented in Canadian dollars in accordance with generally accepted accounting principles in Canada.

Abbreviations

Oil and Natural Gas Liquids	
Bbl	barrel
Mbbl	thousand barrels
Bbl/d	barrels per day
NGL	natural gas liquids
Natural Gas	
Mcf	thousand cubic feet
MMcf	million cubic feet
Mcfpd	thousand cubic feet per day
MMcfpd	million cubic feet per day
MMBtu	million British Thermal Units
Other	
API	American Petroleum Institute
°API	An indication of the specific gravity of crude oil measured on the API gravity scale.
	Liquid petroleum with a specified gravity of 28 °API or higher is generally referred to as light crude oil
boe	barrel of oil equivalent of natural gas and crude oil on the basis of 1 boe for 6 (unless otherwise stated) Mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices)
bopd	barrel of oil equivalent per day
$M	thousand dollars
$MM	million dollars
Mboe	1,000 barrels of oil equivalent
MMboe	million barrels of oil equivalent
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

Conversion

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements included or incorporated by reference in this annual information form may constitute forward-looking statements under applicable securities legislation. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", or similar words suggesting future outcomes or statements regarding an outlook. Forward looking statements or information in this annual information form may include but are not limited to capital expenditures, business strategy and objectives, reserve quantities and the discounted present value of future net cash flows from such reserves, net revenue, future production levels, exploration plans, development plans, acquisition and disposition plans and the timing thereof, operating and other costs, and royalty rates.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to any other assumptions identified in this annual information form, assumptions have been made regarding, among other things:

- the ability of the Trust to obtain equipment, services and supplies in a timely manner to carry out its activities in Canada and internationally;
- the ability of the Trust to market oil and natural gas successfully to current and new customers;
- the timing and costs of pipeline and storage facility construction and expansion and the ability to secure adequate product transportation;
- the timely receipt of required regulatory approvals;
- the ability of the Trust to obtain financing on acceptable terms;
- currency, exchange and interest rates; and
- future oil and gas prices.

Although the Trust believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward looking statements because the Trust can give no assurance that such expectations will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Trust and described in the forward looking statements or information. These risks and uncertainties include but are not limited to:

- the ability of management to execute its business plan;
- the risks of the oil and gas industry both domestically and internationally, such as operational risks in exploring for, developing and producing crude oil and natural gas and market demand;
- risks and uncertainties involving geology of oil and gas deposits;
- risks inherent in the Trust's marketing operations, including credit risk;
- the uncertainty of reserves estimates and reserves life;
- the uncertainty of estimates and projections relating to production, costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;
- the Trust's ability to enter into or renew leases;
- fluctuations in oil and gas prices, foreign currency exchange rates and interest rates;
- health, safety and environmental risks;
- uncertainties as to the availability and cost of financing;
- the ability of the Trust to add production and reserves through development and exploration activities;
- general economic and business conditions;
- the possibility that government policies or laws may change or governmental approvals may be delayed or withheld;
- uncertainty in amounts and timing of royalty payments;
- risks associated with existing and potential future law suits and regulatory actions against the Trust; and
- other risks and uncertainties described elsewhere in this annual information form or in the Trust's other filings with Canadian securities authorities.

The forward-looking statements or information contained in this annual information form are made as of the date hereof and the Trust undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

PRESENTATION OF OIL AND GAS RESERVES AND PRODUCTION INFORMATION

All oil and natural gas reserve information contained in this annual information form has been prepared and presented in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). The actual oil and natural gas reserves and future production will be greater than or less than the estimates provided in this annual information form. The estimated future net revenue from the production of the disclosed oil and natural gas reserves does not represent the fair market value of these reserves. The Trust has adopted the standard of 6 Mcf:1 boe when converting natural gas to barrels of oil equivalent. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

NON-GAAP MEASURES

This annual information form includes non-GAAP measures as further described herein. These measures do not have standardized meanings prescribed by GAAP and therefore may not be comparable with the calculations of similar measures for other entities.

“Cash distributions per unit” represents actual cash distributions paid per unit by the Trust during the relevant periods.

“Cash distributions net” is calculated as actual cash distributions paid or payable for a given period. Cash distributions are reviewed by management and are also assessed as a percentage of fund flows from operations to analyze how much of the cash that is generated by the Trust is being used to fund distributions.

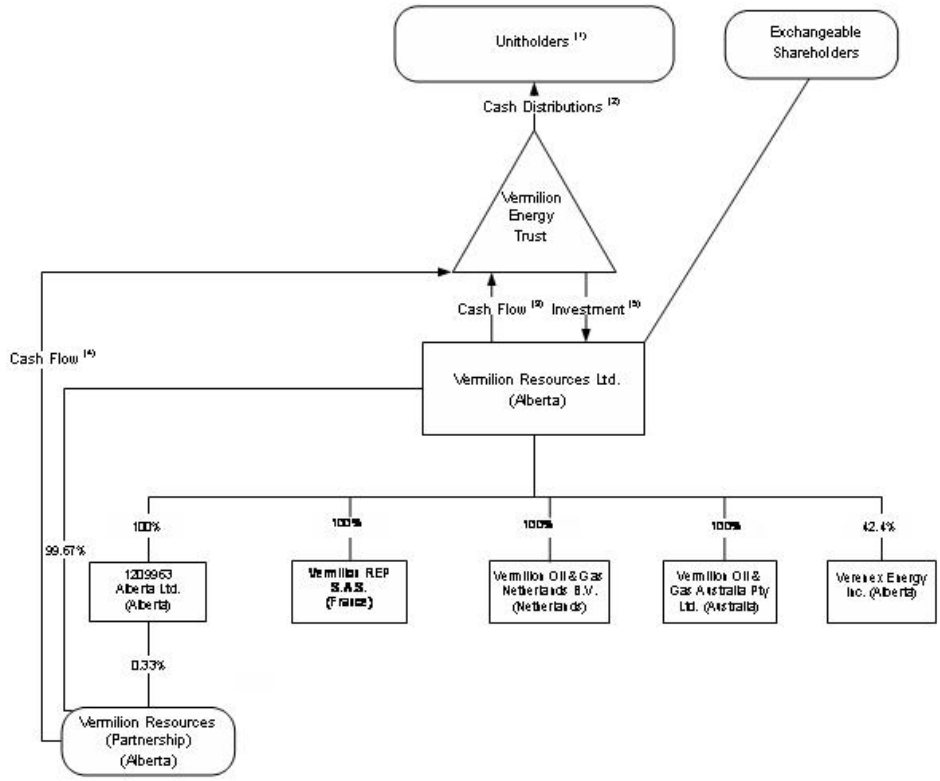
VERMILION ENERGY TRUST

General

Vermilion Energy Trust is an open-end unincorporated investment trust governed by the laws of the Province of Alberta and formed on December 16, 2002 pursuant to the Trust Indenture. The head and principal office of the Trust is located at Suite 2800, 400 - 4th Avenue, S.W., Calgary, Alberta, T2P 0J4.

Organizational Structure of the Trust

The following diagram describes the intercorporate relationships among the Trust and each of its material subsidiaries (and Verenex Energy Inc.) as at December 31, 2008, where each principal subsidiary was incorporated or formed, the percentage of votes attaching to all voting securities of each subsidiary beneficially owned by Vermilion, as well as the flow of cash from the oil and gas properties held by such subsidiaries to the Trust, and from the Trust to the Unitholders. Reference should be made to the appropriate sections of this annual information form for a complete description of the structure of the Trust.



Notes:

(1) The Unitholders own 100% of the Trust Units.

(2) Cash distributions are made to Unitholders monthly based on the Trust's cash flow.

(3) Cash flow represents payments made by Vermilion to the Trust in respect of principal and interest payments on the Notes. In addition to such payments, dividends may also be paid on the common shares of Vermilion.

(4) Cash flow represents payments made by the Partnership under the Royalty Agreement.

(5) The Trust will invest funds raised through any subsequent issuance of Trust Units in additional securities of Vermilion to enable Vermilion to make capital expenditures. In addition, the Trust may reinvest a portion of the income received from Vermilion as well as any repayments of principal on the Notes in securities of Vermilion to enable Vermilion to make capital expenditures.

Summary Description of the Business

Vermilion Energy Trust

The Trust was established to acquire and hold, directly and indirectly, interests in petroleum and natural gas properties. Cash flow from the properties flows from Vermilion to the Trust by way of interest payments and principal repayments on the Notes and dividends declared on the common shares of Vermilion, and from the Partnership to the Trust by way of royalty payments under the Royalty Agreement. Under the terms of the Trust Indenture, the Trust is also entitled to:

(a) acquire or invest in securities of Vermilion and in the securities of any other entity including without limitation, bodies corporate, partnerships or trusts, and borrowing funds or otherwise obtaining credit for that purpose;

(b) acquire royalties in respect of Canadian resource properties as defined in the Tax Act and making any deferred royalty purchase payments which may be required with respect to such royalties; provided however that in no event shall the Trust invest in any royalties which constitute an interest in land or a covenant running with the properties with respect to which such royalties relate;

(c) dispose of any part of the property of the Trust, including, without limitation, any securities of Vermilion;

(d) temporarily hold cash and investments for the purposes of paying the expenses and the liabilities of the Trust, making other Permitted Investments as contemplated by the Trust Indenture, paying amounts payable by the Trust in connection with the redemption of any Trust Units, and making distributions to Unitholders; and

(e) pay costs, fees and expenses associated with the foregoing purposes or incidental thereto.

The Trustee is prohibited from acquiring any investment which would result in the Trust not being considered either a "unit trust" or a "mutual fund trust" for purposes of the Tax Act.

The Trustee may declare payable to the Unitholders all or any part of the net income of the Trust. It is currently anticipated that the only income to be received by the Trust will be from the interest received on the principal amount of Notes, royalty income pursuant to the Royalty Agreement, and dividends on the common shares of Vermilion. The Trust currently makes monthly cash distributions to Unitholders of the interest income earned from the Notes, income earned under the Royalty Agreement and dividends received on the common shares of Vermilion, after expenses, if any, and any cash redemptions of Trust Units.

Unitholders receive monthly distributions of the cash flow generated by Vermilion and distributed to Unitholders through the Trust. The Trust currently employs a strategy which: (i) provides Unitholders with a competitive annual cash on cash yield through monthly cash distributions, (ii) ensures that Vermilion's existing assets are maintained at a level that provides sustainable ongoing cash flow, and (iii) continues to expand the business of the Trust through the development of growth opportunities that are intended to provide long-term stable cash flows and be accretive to the existing Unitholders. The Trust intends to finance acquisitions through bank financing and the issuance of additional Trust Units from treasury, while maintaining prudent leverage.

Vermilion Resources Ltd.

Vermilion Resources Ltd. was incorporated under the ABCA on November 23, 1993. On January 1, 2003, Vermilion amalgamated with its wholly-owned subsidiary, 973675 Alberta Ltd. and on January 15, 2003, Vermilion amalgamated with its wholly-owned subsidiaries, Big Sky Resources Inc., Vermilion Gas Marketing Inc. and 962134 Alberta Ltd. On January 22, 2003, Vermilion was amalgamated with Vermilion Acquisition Ltd. pursuant to the Arrangement.

The Trust is the sole holder of Vermilion common shares. Certain former shareholders of Vermilion own Exchangeable Shares of Vermilion in accordance with the elections made by such holders under the Arrangement. Vermilion continues to carry on an oil and natural gas business similar to that carried on by Vermilion prior to the Arrangement becoming effective.

The head office of Vermilion is located at Suite 2800, 400 – 4th Avenue S.W., Calgary, Alberta, T2P 0J4 and its registered office is located at Suite 3700, 400 – 3rd Avenue S.W., Calgary, Alberta, T2P 4H2.

History of Vermilion

The following describes the development of Vermilion's business over the last three completed financial years.

On July 10, 2006, the Trust, through its France subsidiary, acquired an 89.886% interest in Esso Rep, from Esso SAF, a subsidiary of Exxon Mobil Corporation. On July 12, 2006, the Trust acquired the remaining 10.114% interest in Esso Rep from another party resulting in an ownership interest of 100%.

On June 20, 2007, Vermilion completed the acquisition of a 40% interest in the Offshore Wandoo Field. The purchase price, exclusive of the acquired working capital deficiency, was $117.9 million. The transaction added approximately 3,000 bopd.

On January 31, 2008, Vermilion closed the acquisition of a package of producing assets in the Drayton Valley area for $47 million.

On February 24, 2009, Verenex entered into an agreement whereby a wholly-owned subsidiary of CNPC International Ltd. ("CNPCI") has agreed to offer to acquire all of the outstanding common shares of Verenex by way of a take-over bid for $10.00 per share. The transaction is subject to certain conditions precedent for the benefit of CNPCI. The Trust has entered into a lock-up agreement with CNPCI, whereby the Trust has agreed to tender its 18,760,540 Verenex shares, representing 42.4% of the total outstanding common shares of Verenex, into CNPCI's offer. The lock-up agreement contains customary provisions prohibiting the Trust from disposing of its Verenex shares and from soliciting any other acquisition proposals. An Independent Committee of the board of directors of Vermilion has reviewed the lock-up agreement and recommended that the Trust enter into the agreement.

As at January 31, 2009, Vermilion had 292 full time employees of which 134 employees were located in its head office, 26 employees in its Canadian field offices, 93 employees in France, 17 employees in the Netherlands and 22 employees in Australia.

NARRATIVE DESCRIPTION OF THE BUSINESS

Stated Business Objectives

Vermilion is actively engaged in the business of oil and natural gas exploitation, development, acquisition and production in Canada, France, the Netherlands and Australia. Vermilion's business plan is to maximize returns to the Trust from its oil and natural gas properties and related assets. Where possible, Vermilion will seek to expand its reserve base through the selective addition of high-quality, long-life reserves with low risk development opportunities.

In reviewing potential participations or acquisitions, Vermilion will consider a number of factors, including: (a) the present value of the future revenue from such properties from the proved producing, total proved and proved plus probable reserves; (b) the amount of potential for additional reservoir development; (c) whether sufficient infrastructure exists in the prospect to provide for increased activity; (d) the cost of any potential development; (e) investments in properties that exhibit medium to long life reserves and stable production base; and (f) the ability of Vermilion to enhance the value of acquired properties through additional exploitation efforts and additional development drilling. The board of directors of Vermilion may, in its discretion, approve asset or corporate acquisitions or investments that do not conform to these guidelines based upon the board's consideration of the qualitative aspects of the subject properties including risk profile, technical upside, reserve life, asset quality and the Trust's business prospects.

Description of Properties

The following is a description of the oil and natural gas properties, plants, facilities and installations in which Vermilion has an interest and that are material to Vermilion's operations and exploration activities. The production numbers stated refer to Vermilion's working interest share before deduction of Crown, freehold and other royalties. Reserve amounts are stated, before deduction of royalties, as at December 31, 2008, based on forecast cost and price assumptions as evaluated in the GLJ Report.

Canada Assets

Vermilion's production in Canada is located primarily in three areas, all in Alberta: Drayton Valley, Slave Lake and Central Alberta. Vermilion's main producing gas areas are Drayton Valley and Central Alberta, while Slave Lake is the main oil producing area.

In Canada, Vermilion holds an average working interest of 69% in 378,826 (261,485 net) acres of developed land, 541 (349 net) producing natural gas wells and 480 (310 net) producing oil wells as at December 31, 2008. Vermilion operates four natural gas plants and has an ownership interest in a fifth, resulting in combined gross processing capacity of over 90 MMcfpd. In addition, Vermilion has treating capacity of over 15,000 Bbl/d of oil in five oil batteries.

For the year ended December 31, 2008, production in Canada averaged approximately 51.2 MMcfpd of natural gas and 4,172 Bbl/d of oil and NGL.

The GLJ Report assigned 29,264 Mboe of total proved reserves and 44,720 Mboe of proved plus probable reserves to Vermilion's properties located in Canada as at December 31, 2008.

France Assets

Vermilion's main producing areas in France are located in the Aquitaine Basin which is southwest of Bordeaux, France and in the Paris Basin, located just east of Paris. Vermilion's assets in France are primarily oil producing properties. The two major fields in the Paris Basin area are Champotran and Chaunoy. The two major fields in the Aquitaine Basin are Parentis and Cazaux. Vermilion holds an 74% working interest in 163,884 acres of developed land in the Aquitaine and Paris Basins. Vermilion had 243 (193 net) producing oil wells in France as at December 31, 2008.

For the year ended December 31, 2008, production in France averaged approximately 8,514 Bbl/d of oil and 1.2 MMcfpd of natural gas.

The GLJ Report assigned 30,031 Mboe of total proved reserves and 45,990 Mboe of proved plus probable reserves to Vermilion's properties located in France.

Netherlands Assets

Vermilion's Netherlands assets consist of six onshore concessions and one offshore concession located in the northern part of the country. Production consists solely of natural gas with a small amount of related condensate. The assets include three gas treatment centres. Vermilion holds an approximate 64% working interest over the seven concessions in 456,675 (293,095 net) acres of developed land and 57 (46 net) producing gas wells as at December 31, 2008.

For the year ended December 31, 2008, Vermilion's production in the Netherlands averaged 24 Bbl/d of NGL and 27.2 MMcfpd of natural gas.

The GLJ Report assigned 6,945 Mboe of total proved reserves and 10,853 Mboe of proved plus probable reserves to Vermilion's properties located in the Netherlands.

Australia Assets

Vermilion's Australia assets consist of a 100% operated interest in an offshore field located on Western Australia's northwest shelf. Production consists solely of oil. Vermilion holds a 100% working interest in the Wandoo block, which is comprised of 241.1 square kilometres and is considered a production license. All acreage therefore is classified as producing.

For the year ended December 31, 2008, Vermilion's production in the Australia averaged 6,773 Bbl/d of oil.

The GLJ Report assigned 15,933 Mboe of total proved reserves and 22,563 Mboe of proved plus probable reserves to Vermilion's properties located in Australia.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Reserves and Future Net Revenue

The following is a summary of the oil and natural gas reserves and the value of future net revenue of Vermilion as evaluated by GLJ. Pricing used in the forecast price evaluations is set forth in the notes to the tables.

Information contained in this section is effective December 31, 2008 unless otherwise stated. The reserves information was prepared on February 12, 2009.

All evaluations of future net production revenue set forth in the tables below are stated after overriding and lessor royalties, Crown royalties, freehold royalties, mineral taxes, direct lifting costs, normal allocated overhead and future capital investments, including abandonment and reclamation obligations. **It should not be assumed that the discounted future net production revenue estimated by the GLJ Report represents the fair market value of the reserves. Other assumptions relating to the costs, prices for future production and other matters are included in the GLJ Report. There is no assurance that the future price and cost assumptions used in the GLJ Report will prove accurate and variances could be material.**

Reserves for Canada, France, the Netherlands and Australia are established using deterministic methodology. Total proved reserves are established at the 90 percent probability (P90) level. There is a 90 percent probability that the actual reserves recovered will be equal to or greater than the P90 reserves. Total proved plus probable reserves are established at the 50 percent probability (P50) level. There is a 50 percent probability that the actual reserves recovered will be equal to or greater than the P50 reserves.

Vermilion accounts for its investment in Verenex using the equity method. Verenex does not have any reportable reserves other than a gross overriding royalty on certain properties of Vermilion which is immaterial to Vermilion.

The Report on Reserves Data by Independent Qualified Reserves Evaluator in Form 51-101F2 and the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 are contained in Schedules "A" and "B", respectively.

The following tables provide reserves data and a breakdown of future net revenue by component and production group using forecast prices and costs. For Canada, the tables following include AGCA.

The following tables may not total due to rounding.

Oil and Gas Reserves - Based on Forecast Prices and Costs [8]

	Light and Medium Oil		Natural Gas		Natural Gas Liquids	
	Gross[1] (Mbbl)	Net[1] (Mbbl)	Gross[1] (MMcf)	Net[1] (MMcf)	Gross[1] (Mbbl)	Net[1] (Mbbl)
Proved Developed Producing[2][5]						
Canada	6,726	5,955	85,676	73,154	2,705	1,797
France	26,211	23,944	2,019	1,873	-	-
Netherlands	-	-	41,394	41,394	46	46
Australia	15,933	15,933	-	-	-	-
Total Proved Developed Producing	48,871	45,832	129,090	116,422	2,751	1,843
Proved Developed Non-Producing[2][6]						
Canada	95	77	4,294	3,703	105	69
France	1,169	1,050	-	-	-	-
Netherlands	-	-	-	-	-	-
Australia	-	-	-	-	-	-
Total Proved Developed Non-Producing	1,264	1,128	4,294	3,703	105	69
Proved Undeveloped[2][7]						
Canada	364	290	23,298	20,657	128	70
France	2,315	2,224	-	-	-	-
Netherlands	-	-	-	-	-	-
Australia	-	-	-	-	-	-
Total Proved Undeveloped	2,678	2,514	23,298	20,657	128	70
Proved[2]						
Canada	7,185	6,322	113,268	97,514	2,938	1,937
France	29,695	27,218	2,019	1,873	-	-
Netherlands	-	-	41,394	41,394	46	46
Australia	15,933	15,933	-	-	-	-
Total Proved	52,813	49,474	156,682	140,782	2,984	1,982
Probable[3]						
Canada	2,088	1,741	67,635	55,577	2,001	1,289
France	15,851	15,220	645	603	-	-
Netherlands	-	-	23,289	23,289	27	27
Australia	6,630	6,630	-	-	-	-
Total Probable	24,569	23,591	91,569	79,469	2,027	1,315
Proved Plus Probable[2][3]						
Canada	9,273	8,063	180,903	153,091	4,939	3,226
France	45,546	42,438	2,665	2,476	-	-
Netherlands	-	-	64,683	64,683	72	72
Australia	22,563	22,563	-	-	-	-
Total Proved Plus Probable	77,382	73,065	248,251	220,251	5,011	3,298

Net Present Values of Future Net Revenue - Based on Forecast Prices and Costs[8]

	Before Deducting Income Taxes Discounted At					After Deducting Income Taxes Discounted At				
(M$)	**0%**	**5%**	**10%**	**15%**	**20%**	**0%**	**5%**	**10%**	**15%**	**20%**
Proved Developed Producing[2][5]										
Canada	830,151	635,428	518,498	440,695	385,177	812,121	627,576	514,835	438,886	384,240
France	1,242,383	863,191	660,657	536,616	453,177	860,453	603,545	465,272	380,305	323,048
Netherlands	220,142	186,180	161,973	144,010	130,214	144,038	122,272	106,559	94,775	85,645
Australia	856,216	700,187	589,105	507,319	445,295	407,156	332,845	279,978	241,018	211,510
Total Proved Developed Producing	3,148,892	2,384,987	1,930,233	1,628,641	1,413,862	2,223,768	1,686,238	1,366,644	1,154,984	1,004,443
Proved Developed Non-Producing[2][6]										
Canada	28,153	19,671	15,061	12,171	10,178	21,131	16,001	13,039	11,012	9,492
France	70,180	44,827	32,305	24,974	20,165	46,009	28,963	20,523	15,584	12,352
Netherlands	-	-	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-	-	-
Total Proved Developed Non-Producing	98,333	64,498	47,365	37,145	30,343	67,139	44,964	33,561	26,596	21,844
Proved Undeveloped[2][7]										
Canada	102,537	59,468	34,750	19,689	10,066	76,852	44,554	25,735	14,053	6,441
France	158,576	97,618	67,019	48,759	36,721	104,328	61,479	40,140	27,511	19,258
Netherlands	-	-	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-	-	-
Total Proved Undeveloped	261,113	157,086	101,770	68,448	46,787	181,179	106,033	65,875	41,564	25,699
Proved[2]										
Canada	960,842	714,567	568,309	472,555	405,420	910,104	688,132	553,609	463,951	400,174
France	1,471,139	1,005,637	759,981	610,350	510,063	1,010,789	693,987	525,935	423,400	354,658
Netherlands	220,142	186,180	161,973	144,010	130,214	144,038	122,272	106,559	94,775	85,645
Australia	856,216	700,187	589,105	507,319	445,295	407,156	332,845	279,948	241,018	211,510
Total Proved	3,508,338	2,606,571	2,079,368	1,734,234	1,490,992	2,472,087	1,837,236	1,466,050	1,223,144	1,051,987
Probable[3]										
Canada	500,269	291,410	191,436	135,552	100,795	376,187	221,066	147,221	105,871	79,965
France	1,097,285	590,265	372,505	257,274	187,882	720,597	375,560	227,850	150,272	104,064
Netherlands	166,332	112,942	81,831	62,359	49,418	91,107	61,092	43,598	32,669	25,431
Australia	425,469	262,398	173,845	122,579	91,069	183,596	112,697	74,120	51,817	38,157
Total Probable	2,189,355	1,257,015	819,617	577,763	429,164	1,371,487	770,414	492,790	340,629	247,617
Proved Plus Probable[2][3]										
Canada	1,461,111	1,005,977	759,746	608,106	506,215	1,286,291	909,198	700,830	569,822	480,138
France	2,568,424	1,595,902	1,132,486	867,624	697,945	1,731,386	1,069,546	753,785	573,672	458,722
Netherlands	386,474	299,123	243,804	206,369	179,632	235,144	183,364	150,157	127,443	111,077
Australia	1,281,685	962,584	762,950	629,898	536,364	590,752	445,542	354,068	292,835	249,666
Total Proved Plus Probable	5,697,694	3,863,586	2,898,985	2,311,997	1,920,156	3,843,574	2,607,650	1,958,840	1,563,772	1,299,604

Total Future Net Revenue (Undiscounted) Based on Forecast Prices and Costs[8]

(M$)	**Revenue**	**Royalties**	**Operating Costs**	**Capital Development Costs**	**Abandon-ment Costs**	**Future Net Revenue Before Income Taxes**	**Income Taxes**	**Future Net Revenue After Income Taxes**
Proved[2]								
Canada	2,023,324	300,615	638,302	92,786	30,779	960,842	50,738	910,104
France	2,693,447	222,498	804,553	112,511	82,747	1,471,139	460,349	1,010,789
Netherlands	396,847	-	147,766	16,184	12,754	220,142	76,104	144,038
Australia	1,445,374	-	531,300	27,589	30,269	856,216	449,060	407,156
Total Proved	6,558,992	523,113	2,121,921	249,070	156,549	3,508,338	1,036,251	2,472,087
Proved Plus Probable[2][3]								
Canada	3,149,191	505,557	967,615	176,616	38,291	1,461,111	174,820	1,286,291
France	4,320,069	286,024	1,106,557	249,077	109,987	2,568,424	837,037	1,731,386
Netherlands	632,055	-	200,949	29,877	14,756	386,474	151,330	235,144
Australia	2,187,339	-	838,281	33,454	33,918	1,281,685	690,933	590,752
Total Proved Plus Probable	10,288,654	791,581	3,113,403	489,025	196,951	5,697,694	1,854,120	3,843,574

Future Net Revenue by Production Group Based on Forecast Prices and Costs[8]

	Future Net Revenue Before Income Taxes (Discounted at 10% Per Year)	Unit Value
Proved[2]	**(M$)**	**($/boe)**
Light and medium oil	1,554,325	30.51
Natural gas	424,130	24.39
Non-conventional oil and gas activities	100,914	15.34
Total Proved	2,079,368	27.75
Proved Plus Probable[2][3]		
Light and medium oil	2,137,981	28.59
Natural gas	627,668	22.09
Non-conventional oil and gas activities	133,337	13.49
Total Proved Plus Probable	2,898,985	25.64

	Light and Medium Crude Oil			Crude Oil	Crude Oil	Natural Gas	Natural Gas Netherlands	Natural Gas Liquids	Inflation Rate	Exchange Rate
Year	**WTI Cushing Oklahoma ($US/Bbl)**	**Edmonton Par Price 40° API ($Cdn/Bbl)**	**Cromer Medium 29.3° API ($Cdn/Bbl)**	**Brent Blend FOB North Sea ($US/Bbl)**	**Australia Wandoo Field ($Cdn/Bbl)**	**AECO Gas Price ($Cdn/MMBtu)**	**Wellhead Gas Price ($Cdn/Mcf)**	**FOB Field Gate ($Cdn/Bbl)**	**Percent Per Year**	**($US/$Cdn)**
Forecast										
2009	57.50	68.61	59.00	56.00	68.48	7.58	9.70	54.28	2.0	0.825
2010	68.00	78.94	68.68	66.50	78.82	7.94	9.82	63.79	2.0	0.850
2011	74.00	83.54	73.52	72.50	83.43	8.34	8.87	67.52	2.0	0.875
2012	85.00	90.92	80.01	83.50	90.81	8.70	8.65	73.59	2.0	0.925
2013	92.01	95.91	84.40	90.51	95.80	8.95	9.13	77.66	2.0	0.950

Reconciliations of Changes in Reserves

The following table sets forth a reconciliation of the changes in Vermilion's company gross light and medium crude oil, associated and non-associated gas (combined) reserves as at December 31, 2008 against such reserves as at December 31, 2007 based on the forecast price and cost assumptions set forth in note 8 under the heading "Statement of Reserves Data and Other Oil and Gas Information - - Future Net Revenue by Production Based on Forecast Prices and Costs".

Reconciliation of Company Gross Reserves by Principal Product Type - Based on Forecast Prices and Costs

	Light and Medium Oil			Associated and Non-Associated Gas			Natural Gas Liquids		
	Proved[2] (Mbbl)	Probable[3] (Mbbl)	Proved Plus Probable[2][3] (Mbbl)	Proved[2] (MMcf)	Probable[3] (MMcf)	Proved Plus Probable[2][3] (MMcf)	Proved[2] (Mbbl)	Probable[3] (Mbbl)	Proved Plus Probable[2][3] (Mbbl)
Canada									
At December 31, 2007	7,483	1,832	9,315	108,855	62,214	171,069	2,762	1,689	4,451
Extensions and Improved Recovery	109	187	296	6,297	8,258	14,557	223	493	610
Technical Revisions	131	(19)	112	11,846	(4,387)	7,459	366	(118)	248
Discoveries	-	-	-	257	303	559	1	-	1
Acquisitions	413	87	500	4,573	1,246	5,820	149	43	192
Dispositions	-	-	-	-	-	-	-	-	-
Production	(951)	-	(951)	(18,560)	-	(18,560)	(563)	-	(563)
Economic Factors	-	-	-	-	-	-	-	-	-
At December 31, 2008	7,185	2,088	9,273	113,268	67,635	180,903	2,938	2,001	4,939
France									
At December 31, 2007	32,586	16,603	49,189	2,462	739	3,201	-	-	-
Extensions and Improved Recovery	444	11	455	-	-	-	-	-	-
Technical Revisions	(226)	(762)	(988)	(57)	(94)	(150)	-	-	-
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Production	(3,110)	-	(3,110)	(386)	-	(386)	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
At December 31, 2008	29,695	15,851	45,546	2,019	645	2,665	-	-	-
Netherlands									
At December 31, 2007	-	-	-	48,399	25,600	73,999	53	29	82
Extensions and Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	-	-	-	2,961	(2,311)	651	2	(2)	(1)
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Production	-	-	-	(9,966)	-	(9,966)	(9)	-	(9)
Economic Factors	-	-	-	-	-	-	-	-	-
At December 31, 2008	-	-	-	41,394	23,289	64,683	46	27	72
Australia									
At December 31, 2007	16,979	6,129	23,108	-	-	-	-	-	-
Extensions and Improved Recovery	1,500	500	2,000	-	-	-	-	-	-
Technical Revisions	(67)	1	(66)	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Production	(2,479)	-	(2,479)	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
At December 31, 2008	15,933	6,630	22,563	-	-	-	-	-	-
Total Vermilion									
At December 31, 2007	57,048	24,564	81,612	159,716	88,553	248,269	2,815	1,718	4,533
Extensions and Improved Recovery	2,052	698	2,751	6,297	8,258	14,557	223	387	610
Technical Revisions	(162)	(779)	(941)	14,751	(6,791)	7,960	368	(120)	247
Discoveries	-	-	-	257	303	559	-	-	-
Acquisitions	413	87	500	4,573	1,246	5,820	149	43	192
Dispositions	-	-	-	-	-	-	-	-	-
Production	(6,539)	-	(6,539)	(28,913)	-	(28,913)	(572)	-	(572)
Economic Factors	-	-	-	-	-	-	-	-	-
At December 31, 2008	52,813	24,569	77,382	156,682	91,569	248,251	2,984	2,028	5,011

Notes:

(1) "Gross Reserves" are Vermilion's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of Vermilion. "Net Reserves" are Vermilion's working interest (operating or non-operating) share after deduction of royalty obligations, plus Vermilion's royalty interests in reserves.

(2) "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

(3) "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

(4) "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.

(5) "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

(6) "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

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

(8) The pricing assumptions used in the GLJ Report with respect to net values of future net revenue (forecast) as well as the inflation rates used for operating and capital costs are set forth below. The NGL price is an aggregate of the individual natural gas liquids prices used in the Total Proved plus Probable evaluation. GLJ is an independent qualified reserves evaluator appointed pursuant to NI 51-101.

Undeveloped Reserves

Proved undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. These reserves have a 90% probability of being recovered. Vermilion's current plan is to develop these reserves in the following two years. This timetable may be altered depending on outside market forces, changes in capital allocations and impact of future acquisitions and dispositions.

Probable undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. These reserves have a 50% probability of being recovered. Vermilion's current plan is to develop these reserves over the next five years. In general, development of these reserves requires additional evaluation data to increase the probability of success to an acceptable level for Vermilion. This increases the timeline for the development of these reserves. This timetable may be altered depending on outside market forces, changes in capital allocations and impact of future acquisitions and dispositions.

Timing of Initial Undeveloped Reserves Assignment

Undeveloped Reserves Attributed in Current Year

	Light & Medium Oil (Mbbl)		Conventional Natural Gas (MMcf)		Natural Gas Liquids (Mbbl)		Coalbed Methane (MMcf)		Total Oil Equivalent (Mboe)	
	First Attributed (1)	Total at Year End	First Attributed (1)	Total at Year End	First Attributed (1)	Total at Year End	First Attributed (1)	Total at Year End	First Attributed (1)	Total at Year End
Proved										
Prior	668	668	75	75	7	7	12,672	12,672	2,800	2,800
2006	315	983	-	75	-	7	3,012	15,684	817	3,617
2007	1,600	2,583	-	75	-	7	2,000	17,684	1,933	5,550
2008	98	2,681	2,214	2,289	121	128	3,325	21,009	1,142	6,692
Probable										
Prior	3,291	3,291	1,248	1,248	56	56	8,556	8,556	4,981	4,981
2006	1,151	4,442	6,183	7,431	285	341	3,347	11,903	3,024	8,005
2007	3,442	7,884	7,779	15,210	94	435	2,340	14,243	5,223	13,228
2008	236	8,120	10,254	25,464	529	964	2,718	16,961	2,927	16,155

Note:

(1) "First Attributed" refers to reserves first attributed at year-end of the corresponding fiscal year

Future Development Costs

The table below sets out the future development costs deducted in estimation of future net revenue attributable to proved reserves and proved plus probable reserves (using forecast prices).

(M$)	Total Proved Estimated Using Forecast Prices and Costs	Total Proved Plus Probable Estimated Using Forecast Prices and Costs
Canada		
2009	15,505	40,324
2010	34,889	72,502
2011	7,667	19,668
2012	6,476	10,811
2013	9,525	10,504
Remainder	18,724	22,807
Total for all years undiscounted	92,786	176,616
France		
2009	42,595	53,953
2010	22,149	88,708
2011	8,369	56,233
2012	5,982	14,375
2013	5,947	6,440
Remainder	27,469	29,368
Total for all years undiscounted	112,511	249,077
Netherlands		
2009	1,300	2,256
2010	1,326	8,754
2011	541	5,849
2012	5,179	5,179
2013	3,074	3,074
Remainder	4,764	4,765
Total for all years undiscounted	16,184	29,877
Australia		
2009	6,000	6,000
2010	6,120	11,985
2011	2,081	2,081
2012	2,122	2,122
2013	2,165	2,165
Remainder	9,101	9,101
Total for all years undiscounted	27,589	33,454

Vermilion expects to source its capital expenditure requirements from internally generated cash flow and, as appropriate, from debt or equity financing. It is anticipated that costs of funding the future development costs will not impact development of its properties.

Oil and Gas Properties and Wells

The following table sets forth the number of wells in which Vermilion held a working interest as at December 31, 2008:

	Oil		Natural Gas	
	Gross[1] Wells	Net[2] Wells	Gross[1] Wells	Net[2] Wells
Canada				
Producing	474	311	547	348
Non-producing	186	128	215	144
France				
Producing	243	193	-	-
Non-producing	141	138	-	-
Netherlands				
Producing	-	-	57	46
Non-producing	-	-	12	7
Australia				
Producing	18	18	-	-
Non-producing	-	-	-	-
Total Producing	735	522	604	394
Total Non-producing	327	266	227	151

Notes:

(1) "Gross" refers to the total wells in which Vermilion has an interest, directly or indirectly.

(2) "Net" refers to the total wells in which Vermilion has an interest, directly or indirectly, multiplied by the percentage working interest owned by Vermilion, directly or indirectly, therein.

(3) “Gross” and “Net” wells do not include disposal, injection and observation wells (Canada - 31 Gross and 28 Net) (France - 50 Gross and 48 Net) (Netherlands – 4 Gross and 3 Net)

Costs Incurred

The following table summarizes the capital expenditures made by Vermilion on oil and natural gas properties for the year ended December 31, 2008:

(MS$)	Property Acquisition Costs		Exploration Costs	Development Costs	Total Costs
	Proved Properties	Unproved Properties			
Canada	46,466	1,764	1,098	56,161	105,489
France	-	-	5,497	48,408	53,905
Netherlands	-	-	511	12,508	13,019
Australia	-	-	3,880	58,773	62,653
Total	46,466	1,764	10,986	175,850	235,066

Exploration and Development Activities

The following table sets forth the number of development and exploration wells which Vermilion completed during its 2008 financial year:

	Exploration Wells		Development Wells	
	Gross[(1)]	Net[(2)]	Gross[(1)]	Net[(2)]
Canada				
Oil	-	-	2.0	2.0
Gas	-	-	33.0	22.8
Standing	-	-	7.0	3.2
Dry Holes	-	-	1.0	1.0
Total Completed	-	-	43.0	29.0
France				
Oil	-	-	1.0	0.2
Gas	-	-	-	-
Standing	-	-	-	-
Dry Holes	-	-	-	-
Total Completed	-	-	1.0	0.2
Netherlands				
Oil	-	-	-	-
Gas	-	-	-	-
Standing	-	-	-	-
Dry Holes	-	-	-	-
Total Completed	-	-	-	-
Australia				
Oil	-	-	2.0	2.0
Gas	-	-	-	-
Standing	-	-	-	-
Dry Holes	-	-	-	-
Total Completed	-	-	2.0	2.0
Total Vermilion				
Oil	-	-	5.0	4.2
Gas	-	-	33.0	22.8
Standing	-	-	7.0	3.2
Dry Holes	-	-	1.0	1.0
Total Completed	-	-	46.0	31.2

Notes:

(1) "Gross" refers to the total wells in which Vermilion has an interest, directly or indirectly.

(2) "Net" refers to the total wells in which Vermilion has an interest, directly or indirectly, multiplied by the percentage working interest owned by Vermilion, directly or indirectly therein.

Vermilion has currently budgeted $120 million for its 2009 capital program in Canada, France, the Netherlands and Australia. The funds will be used to drill wells to develop reserves in its Canadian key areas of Drayton Valley, Slave Lake, Central Alberta, and in France, the Netherlands and Australia. A portion of the capital will be allocated to workovers, production optimization, and maintenance capital in each country.

Properties with No Attributed Reserves

The following table sets out Vermilion's undeveloped land as at December 31, 2008:

Country	Undeveloped Land Gross Acres[1]	Undeveloped Land Net Acres[2]
Canada	219,498	151,938
France	1,676,501	1,367,315
Netherlands	208,808	121,872
Australia	-	-
Total	2,104,807	1,641,125

Notes:

(1) "Gross" refers to the total acres in which Vermilion has an interest, directly or indirectly.

(2) "Net" refers to the total acres in which Vermilion has an interest, directly or indirectly, multiplied by the percentage working interest owned by Vermilion, directly or indirectly therein.

Vermilion expects its rights to explore, develop and exploit approximately 41,007 net acres in Canada and 18,223 net acres in France to expire within one year. In the Netherlands and Australia, no such rights expire within one year.

Abandonment and Reclamation Costs

Vermilion has estimated its abandonment costs by determining amounts for facility decommissioning and reclamation costs (including salvage) by area in Canada, France, the Netherlands and Australia. As well, Vermilion has determined abandonment costs (including salvage) and reclamation costs per well, by area and applied this amount to its net wells in each of the countries.
The number of net wells to be abandoned is 659 in Canada, 193 in France, 46 in the Netherlands and 18 in Australia.

The total amount of costs, net of salvage, as estimated in the GLJ Report, is set forth in the following table:

Country	Undiscounted (M$)	Discounted 10% (M$)
Canada	38,291	9,521
France	109,987	21,624
Netherlands	14,756	6,608
Australia	33,918	6,396
Total	196,952	44,149

In estimating the future net revenue, it is important to note that future costs associated with abandonment of surface facilities, well site reclamation, pipeline abandonments, non-producing wells and reclamation costs are estimated by management of the Trust as:

Country	Facilities Undiscounted (M$)	Discounted 10% (M$)
Canada	105,324	45,861
France	117,153	14,944
Netherlands	110,710	49,704
Australia	62,519	16,690
Total	395,706	127,199

In the next three years, as estimated in the GLJ Report, Vermilion expects to pay abandonment and reclamation costs of:

Country	Undiscounted (M$)	Discounted 10% (M$)
Canada	3,043	2,651
France	4,355	3,828
Netherlands	1,312	1,109
Australia	-	-
Total	8,710	7,589

Vermilion has set aside a reclamation fund to help cover these future costs which amounted to $63.4 million as at December 31, 2008. Vermilion anticipates making quarterly contributions to that fund based on the estimated level necessary to fund future obligations. This estimate is reviewed regularly and adjusted as determined necessary. In addition to quarterly contributions, Vermilion contributes one-time payments to the fund as its cash resources permit and as are considered appropriate.

Tax Information

Income tax laws and administrative policies regarding mutual fund trusts may be changed in a manner which adversely affects the Trust and/or the Unitholders.

On June 22, 2007, legislation was passed to implement proposals originally announced on October 31, 2006 relating to the taxation of certain distributions from certain "specified investment flow-through" ("SIFT") trusts and SIFT partnerships (the "SIFT Rules"). The SIFT Rules impose a tax at the trust level on distributions of certain income from SIFT trusts (which include the Trust) and partnerships at a rate of tax comparable to the combined federal and provincial corporate tax and to treat such distributions as dividends to the Unitholder. Existing SIFT trusts will have a four-year transition period, and subject to the qualifications below, will not be taxable under the SIFT Rules until January 1, 2011. The implementation of SIFT Rules will result in adverse tax consequences to the Trust and indirectly certain Unitholders (including most particularly Unitholders that are tax deferred plans and non-residents of Canada) and impact cash distributions from the Trust.

Pursuant to the SIFT Rules, commencing January 1, 2011 (provided the Trust only experiences "normal growth" and no "undue expansion" before then) certain distributions from the Trust which would have otherwise have been taxed as ordinary income generally will be characterized as dividends in addition to being subject to tax at corporate rates at the Trust level. Returns of capital generally are (and under the SIFT Rules will continue to be) tax-deferred for Unitholders who are resident in Canada for purposes of the Tax Act (and reduce such Unitholder's adjusted cost base in the Trust Unit for purposes of the Tax Act). Distributions of income to a Unitholder who is not resident in Canada for purposes of the Tax Act, or that is a partnership that is not a "Canadian partnership" for purposes of the Tax Act, generally will be subject to Canadian withholding tax.

The SIFT Rules provide for a four year transition period for SIFTs in existence on October 31, 2006 provided that there is only "normal growth" of a SIFT during the transition period and no "undue expansion". As a result, the adverse tax consequences associated with the SIFT Rules could be realized by the Trust sooner than January 1, 2011. "Normal growth" would include equity growth within certain "safe harbour" limits, measured by reference to a SIFT trust's market capitalization as of the end of trading on October 31, 2006 (which would include the SIFT's issued and outstanding publicly traded trust units and not any convertible debt, options or other interests convertible into or exchangeable for trust units). Those safe harbour limits were originally 40% for the period from November 1, 2006 to December 31, 2007, and 20% for each calendar 2008, 2009 and 2010. On November 28, 2009, the Minister of Finance announced changes to the normal growth rules which effectively allow the use of any remaining safe harbour amount in a single year rather than staging a portion of the normal growth room over the 2009 and 2010 years. Additional details of the “normal growth” guidelines include the following:

(a) new equity for these purposes includes units and debt that is convertible into units (and may include other substitutes for equity if attempts are made to develop such substitutes);

(b) replacing debt that was outstanding as of October 31, 2006 with new equity, whether by a conversion into trust units of convertible debentures or otherwise, will not be considered growth for these purposes and will therefore not affect the safe harbour limits; and

(c) the exchange for trust units, of exchangeable shares that were outstanding on October 31, 2006 will not be considered growth for those purposes and will therefore not affect the safe harbour where the issuance of the trust units is made in satisfaction of the exercise of the exchange right by a person other than the SIFT.

The Trust's market capitalization as of the close of trading on October 31, 2006, having regard only to its issued and outstanding publicly-traded Trust Units, was approximately $2,375 million, which means the Trust's aggregate "safe harbour" equity growth amount was $2,375 million (not including equity, including convertible debentures, issued to replace debt that was outstanding on October 31, 2006).

While these guidelines are such that it is unlikely they would affect the Trust's ability to raise the capital required to maintain and grow its existing operations in the ordinary course during the transition period, they could adversely affect the cost of raising capital and the Trust's ability to undertake more significant acquisitions.

In France, the Trust is currently subject to a 35% corporate tax rate after eligible deductions. In the Netherlands, the Trust is currently subject to an approximate 45% corporate tax rate after eligible deductions. In Australia, the Trust is currently subject to an approximate 30% corporate tax rate after eligible deductions.

Production Estimates

The following table sets forth the volume of production estimated for the first year as reflected in the estimates of gross proved reserves and gross proved plus probable reserves:

	Light and Medium Oil (Mbbl)	Natural Gas (MMcf)	Natural Gas Liquids (Mbbl)	BOE (Mboe)
Canada				
Proved	848	15,970	485	3,995
Proved Plus Probable	869	18,307	589	4,509
France				
Proved	3,046	324	-	3,100
Proved Plus Probable	3,242	335	-	3,298
Netherlands				
Proved	-	7,638	8	1,281
Proved Plus Probable	-	8,090	8	1,357
Australia				
Proved	2,530	-	-	2,530
Proved Plus Probable	2,570	-	-	2,570
Total Proved	6,424	23,932	493	10,906
Total Proved Plus Probable	6,681	26,732	597	11,733

Production History

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by Vermilion for each quarter of its most recently completed financial year:

	Three Months Ended March 31, 2008	Three Months Ended June 30, 2008	Three Months Ended September 30, 2008	Three Months Ended December 31, 2008
Canada				
Average Daily Production				
Light and Medium Oil (Bbl/d)	2,652	2,721	2,576	2,534
Natural Gas (MMcfpd)	51.38	51.28	51.48	50.45
Natural Gas Liquids (Bbl/d)	1,514	1,648	1,536	1,506
Average Net Prices Received				
Light and Medium Oil ($/Bbl)	99.38	126.09	124.12	64.07
Natural Gas ($/Mcf)	7.96	10.85	8.45	7.10
Natural Gas Liquids ($/Bbl)	81.05	97.63	100.61	53.70
Royalties				
Light and Medium Oil ($/Bbl)	13.71	16.28	16.79	10.23
Natural Gas ($/Mcf)	1.73	2.10	1.97	1.46
Natural Gas Liquids ($/Bbl)	24.12	8.35	8.75	5.35
Transportation				
Light and Medium Oil ($/Bbl)	0.40	0.55	0.42	0.51
Natural Gas ($/Mcf)	0.16	0.23	0.16	0.18
Natural Gas Liquids ($/Bbl)	0.77	0.99	0.77	0.93
Production Costs				
Light and Medium Oil ($/Bbl)	15.03	13.26	14.69	15.41
Natural Gas ($/Mcf)	1.73	1.57	1.64	1.73
Natural Gas Liquids ($/Bbl)	6.52	5.42	6.09	6.42
Netback Received				
Light and Medium Oil ($/Bbl)	70.24	96.00	92.22	37.92
Natural Gas ($/Mcf)	4.34	6.95	4.68	3.73
Natural Gas Liquids ($/Bbl)	49.64	82.87	85.00	41.00
France				
Average Daily Production				
Light and Medium Oil (Bbl/d)	8,605	8,334	8,682	8,435
Natural Gas (MMcfpd)	1.17	1.21	1.14	1.17
Natural Gas Liquids (Bbl/d)	-	-	-	-
Average Net Prices Received				
Light and Medium Oil ($/Bbl)	89.29	144.41	97.39	72.57
Natural Gas ($/Mcf)	9.77	11.51	11.90	11.29
Natural Gas Liquids ($/Bbl)	-	-	-	-

Royalties				
Light and Medium Oil ($/Bbl)	5.56	6.53	7.08	5.00
Natural Gas ($/Mcf)	(0.09)	0.34	0.30	0.32
Natural Gas Liquids ($/Bbl)	-	-	-	-
Transportation				
Light and Medium Oil ($/Bbl)	6.69	5.62	4.69	6.06
Natural Gas ($/Mcf)	-	-	-	-
Natural Gas Liquids ($/Bbl)	-	-	-	-
Production Costs				
Light and Medium Oil ($/Bbl)	9.69	9.95	9.86	17.41
Natural Gas ($/Mcf)	3.49	3.37	3.54	5.02
Natural Gas Liquids ($/Bbl)	-	-	-	-
Netback Received				
Light and Medium Oil ($/Bbl)	67.35	122.31	75.76	44.10
Natural Gas ($/Mcf)	6.37	7.80	8.06	5.95
Natural Gas Liquids ($/Bbl)	-	-	-	-
Netherlands				
Average Daily Production				
Light and Medium Oil (Bbl/d)	-	-	-	-
Natural Gas (MMcfpd)	30.46	29.72	24.69	24.11
Natural Gas Liquids (Bbl/d)	19	26	27	25
Average Net Prices Received				
Light and Medium Oil ($/Bbl)	-	-	-	-
Natural Gas ($/Mcf)	9.78	10.65	12.25	13.58
Natural Gas Liquids ($/Bbl)	91.76	112.14	109.58	50.46
Royalties				
Light and Medium Oil ($/Bbl)	-	-	-	-
Natural Gas ($/Mcf)	-	-	-	-
Natural Gas Liquids ($/Bbl)	-	-	-	-
Production Costs				
Light and Medium Oil ($/Bbl)	-	-	-	-
Natural Gas ($/Mcf)	1.87	1.95	2.35	2.05
Natural Gas Liquids ($/Bbl)	-	-		
Netback Received				
Light and Medium Oil ($/Bbl)	-	-	-	-
Natural Gas ($/Mcf)	7.91	8.70	9.90	11.53
Natural Gas Liquids ($/Bbl)	91.76	112.14	109.58	50.46
Australia				
Average Daily Production				
Light and Medium Oil (Bbl/d)	6,446	7,312	6,220	7,117
Natural Gas (MMcfpd)	-	-	-	-
Natural Gas Liquids (Bbl/d)	-	-	-	-
Average Net Prices Received				
Light and Medium Oil ($/Bbl)	100.37	157.93	96.00	64.51
Natural Gas ($/Mcf)	-	-	-	-
Natural Gas Liquids ($/Bbl)	-	-	-	-
Royalties				
Light and Medium Oil ($/Bbl)	30.42	50.71	21.40	18.14
Natural Gas ($/Mcf)	-	-	-	-
Natural Gas Liquids ($/Bbl)	-	-	-	-
Transportation				
Light and Medium Oil ($/Bbl)	-	-	-	-
Natural Gas ($/Mcf)	-	-	-	-
Natural Gas Liquids ($/Bbl)	-	-	-	-
Production Costs				
Light and Medium Oil ($/Bbl)	12.90	12.71	17.18	15.93
Natural Gas ($/Mcf)	-	-	-	-
Natural Gas Liquids ($/Bbl)	-	-	-	-
Netback Received				
Light and Medium Oil ($/Bbl)	57.05	94.51	57.42	66.72
Natural Gas ($/Mcf)	-	-	-	-
Natural Gas Liquids ($/Bbl)	-	-	-	-

Marketing

Vermilion is party to certain derivative financial instruments, such as crude oil, natural gas and power contracts. Vermilion has entered into these contracts for economic hedging purposes only in order to protect its cash flow on future sales from the potential adverse impact of fluctuations in oil, gas and power prices. The contracts reduce the fluctuations in sales revenues and power costs by establishing fixed prices or a trading range on a portion of its oil and gas sales and power costs. All of the economic hedges below are arranged with counter parties representing major financial (banking) institutions with AA to AAA credit ratings thereby reducing counter party credit risk exposure.

Contracts outstanding in respect of economic hedging transactions are as follows:

Risk Management: Oil	Funded Cost	Bbl/d	US$/Bbl
Collar - BRENT			
2009	US$1.00/Bbl	500	$100.50 - $200.00
Call Spread - BRENT			
2009 – 2011	US$5.73/Bbl	700	$ 65.00 - $ 85.00

ADDITIONAL INFORMATION RESPECTING VERMILION ENERGY TRUST

Trust Units

An unlimited number of Trust Units may be created and issued pursuant to the Trust Indenture. Each Trust Unit shall entitle the holder thereof to one vote at any meeting of the holders of Trust Units and represents an equal fractional undivided beneficial interest in any distribution from the Trust (whether of net income, net realized capital gains or other amounts) and in any net assets of the Trust in the event of termination or winding-up of the Trust. All Trust Units outstanding from time to time shall be entitled to equal shares of any distributions by the Trust, and in the event of termination or winding-up of the Trust, in any net assets of the Trust. All Trust Units shall rank among themselves equally and rateably without discrimination, preference or priority. Each Trust Unit is transferable, subject to compliance with applicable Canadian securities laws, is not subject to any conversion or pre-emptive rights and entitles the holder thereof to require the Trust to redeem any or all of the Trust Units held by such holder (see "Redemption Right") and to one vote at all meetings of Unitholders for each Trust Unit held.

The Trust Units do not represent a traditional investment and should not be viewed by investors as "shares" in either Vermilion or the Trust. As holders of Trust Units in the Trust, the Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The price per Trust Unit will be a function of anticipated distributable income from Vermilion and the ability of Vermilion to effect long term growth in the value of the Trust. The market price of the Trust Units will be sensitive to a variety of market conditions including, but not limited to, interest rates, commodity prices and the ability of the Trust to acquire additional assets. Changes in market conditions may adversely affect the trading price of the Trust Units.

Special Voting Rights

In order to allow the Trust flexibility in pursuing corporate acquisitions, the Trust Indenture allows for the creation of Special Voting Rights which will enable the Trust to provide voting rights to holders of Exchangeable Shares and, in the future, to holders of other exchangeable shares that may be issued by Vermilion or other subsidiaries of the Trust in connection with other exchangeable share transactions.

An unlimited number of Special Voting Rights may be created and issued pursuant to the Trust Indenture. Holders of Special Voting Rights shall not be entitled to any distributions of any nature whatsoever from the Trust and shall be entitled to attend at meetings of Unitholders and to such number of votes at meetings of Unitholders as may be prescribed by the board of directors of Vermilion in the resolution authorizing the issuance of any Special Voting Rights. Except for the right to attend and vote at meetings of the Unitholders, the Special Voting Rights shall not confer upon the holders thereof any other rights.

Under the terms of the Voting and Exchange Trust Agreement, the Trust has issued a Special Voting Right to the Voting and Exchange Trust Agreement Trustee for the benefit of every Person who holds Exchangeable Shares.

Unitholders' Limited Liability

The Trust Indenture provides that no Unitholder, in its capacity as such, shall incur or be subject to any liability in contract or in tort in connection with the Trust or its obligations or affairs and, in the event that a court determines Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of the Trust's assets. Pursuant to the Trust Indenture, the Trust will indemnify and hold harmless each Unitholder from any cost, damages, liabilities, expenses, charges or losses suffered by a Unitholder from or arising as a result of such Unitholder not having such limited liability.

The Trust Indenture provides that all contracts signed by or on behalf of the Trust must contain a provision to the effect that such obligation will not be binding upon Unitholders personally. Notwithstanding the terms of the Trust Indenture, Unitholders may not be protected from liabilities of the Trust to the same extent a shareholder is protected from the liabilities of a corporation. Personal liability may also arise in respect of claims against the Trust (to the extent that claims are not satisfied by the Trust) that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. The possibility of any personal liability to Unitholders of this nature arising is considered unlikely in view of the fact that the sole activity of the Trust is to hold securities, and all of the business operations are carried on by Vermilion, directly or indirectly.

The activities of the Trust and its subsidiary, Vermilion, will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability to the Unitholders for claims against the Trust including by obtaining appropriate insurance, where available, for the operations of Vermilion and having contracts signed by or on behalf of the Trust include a provision that such obligations are not binding upon Unitholders personally.

The *Income Trusts Liability Act* (Alberta) creates a statutory limitation on the liability of unitholders of Alberta income trusts such as the Trust. The Act provides that a Unitholder will not be, as a beneficiary, liable for any act, default, obligation or liability of the trustee that arises after the legislation comes into effect.

Issuance of Trust Units

The Trust Indenture provides that Trust Units, including rights, warrants and other securities to purchase, to convert into or to exchange into Trust Units, may be created, issued, sold and delivered on such terms and conditions and at such times as the Trustee, upon the recommendation of the board of directors of Vermilion may determine. The Indenture also provides that Vermilion may authorize the creation and issuance of debentures, notes and other evidences of indebtedness of the Trust which debentures, notes or other evidences of indebtedness may be created and issued from time to time on such terms and conditions to such persons and for such consideration as Vermilion may determine.

Cash Distributions

The Trustee may declare payable to the Unitholders all or any part of the net income of the Trust earned from interest income on the Notes, from the income generated under the Royalty Agreement and from any dividends paid on the common shares of Vermilion, less all expenses and liabilities of the Trust due and accrued and which are chargeable to the net income of the Trust. In addition, Unitholders may, at the discretion of the board of directors of Vermilion, receive distributions in respect of prepayments of principal or the Notes made by Vermilion to the Trust before the maturity of the Notes. It is anticipated however, that the Trust may reinvest a portion of the repayments of principal on the Notes to make capital expenditures to develop the business of Vermilion with a view to enhancing Vermilion's cash flow from operations.

Cash distributions will be made on the 15th day of each month to Unitholders of record on the immediately preceding Distribution Record Date.

Record of Cash Distributions

The following table sets forth the amount of monthly cash distributions per Trust Unit declared by the Trust since the completion of the Arrangement on January 22, 2003. Distributions are generally paid on the 15th day of the month following the month of declaration. Until the December 14, 2007 distribution announcement, Vermilion had paid distributions of $0.17 per Trust Unit per month. Starting with the January 15, 2008 payment date, Vermilion increased the distribution amount to $0.19 per Trust Unit per month.

Period		Distribution Amount for Period per Trust Unit
2003 – January 22 to December 31	$	1.87
2004 – January to December	$	2.04
2005 – January to December	$	2.04
2006 – January to December	$	2.04
2007 – January to December	$	2.06
2008 – January to December	$	2.28
2009 – January to March	$	0.57
Total cash distributions since January 22, 2003[1]	$	12.90

Note:

(1) On March 16, 2009 the Trust announced that it would pay a cash distribution of $0.19 per Trust Unit to Unitholders of record as of March 31, 2009 on April 15, 2009. The total cash distribution since January 22, 2003 does not include the April distribution of $0.19.

Redemption Right

Trust Units are redeemable at any time on demand by the holders thereof upon delivery to the Trust of the certificate or certificates representing such Trust Units, accompanied by a duly completed and properly executed notice requiring redemption. Upon receipt of the notice to redeem Trust Units by the Trust, the holder thereof shall only be entitled to receive a price per Trust Unit (the "Market Redemption Price") equal to the lesser of: (a) 90% of the "market price" (as defined in the Trust Indenture) of the Trust Units on the principal market on which the Trust Units are quoted for trading during the 10 trading day period commencing immediately after the date on which the Trust Units are tendered to the Trust for redemption; and (b) the closing market price on the principal market on which the Trust Units are quoted for trading on the date that the Trust Units are so tendered for redemption.

The aggregate Market Redemption Price payable by the Trust in respect of any Trust Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment on the last day of the following month. In certain circumstances, the aggregate Market Redemption Price payable by the Trust may be satisfied by distributing notes having an aggregate principal amount equal to the aggregate Market Redemption Price of the Trust Units tendered for redemption.

It is anticipated that this redemption right will not be the primary mechanism for holders of Trust Units to dispose of their Trust Units. Notes which may be distributed in specie to holders of Trust Units in connection with a redemption will not be listed on any stock exchange and no market is expected to develop in such notes.

Non-Resident Unitholders

It is in the best interest of Unitholders that the Trust qualifies as a "unit trust" and a "mutual fund trust" under the Tax Act. Certain provisions of the Tax Act require that the Trust not be established nor maintained primarily for the benefit of Non-Residents. Accordingly, in order to comply with such provisions, the Trust Indenture contains restrictions on the ownership of Trust Units by Unitholders who are Non-Residents. In this regard, the Trust shall, among other things, take all necessary steps to monitor the ownership of the Trust Units to carry out such intentions. If at any time the Trust becomes aware that the beneficial owners of 50% or more of the Trust Units then outstanding are or may be Non-Residents or that such a situation is imminent, the Trust shall take such action as may be necessary to carry out such intentions.

Meetings of Unitholders

The Trust Indenture provides that meetings of Unitholders must be called and held for, among other matters, the election or removal of the Trustee, the appointment or removal of the auditors of the Trust, the approval of amendments to the Trust Indenture (except as described under "Amendments to the Trust Indenture"), the sale of the property of the Trust as an entirety or substantially as an entirety, and the commencement of winding-up the affairs of the Trust. Meetings of Unitholders will be called and held annually for, among other things, the election of the directors of Vermilion and the appointment of the auditors of the Trust.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustee and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 5% of the Trust Units then outstanding by a written requisition. A requisition must, among other things, state in reasonable detail the business purpose for which the meeting is to be called.

Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy and a proxyholder need not be a Unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 5% of the votes attaching to all outstanding Trust Units shall constitute a quorum for the transaction of business at all such meetings. For the purposes of determining such quorum, the holders of any issued Special Voting Rights who are present at the meeting shall be regarded as representing outstanding Trust Units equivalent in number to the votes attaching to such Special Voting Rights.

The Trust Indenture contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders in accordance with the requirements of applicable laws.

Trustee

Computershare Trust Company of Canada is the trustee of the Trust. The Trustee is responsible for, among other things, accepting subscriptions for Trust Units and issuing Trust Units pursuant thereto and maintaining the books and records of the Trust and providing timely reports to holders of Trust Units. The Trust Indenture provides that the Trustee shall exercise its powers and carry out its functions thereunder as Trustee honestly, in good faith and in the best interests of the Trust and, in connection therewith, shall exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

The term of the Trustee's appointment is until the annual meeting of Unitholders to be held in 2009. At the Meeting, the Unitholders will be asked to approve a resolution to re-appoint the Trustee for an additional three year term. Thereafter, the Unitholders shall re-appoint or appoint a successor to the Trustee at the annual meeting of Unitholders three years following the re-appointment or appointment of the successor to the Trustee. The Trustee may also be removed by Special Resolution of the Unitholders. Such resignation or removal becomes effective upon the acceptance or appointment of a successor trustee.

Delegation of Authority, Administration and Trust Governance

The board of directors of Vermilion has generally been delegated the significant management decisions of the Trust. In particular, the Trustee has delegated to Vermilion responsibility for any and all matters relating to the following: (a) an Offering; (b) ensuring compliance with all applicable laws, including in relation to an Offering; (c) all matters relating to the content of any Offering Documents, the accuracy of the disclosure contained therein, and the certification thereof; (d) all matters concerning the terms of, and amendment from time to time of the material contracts of the Trust; (e) all matters concerning any underwriting or agency agreement providing for the sale of Trust Units or rights to Trust Units; (f) all matters relating to the redemption of Trust Units; (g) all matters relating to the voting rights on any investments in the Trust Fund or any Subsequent Investments; and (h) all matters relating to the specific powers and authorities as set forth in the Trust Indenture.

Amendments to the Trust Indenture

The Trust Indenture may be amended or altered from time to time by Special Resolution.

The Trustee may, without the approval of any of the Unitholders, amend the Trust Indenture for the purpose of:

(a) ensuring the Trust's continuing compliance with applicable laws or requirements of any governmental agency or authority of Canada or of any province;

(b) ensuring that the Trust will satisfy the provisions of each of subsections 108(2) and 132(6) of the Tax Act as from time to time amended or replaced;

(c) ensuring that such additional protection is provided for the interests of Unitholders as the Trustee may consider expedient;

(d) removing or curing any conflicts or inconsistencies between the provisions of the Trust Indenture or any supplemental indenture and any other agreement of the Trust or any offering document pursuant to which securities of the Trust are issued with respect to the Trust, or any applicable law or regulation of any jurisdiction, provided that in the opinion of the Trustee the rights of the Trustee and of the Unitholders are not prejudiced thereby; or

(e) curing, correcting or rectifying any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions, provided that in the opinion of the Trustee the rights of the Trustee and of the Unitholders are not prejudiced thereby.

Takeover Bid

The Trust Indenture contains provisions to the effect that if a takeover bid is made for the Trust Units and not less than 90% of the Trust Units (other than Trust Units held at the date of the takeover bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Trust Units held by Unitholders who did not accept the takeover bid, on the terms offered by the offeror.

Termination of the Trust

The Unitholders may vote to terminate the Trust at any meeting of the Unitholders duly called for that purpose, subject to the following: (a) a vote may only be held if requested in writing by the holders of not less than 20% of the outstanding Trust Units; (b) a quorum of 50% of the issued and outstanding Trust Units is present in person or by proxy; and (c) the termination must be approved by Special Resolution of Unitholders.

Unless the Trust is earlier terminated or extended by vote of the Unitholders, the Trustee shall commence to wind up the affairs of the Trust on December 31, 2099. In the event that the Trust is wound up, the Trustee will sell and convert into money the property of the Trust in one transaction or in a series of transactions at public or private sale and do all other acts appropriate to liquidate the property of the Trust, and shall in all respects act in accordance with the directions, if any, of the Unitholders in respect of termination authorized pursuant to the Special Resolution authorizing the termination of the Trust. Notwithstanding anything herein contained, in no event shall the Trust be wound up until the Royalty shall have been disposed of, and under no circumstances shall any Unitholder come into any possession of any interest in the Royalty. After paying, retiring or discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Trust and providing for indemnity against any other outstanding liabilities and obligations, the Trustee shall distribute the remaining part of the proceeds of the sale of the assets together with any cash forming part of the property of the Trust among the Unitholders in accordance with their Pro Rata Share.

Reporting to Unitholders

The financial statements of the Trust are audited annually by an independent recognized firm of chartered accountants. The audited financial statements of the Trust, together with the report of such chartered accountants, are mailed by the Trustee to Unitholders and the unaudited interim financial statements of the Trust are mailed to Unitholders as prescribed by applicable securities legislation. The year-end of the Trust is December 31.

The Trust is subject to the continuous disclosure obligations under applicable securities legislation.

Distribution Reinvestment Plan

On May 14, 2008 Vermilion announced that the board of directors of Vermilion Resources Ltd., administrator of the Trust, has determined to suspend its Distribution Reinvestment Plan (DRIP) indefinitely effective June 16, 2008. Vermilion will advise as to when the Distribution Reinvestment Plan will be reinstated.

Unitholder Rights Plan

The Trust first implemented a unitholder rights plan (the "Rights Plan") in 2003 in conjunction with the Arrangement. At the annual and special meeting of Unitholders held in 2006, the Rights Plan was renewed and approved by Unitholders. Pursuant to its terms, the Rights Plan must be reconfirmed by the Unitholders after three years from its implementation. A renewal of the Rights Plan is not effective unless and until the renewal of the Unitholder Rights Agreement (the "Unitholder Rights Agreement") between the Trust and the Trustee, as rights agent, is approved by the Unitholders. At the Meeting, the Unitholders will be asked to approve a resolution to renew the Rights Plan for an additional three year period. If such resolution is not approved by a simple majority of votes cast at the Meeting by the holders of the Trust Units, the Rights Plan will cease to exist.

The objectives of the Rights Plan are to ensure, to the extent possible, that all Unitholders are treated equally and fairly in connection with any takeover bid for the Trust. Takeover bids may be structured to be coercive or may be initiated at a time when the board of directors of Vermilion will have a difficult time preparing an adequate response to the offer. Accordingly, such offers do not always result in Unitholders receiving equal or fair treatment or full or maximum value for their investment. Under current Canadian securities legislation, a takeover bid is required to remain open for 35 days, a period of time which the board of directors believes is insufficient for the directors to:

(a) evaluate a takeover bid (particularly if it includes share or trust unit consideration);

(b) explore, develop and pursue alternatives which are superior to the takeover bid and which could maximize Unitholder value; and

(c) make reasoned recommendations to the Unitholders.

The Rights Plan discourages discriminatory, coercive or unfair takeovers of the Trust and gives the board of directors of Vermilion time if, in the circumstances, the board of directors determines it is appropriate to take such time, to pursue alternatives to maximize Unitholder value in the event an unsolicited takeover bid is made for all or a portion of the outstanding Trust Units of the Trust. As set forth in detail below, the Rights Plan discourages coercive hostile takeover bids by creating the potential that any Trust Units which may be acquired or held by such a bidder will be significantly diluted. The potential for significant dilution to the holdings of such a bidder can occur as the Rights Plan provides that all holders of Trust Units who are not related to the bidder will be entitled to exercise rights issued to them under the Rights Plan and to acquire Trust Units at a substantial discount to prevailing market prices. The bidder or the persons related to the bidder will not be entitled to exercise any Rights under the Rights Plan. Accordingly, the Rights Plan will encourage potential bidders to make takeover bids by means of a Permitted Bid (as defined below) or to approach the board of directors of Vermilion to negotiate a mutually acceptable transaction. The Permitted Bid provisions of the Rights Plan are designed to ensure that in any takeover bid for outstanding Trust Units of the Trust all Unitholders are treated equally and are given adequate time to properly assess such takeover bid on a fully-informed basis.

The Rights Plan was not proposed in response to, or in anticipation of, any pending, threatened or proposed acquisition or takeover bid. The board of directors did not adopt the Rights Plan to prevent a takeover of the Trust, to secure the continuance of management or the directors in their respective offices or to deter fair offers for the Trust Units of the Trust.

Summary of the Plan

The following summary of terms of the Rights Plan is qualified in its entirety by reference to the text of the Unitholder Rights Plan Agreement. A copy of the Unitholder Rights Plan Agreement will be available in its entirety upon request at the head office of Vermilion during normal business hours.

Term

The Rights Plan will remain in effect until termination of the annual meeting of Unitholders of the Trust in 2009. At the Meeting, Unitholders will be asked to approve a resolution to renew the Rights Plan for an additional three year period, terminating at the annual meeting of Unitholders of the Trust in 2012.

Issue of Rights

One right (a "Right") has been issued by the Trust pursuant to the Unitholder Rights Plan Agreement in respect of each Trust Unit of the Trust outstanding at the close of business on May 5, 2006 (the "Record Time"). One Right will also be issued for each additional Trust Unit issued after the Record Time and prior to the earlier of the Separation Time (as defined below) or the Expiration Time (as defined below).

Rights Exercise Privilege

The Rights will separate from the voting units to which they are attached and become exercisable at the time (the "Separation Time") which is 10 trading days following the date a person becomes an Acquiring Person or announces an intention to make a takeover bid that is not an acquisition pursuant to a takeover bid permitted by the Rights Plan (a "Permitted Bid").

Any transaction or event in which a person (an "Acquiring Person"), including associates and affiliates and others acting in concert, acquires (other than pursuant to an exemption available under the Rights Plan or a Permitted Bid) Beneficial Ownership (as defined in the Rights Plan) of 20% or more of the voting securities of the Trust is referred to as a "Flip-in Event". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by the Trust or an Acquiring Person that an Acquiring Person has become such, will become void and the Rights (other than those held by the Acquiring Person) will permit the holder to purchase Trust Units at a substantial discount to their prevailing market price at the time.

The issuance of the Rights is not dilutive and will not affect reported earnings or cash flow per Trust Unit until the Rights separate from the underlying Trust Units and become exercisable or until the exercise of the Rights. The issuance of the Rights will not change the manner in which Unitholders currently trade their Trust Units.

Permitted Lock-Up Agreement

A person will not become an Acquiring Person by virtue of having entered into an agreement (a "Permitted Lock-Up Agreement") with a Unitholder whereby the Unitholder agrees to deposit or tender voting shares to a takeover bid made by such person, provided that the agreement meets certain requirements including:

(a) the terms of the agreement are publicly disclosed and a copy of the agreement is publicly available;

(b) the Unitholder who has agreed to tender voting shares to the takeover bid (the "Lock-Up Bid") made by the other party to the agreement is permitted to terminate its obligation under the agreement in order to tender voting shares to another takeover bid or transaction where: (i) the offer price or value of the consideration payable under the other takeover bid or transaction is greater than the price or value of the consideration per share at which the Unitholder has agreed to deposit or tender voting shares to the Lock-Up Bid or is equal to or greater than a specified minimum which is not more than 7% higher than the offer price under the Lock-Up Bid; and (ii) if the number of voting shares offered to be purchased under the Lock-Up Bid is less than all of the voting units held by Unitholders (excluding Trust Units held by the offeror), the number of voting units offered to be purchased under the other takeover bid or transaction (at an offer price not lower than in the Lock-Up Bid) is greater than the number of voting units offered to be purchased under the Lock-Up Bid or is equal to or greater than a specified number which is not more than 7% higher than the number of voting units offered to be purchased under the Lock-Up Bid; and

(c) no break-up fees or other penalties that exceed in the aggregate the greater of 2.5% of the price or value of the consideration payable under the Lock-Up Bid and 50% of the increase in consideration resulting from another takeover bid or transaction shall be payable by the Unitholder if the Unitholder fails to deposit or tender voting units to the Lock-Up Bid.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Trust Units issued from and after the effective date (the "Effective Date") of the Unitholder Rights Plan Agreement (being the later of the date of the Unitholder Rights Plan Agreement and the receipt by the Trust of all regulatory approvals with respect to the Unitholder Rights Plan Agreement). Rights are also attached to Trust Units outstanding on the Effective Date, although certificates issued prior to the Effective Date will not bear such a legend. Unitholders are not required to return their certificates in order to have the benefit of the Rights. Prior to the Separation Time, Rights will trade together with the Trust Units and will not be exercisable or transferable separately from the Trust Units. From and after the Separation Time, the Rights will become exercisable, will be evidenced by Rights Certificates and will be transferable separately from the Trust Units.

Permitted Bid Requirements

The requirements of a "Permitted Bid" include the following:

(a) the takeover bid must be made by means of a takeover bid circular;

(b) the takeover bid is made to all holders of voting units as registered on the books of the Trust, other than the offeror;

(c) the takeover bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no voting shares will be taken up or paid for pursuant to the takeover bid prior to the close of business on the date which is not less than 45 days following the date of the takeover bid and only if at such date more than 50% of the voting units held by independent Unitholders shall have been deposited or tendered pursuant to the takeover bid and not withdrawn;

(d) the takeover bid contains an irrevocable and unqualified provision that unless the takeover bid is withdrawn, voting units may be deposited pursuant to such takeover bid at any time during the period of time between the date of the takeover bid and the date on which voting units may be taken up and paid for and that any voting units deposited pursuant to the takeover bid may be withdrawn until taken up and paid for; and

(e) the takeover bid contains an irrevocable and unqualified provision that if, on the date on which voting units may be taken up and paid for, more than 50% of the voting units held by independent Unitholders shall have been deposited pursuant to the takeover bid and not withdrawn, the offeror will make a public announcement of that fact and the takeover bid will remain open for deposits and tenders of voting units for not less than ten business days from the date of such public announcement.

The Rights Plan allows for a competing Permitted Bid (a "Competing Permitted Bid") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid, subject to the requirement that it be outstanding for a minimum period of 35 days.

Waiver and Redemption

If a potential offeror does not desire to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the board of directors to make a takeover bid by way of a takeover bid circular sent to all holders of voting units on terms which the board of directors considers fair to all Unitholders. In such circumstances, the board of directors may waive the application of the Rights Plan thereby allowing such bid to proceed without dilution to the offeror. Any waiver of the application of the Rights Plan in respect of a particular takeover bid shall also constitute a waiver of any other takeover bid which is made by means of a takeover bid circular to all holders of voting units while the initial takeover bid is outstanding. The board of directors may also waive the application of the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding voting units of the Trust within 14 days or such earlier or later date as may be specified by the board. With the prior consent of the holders of voting units, the board of directors may, prior to the occurrence of a Flip-in Event that would occur by reason of an acquisition of voting units otherwise than pursuant to the foregoing, waive the application of the Rights Plan to such Flip-in Event.

The board of directors may, with the prior consent of the holders of voting units, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of $0.00001 per Right. Rights are deemed to be redeemed following completion of a Permitted Bid, a Competing Permitted Bid or a takeover bid in respect of which the board of directors has waived the application of the Rights Plan.

Exemptions for Investment Advisors

Investment advisors (for client accounts), trust companies (acting in their capacity as trustees or administrators), statutory bodies whose business includes the management of funds (for employee benefit plans, pension plans, or insurance plans of various public bodies) and administrators or trustees of registered pension plans or funds acquiring greater than 20% of the voting shares are exempted from triggering a Flip-in Event, provided they are not making, either alone or jointly or in concert with any other person, a takeover bid.

Board of Directors

The adoption of the Rights Plan will not in any way lessen or affect the duty of the board of directors to act honestly and in good faith with a view to the best interests of the Trust. The board of directors, when a takeover bid or similar offer is made, will continue to have the duty and power to take such actions and make such recommendations to Unitholders as are considered appropriate.

Amendment

The Trust may, with the prior approval of Unitholders (or the holders of Rights if the Separation Time has occurred), supplement amend, vary or delete any of the provisions of the Unitholder Rights Plan Agreement. The Trust may make amendments to the Unitholder Rights Plan Agreement at any time to correct any clerical or typographical error or, subject to confirmation at the next meeting of Unitholders, make amendments which are required to maintain the validity of the Unitholder Rights Plan Agreement due to changes in any applicable legislation, regulations or rules.

ADDITIONAL INFORMATION RESPECTING VERMILION RESOURCES LTD.

Management of Vermilion

Vermilion has a board of directors currently consisting of six individuals. The directors are elected by the Trust at the direction of Unitholders by ordinary resolution, and hold office until the Meeting.

As at March 17, 2009, the directors and officers of Vermilion, as a group, beneficially owned, directly or indirectly, 1,108,109 Trust Units representing approximately 1.6% of the issued and outstanding Trust Units, as well as an aggregate of 2,006,077 Exchangeable Shares. Assuming all Exchangeable Shares were exchanged for Trust Units, using the Exchange Ratio of 1.69991, the directors and executive officers would hold 4,518,259 Trust Units, representing 5.9% of then issued and outstanding Trust Units.

The following table sets forth certain information respecting the directors and officers of Vermilion.

Directors Name and Municipality of Residence	Office Held	Year First Elected or Appointed as Director	Principal Occupation During the Past Five Years
Lorenzo Donadeo Calgary, Alberta, Canada	President and Chief Executive Officer and Director	1994	Since 2003, President and Chief Executive Officer of Vermilion 2000 to 2003, Executive Vice President and Chief Operating Officer of Vermilion
W. Kenneth Davidson [2][3] Oakville, Ontario, Canada	Director	2005	Since 2000, Director of Millar Western Forest Products Ltd. 1996 to 2001, Co-Chief Executive Officer of Gordon Capital Corporation, an investment banking firm
Claudio A. Ghersinich [2][4][5] Calgary, Alberta, Canada	Director	1994	Since 2005, President of Carrera Investments Corp., a private investment company 1994 to 2005, Executive Vice President, Business Development of Vermilion
Joseph F. Killi [2][3] Calgary, Alberta, Canada	Director	1999	Since 2005, Vice Chairman of Realex Properties Corp., a public real estate company Since 2005, Chairman of Parkbridge Lifestyle Communities Inc., a public real estate company Since 1993, President of Rosebridge Capital Corp. Inc., a private real estate investment company 2004 to 2005, Chief Executive Officer of Parkbridge Lifestyle Communities Inc.
Larry J. Macdonald [1][2][3][4][5] Okotoks, Alberta, Canada	Director and Chairman of the Board	2002	Since 2003, Chairman & Chief Executive Officer and a director of Point Energy Ltd., a private oil and gas company Since 2003, Managing Director of Northpoint Energy Ltd., a private oil and gas company
William F. Madison [2][4][5] Sugar Land, Texas, USA	Director	2004	From 1999 to 2006, a director of Montana Tech Foundation, serving as Chairman during 2004 and 2005 From 1965 to 2000, Mr. Madison worked in increasingly senior positions with Marathon Oil Company, a public oil and gas company, where he retired as Senior Vice President Worldwide Production

Notes:

(1) Chairman of the Board
(2) Member of the Audit Committee
(3) Member of the Governance and Human Resources Committee
(4) Member of the Health, Safety and Environment Committee
(5) Member of the Independent Reserves Committee

Officers

Name and Municipality of Residence	Office Held	Principal Occupation During the Past Five Years
John D. Donovan Calgary, Alberta, Canada	Executive Vice President Business Development	Since 2005, Executive Vice President, Business Development of Vermilion 2002 to 2005, Senior Vice President of Harrison Lovegrove, oil and gas consultants
Curtis W. Hicks Calgary, Alberta, Canada	Executive Vice President and Chief Financial Officer	Since 2004, Executive Vice President and Chief Financial Officer of Vermilion 2003 to 2004, Vice President, Finance and Chief Financial Officer of Vermilion
G.R. (Bob) Mac Dougall Calgary, Alberta, Canada	Executive Vice President and Chief Operating Officer	Since 2006, Executive Vice President and Chief Operating Officer of Vermilion 2004 to 2006, Chief Operating Officer of Vermilion 1999 to 2004, General Manager of production and operations of Chevron Texaco Western Canada producing oil and gas properties
Paul Beique Calgary, Alberta, Canada	Vice President Capital Markets	Since October 21, 2008, Vice President Capital Markets of Vermilion 2003 to October 21, 2008, Director Investor Relations of Vermilion
Keith D. Hartman Calgary, Alberta, Canada	Vice President Exploitation	Since 2006, Vice President Exploitation of Vermilion 2004 to 2006, Director of Exploitation of Vermilion 2001 to 2004, Project Manager and Manager of Production Optimization of Chevron Texaco Western Canada producing oil and gas properties
Mona Jasinski Calgary, Alberta, Canada	Vice President People	Since January 12, 2009, Vice President People of Vermilion 2004 to January 12, 2009, HR Manager, Shell Onshore Production, North America
Raj C. Patel Calgary, Alberta, Canada	Vice President Marketing	Since 2001, Vice President, Marketing of Vermilion
Scott Ferguson Harlingen, Netherlands	General Manager, Vermilion Oil & Gas Netherlands (VOGN)	Since March 1, 2008, General Manager, Vermilion Oil & Gas Netherlands (VOGN) 2006 to March 1, 2008, Production Manager Canada, Vermilion 2005 to 2006, Senior Exploitation Engineer Vermilion 2003 to 2005, Senior Production Engineer Vermilion
Bruce D. Lake Perth, Australia	Managing Director, Vermilion Australia	Since 2005, Managing Director of Vermilion Oil & Gas Australia Pty Ltd., a subsidiary of the Trust 1996 to 2005, Operations Manager for Apache Energy Limited's Australian oil and gas operations
Peter Sider Biscarosse, France	Regional General Manager, European Operations	Since March 1, 2008, Regional General Manager, European Operations 2006 to March 1, 2008, Managing Director of Vermilion Oil & Gas Netherlands B.V., a subsidiary of the Trust 1999 to 2006, founder of four private and public oil and gas companies in Alberta including Resolution Resources, EMBO Petroleum, Newheart Oil and Gas and Breakside Energy

AUDIT COMMITTEE MATTERS

Audit Committee Charter

Vermilion has established an audit committee (the "Audit Committee") to assist the Board of Directors in carrying out its oversight responsibilities with respect to, among other things, financial reporting, internal controls and the external audit process of the Trust. The Audit Committee Terms of Reference are set out in Schedule "C" to this annual information form.

Composition of the Audit Committee

The following table sets forth the name of each current member of the Audit Committee, whether pursuant to applicable securities legislation, such member is considered independent, whether pursuant to applicable securities legislation, such member is considered financially literate and the relevant education and experience of such member.

Name	Independent	Financially Literate	Relevant Education and Experience
W. Kenneth Davidson (Chair)	Yes	Yes	Mr. Davidson holds Bachelor of Science degrees in Mathematics and Business and a Masters in Business Administration degree. Mr. Davidson has obtained significant financial experience and exposure to accounting including internal controls and procedures for financial reporting and complex financial issues as a director, officer or consultant to a number of companies involved in the banking and securities areas of the financial services sector.
Claudio A. Ghersinich	Yes	Yes	Mr. Ghersinich holds a B.Sc. Civil Engineering degree from the University of Manitoba. Mr. Ghersinich has obtained financial experience and exposure to accounting and financial issues in a role as a founder of Vermilion Resources Ltd. in 1994 and as an audit committee member of other public companies.
Joseph F. Killi	Yes	Yes	Mr. Killi holds a Bachelor of Science degree in Biochemistry, a Bachelor of Commerce degree and a Chartered Accountant designation. As a Chartered Accountant, Mr. Killi attained experience in preparing, auditing, analyzing and evaluating financial statements including internal controls and procedures for financial reporting. Mr. Killi has an understanding of the accounting principles used by the Trust as well as the implications of those accounting principles on the Trust's financial results. Mr. Killi has also obtained significant financial experience and exposure to accounting and financial issues in a number of senior positions with Parkbridge Lifestyle Communities Inc., Realex Properties Corp. and Trizec Corporation and in his role as a director and audit committee member of other public and private companies.
Larry J. Macdonald	Yes	Yes	Mr. Macdonald holds a Bachelor of Science degree in Geology. In 2005, Mr. Macdonald attended a financial literacy course at the University of Toronto's Rotman's School of Management in conjunction with the Institute of Corporate Directors. In addition, Mr. Macdonald has obtained financial experience and exposure to accounting and financial issues in a number of senior officer positions with Point Energy Ltd., Pointwest Energy Inc., Westpoint Energy Inc. and Anderson Exploration Ltd. and as a director, audit committee member and officer of a number of other public and private companies as well as not-for-profit organizations.
William F. Madison	Yes	Yes	Mr. Madison holds a Bachelor of Science in Petroleum Engineering. Mr. Madison has completed the Harvard Program for Management Development. Mr. Madison has obtained financial experience and exposure to accounting and financial issues as the Chairman of Montana Tech Foundation and as a senior executive of Marathon Oil Company and as a director, audit committee member and officer of other public and private companies.

External Audit Service Fees

During the years ended December 31, 2008 and 2007, Deloitte & Touche LLP, the auditors of the Trust, received the following fees from the Trust:

Item	2008	2007
Audit fees[1]	**$ 1,665,004**	$ 1,367,900
Audit related fees[2]	**$ 49,835**	$ 56,466

Notes:

(1) Audit fees consisted of professional services rendered by Deloitte & Touche LLP for the audit of the Trust's financial statements for the years ended December 31, 2008 and 2007, fees for the review of the quarterly financial statements and services provided in connection with statutory and regulatory filings or engagements.

(2) Audit related fees are for assurance and related services reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the heading "Audit Fees".

Vermilion Share Capital

Vermilion is authorized to issue an unlimited number of common shares and an unlimited number of exchangeable shares issuable in series, of which an unlimited number of Series A Exchangeable Shares are authorized. The Trust is the sole holder of the issued and outstanding shares of Vermilion, other than the Exchangeable Shares.

Common Shares

Each common share will entitle its holder to receive notice of and to attend all meetings of the shareholders of Vermilion and to one vote at such meetings. The holders of common shares will be, at the discretion of the board of directors of Vermilion and subject to applicable legal restrictions, and subject to certain preferences of holders of Exchangeable Shares, entitled to receive any dividends declared by the board of directors on the common shares to the exclusion of the holders of Exchangeable Shares, subject to the proviso that no dividends shall be paid on the common shares unless all declared dividends on the outstanding Exchangeable Shares have been paid in full. The holders of common shares will be entitled to share equally in any distribution of the assets of Vermilion upon the liquidation, dissolution, bankruptcy or winding-up of Vermilion or other distribution of its assets among its shareholders for the purpose of winding-up its affairs. Such participation is subject to the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares and any other shares having priority over the common shares.

Exchangeable Shares

Each Exchangeable Share will have economic rights (including the right to have the Exchange Ratio adjusted to account for distributions paid to Unitholders) and voting attributes (through the benefit of the Special Voting Right granted to the Voting and Exchange Trust Agreement Trustee) as set forth in the Exchangeable Share Provisions. In addition, holders of Exchangeable Shares will have the right to receive Trust Units at any time in exchange for their Exchangeable Shares, on the basis of the Exchange Ratio in effect at the time of the exchange. Fractional Trust Units will not be delivered on any exchange of Exchangeable Shares and the Voting and Exchange Trust Agreement. In the event that the Exchange Ratio in effect at the time of an exchange would otherwise entitle a holder of Exchangeable Shares to a fractional Trust Unit, the number of Trust Units to be delivered will be rounded down to the nearest whole number of Trust Units. Holders of Exchangeable Shares will not receive cash distributions from the Trust. Rather, the Exchange Ratio will be adjusted to account for distributions paid to Unitholders in the manner described below. Holders of Exchangeable Shares may receive dividends from Vermilion at the discretion of the directors of Vermilion.

The initial Exchange Ratio upon the completion of the Arrangement was equal to one. On each Distribution Payment Date, the Exchange Ratio will be increased, on a cumulative basis, in respect of the Distribution on such date by an amount which assumes the reinvestment of such Distribution in Trust Units at the then-prevailing Current Market Price of a Trust Unit. The Exchange Ratio will be decreased in respect of any dividends paid on the Exchangeable Shares by an amount of such dividend divided by the then-prevailing Current Market Price of a Trust Unit.

Ranking

The Exchangeable Shares will rank rateably with shares of any other series of exchangeable shares of Vermilion and prior to any common shares of Vermilion and any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends, if any, that have been declared and the distribution of assets in the event of the liquidation, dissolution or winding-up of Vermilion.

Dividends

Holders of Exchangeable Shares will be entitled to receive cash dividends if, as and when declared by the board of directors of Vermilion. Vermilion anticipates that it may from time to time declare dividends on the Exchangeable Shares up to but not exceeding any cash distributions on the Trust Units into which such Exchangeable Shares are exchangeable. In the event that any such dividends are paid, the Exchange Ratio will be correspondingly reduced to reflect such dividends.

Certain Restrictions

Vermilion will not, without obtaining the approval of the holders of the Exchangeable Shares as set forth below under the subheading "Amendment and Approval":

(a) pay any dividend on the common shares or any other shares ranking junior to the Exchangeable Shares, other than stock dividends payable in common shares or any other shares ranking junior to the Exchangeable Shares;

(b) redeem, purchase or make any capital distribution in respect of the common shares or any other shares ranking junior to the Exchangeable Shares;

(c) redeem or purchase any other shares of Vermilion ranking equally with the Exchangeable Shares with respect to the payment of dividends or on any liquidation distribution; or

(d) amend the articles or by-laws of Vermilion in any manner that would affect the rights or privileges of the holders of Exchangeable Shares.

The above restrictions in (a), (b) and (c) shall not apply if all declared dividends on the outstanding Exchangeable Shares shall have been paid in full.

Liquidation or Insolvency of Vermilion

In the event of the liquidation, dissolution or winding-up of Vermilion or any other proposed distribution of the assets of Vermilion among its shareholders for the purpose of winding up its affairs, a holder of Exchangeable Shares will be entitled to receive from Vermilion, in respect of each such Exchangeable Share, that number of Trust Units equal to the Exchange Ratio as at the effective date of such event.

Upon the occurrence of such an event, the Trust and Trust Subsidiary will each have the overriding right to purchase all but not less than all of the Exchangeable Shares then outstanding (other than Exchangeable Shares held by the Trust or any subsidiary of the Trust) at a purchase price per Exchangeable Share to be satisfied by the issuance or delivery, as the case may be, of that number of Trust Units equal to the Exchange Ratio at such time and, upon the exercise of this right, the holders thereof will be obligated to sell such Exchangeable Shares to the Trust or Trust Subsidiary, as applicable. This right may be exercised by either the Trust or Trust Subsidiary.

Upon the occurrence of an Insolvency Event, the Voting and Exchange Trust Agreement Trustee on behalf of the holders of the Exchangeable Shares will have the right to require the Trust or Trust Subsidiary to purchase any or all of the Exchangeable Shares then outstanding and held by such holders at a purchase price per Exchangeable Share to be satisfied by the issuance or delivery, as the case may be, of that number of Trust Units equal to the Exchange Ratio at such time, as described under the subheading "Voting and Exchange Trust Agreement- Optional Exchange Right".

Automatic Exchange Right on Liquidation of the Trust

The Voting and Exchange Trust Agreement provides that in the event of a Trust liquidation event, as described below, the Trust or Trust Subsidiary will be deemed to have purchased all outstanding Exchangeable Shares and each holder of Exchangeable Shares will be deemed to have sold their Exchangeable Shares immediately prior to such Trust liquidation event at a purchase price per Exchangeable Share to be satisfied by the issuance or delivery, as the case may be, of that number of Trust Units equal to the Exchange Ratio at such time. "Trust liquidation event" means:

(a) any determination by the Trust to institute voluntary liquidation, dissolution or winding-up proceedings in respect of the Trust or to effect any other distribution of assets of the Trust among the Unitholders for the purpose of winding up its affairs; or

(b) the earlier of, the Trust's receiving notice of and the Trust's otherwise becoming aware of, any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding up of the Trust or to effect any other distribution of assets of the Trust among the Unitholders for the purpose of winding up its affairs in each case where the Trust has failed to contest in good faith such proceeding within 30 days of becoming aware thereof.

Retraction of Exchangeable Shares by Holders and Retraction Call Right

Subject to the Retraction Call Right of the Trust and Trust Subsidiary described below, a holder of Exchangeable Shares will be entitled at any time to require Vermilion to redeem any or all of the Exchangeable Shares held by such holder for a retraction price (the "Retraction Price") per Exchangeable Share equal to the value of that number of Trust Units equal to the Exchange Ratio as at the date of redemption (the "Retraction Date"), to be satisfied by the delivery of such number of Trust Units. Fractional Trust Units will not be delivered. Any amount payable on account of the Retraction Price that includes a fractional Trust Unit will be rounded down to the nearest whole number of Trust Units. Holders of the Exchangeable Shares may request redemption by presenting to Vermilion or the transfer agent for the Exchangeable Shares a certificate or certificates representing the number of Exchangeable Shares the holder desires to have redeemed, together with a duly executed retraction request and such other documents as may be reasonably required to effect the redemption of the Exchangeable Shares. Subject to extension as described below, the redemption will become effective on the Retraction Date, which will be seven business days after the date on which Vermilion or the transfer agent receives the retraction notice. Unless otherwise requested by the holder and agreed to by Vermilion, the Retraction Date will not occur on such seventh business day if such day would occur between any Distribution Record Date and the Distribution Payment Date that corresponds to such Distribution Record Date. In this case, the Retraction Date will instead occur on such Distribution Payment Date. The reason for this is to ensure that the Exchange Ratio used in connection with such redemption is increased to account for the Distribution.

When a holder requests Vermilion to redeem the Exchangeable Shares, the Trust and Trust Subsidiary will have an overriding right (the "Retraction Call Right") to purchase on the Retraction Date all but not less than all of the Exchangeable Shares that the holder has requested Vermilion to redeem at a purchase price per Exchangeable Share equal to the Retraction Price, to be satisfied by the delivery of that number of Trust Units equal to the Exchange Ratio at such time. At the time of a Retraction Request by a holder of Exchangeable Shares, Vermilion will immediately notify the Trust and Trust Subsidiary. The Trust or Trust Subsidiary must then advise Vermilion within two business days as to whether the Retraction Call Right will be exercised. A holder may revoke his or her Retraction Request at any time prior to the close of business on the last business day immediately preceding the Retraction Date, in which case the holder's Exchangeable Shares will neither be purchased by the Trust or Trust Subsidiary nor be redeemed by Vermilion. If the holder does not revoke his or her Retraction Request, the Exchangeable Shares that the holder has requested Vermilion to redeem will on the Retraction Date be purchased by the Trust or Trust Subsidiary or redeemed by Vermilion, as the case may be, in each case at a purchase price per Exchangeable Share equal to the Retraction Price. In addition, a holder of Exchangeable Shares may elect to instruct the Voting and Exchange Trust Agreement Trustee to exercise the optional exchange right (the "Optional Exchange Right") to require the Trust or Trust Subsidiary to acquire such holder's Exchangeable Shares in circumstances where neither the Trust nor Trust Subsidiary have exercised the Retraction Call Right. See "Voting and Exchange Trust Agreement-Optional Exchange Right".

The Retraction Call Right may be exercised by either the Trust or Trust Subsidiary. If, as a result of solvency provisions of applicable law, Vermilion is not permitted to redeem all Exchangeable Shares tendered by a retracting holder, Vermilion will redeem only those Exchangeable Shares tendered by the holder as would not be contrary to such provisions of applicable law. The holder of any Exchangeable Shares not redeemed by Vermilion will be deemed to have required the Trust to purchase such unretracted Exchangeable Shares in exchange for Trust Units on the Retraction Date pursuant to the Optional Exchange Right. See "Voting and Exchange Trust Agreement- Optional Exchange Right".

Redemption of Exchangeable Shares

Subject to applicable law and the Redemption Call Right of the Trust and Trust Subsidiary, Vermilion:

(a) will, on the tenth anniversary of the Effective Date, subject to extension of such date by the board of directors of Vermilion (the "Automatic Redemption Date"), redeem all but not less than all of the then outstanding Exchangeable Shares for a redemption price per Exchangeable Share equal to the value of that number of Trust Units equal to the Exchange Ratio as at the last business day prior to that Redemption Date (as that term is defined below) (the "Redemption Price"), to be satisfied by the delivery of such number of Trust Units; and

(b) may, at any time when the aggregate number of issued and outstanding Exchangeable Shares is less than 500,000 (other than Exchangeable Shares held by the Trust and its subsidiaries and as such shares may be adjusted from time to time) (the "De Minimus Redemption Date" and, collectively with the Automatic Redemption Date, a "Redemption Date"), redeem all but not less than all of the then outstanding Exchangeable Shares for the Redemption Price per Exchangeable Share (unless contested in good faith by the Trust).

Vermilion will, at least 45 days prior to any Redemption Date, provide the registered holders of the Exchangeable Shares with written notice of the prospective redemption of the Exchangeable Shares by Vermilion.

The Trust and Trust Subsidiary will have the right (the "Redemption Call Right"), notwithstanding a proposed redemption of the Exchangeable Shares by Vermilion on the applicable Redemption Date, pursuant to the Exchangeable Share Provisions, to purchase on any Redemption Date all but not less than all of the Exchangeable Shares then outstanding (other than Exchangeable Shares held by the Trust or its subsidiaries) in exchange for the Redemption Price per Exchangeable Share and, upon the exercise of the Redemption Call Right, the holders of all of the then outstanding Exchangeable Shares will be obliged to sell all such shares to the Trust or Trust Subsidiary, as applicable. If either the Trust or Trust Subsidiary exercises the Redemption Call Right, then Vermilion's right to redeem the Exchangeable Shares on the applicable Redemption Date will terminate. The Redemption Call Right may be exercised by either the Trust or Trust Subsidiary.

Voting Rights

Except as required by applicable law, the holders of the Exchangeable Shares are not entitled as such to receive notice of or attend any meeting of the shareholders of Vermilion or to vote at any such meeting. Holders of Exchangeable Shares will have the notice and voting rights respecting meetings of the Trust that are provided in the Voting and Exchange Trust Agreement. See "Voting and Exchange Trust Agreement - Voting Rights".

Amendment and Approval

The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares may be changed only with the approval of the holders thereof. Any such approval or any other approval or consent to be given by the holders of the Exchangeable Shares will be sufficiently given if given in accordance with applicable law and subject to a minimum requirement that such approval or consent be evidenced by a resolution passed by not less than two-thirds of the votes cast thereon (other than shares beneficially owned by the Trust, or any of its subsidiaries and other affiliates) at a meeting of the holders of the Exchangeable Shares duly called and held at which holders of at least 5% of the then outstanding Exchangeable Shares are present in person or represented by proxy. In the event that no such quorum is present at such meeting within one-half hour after the time appointed therefore, then the meeting will be adjourned to such place and time (not less than ten days later) as may be determined at the original meeting and the holders of Exchangeable Shares present in person or represented by proxy at the adjourned meeting will constitute a quorum thereat and may transact the business for which the meeting was originally called. At the adjourned meeting, a resolution passed by the affirmative vote of not less than two-thirds of the votes cast thereon (other than shares beneficially owned by the Trust or any of its subsidiaries and other affiliates) will constitute the approval or consent of the holders of the Exchangeable Shares.

Actions by the Trust under the Support Agreement and the Voting and Exchange Trust Agreement

Under the Exchangeable Share Provisions, Vermilion will agree to take all such actions and do all such things as are necessary or advisable to perform and comply with its obligations under, and to ensure the performance and compliance by the Trust with its obligations under, the Support Agreement and the Voting and Exchange Trust Agreement.

Voting and Exchange Trust Agreement

Voting Rights

In accordance with the Voting and Exchange Trust Agreement, the Trust will issue a Special Voting Right to Computershare Trust Company of Canada, the Voting and Exchange Trust Agreement Trustee, for the benefit of the holders (other than the Trust and Trust Subsidiary) of the Exchangeable Shares. The Special Voting Right will carry a number of votes, exercisable at any meeting at which Unitholders are entitled to vote, equal to the number of Trust Units (rounded down to the nearest whole number) into which the Exchangeable Shares are then exchangeable multiplied by the number of votes to which the holder of one Trust Unit is then entitled. With respect to any written consent sought from the Unitholders, each vote attached to the Special Voting Right will be exercisable in the same manner as set forth above.

Each holder of an Exchangeable Share on the record date for any meeting at which Unitholders are entitled to vote will be entitled to instruct the Voting and Exchange Trust Agreement Trustee to exercise that number of votes attached to the Special Voting Right which relate to the Exchangeable Shares held by such holder. The Voting and Exchange Trust Agreement Trustee will exercise each vote attached to the Special Voting Right only as directed by the relevant holder and, in the absence of instructions from a holder as to voting, will not exercise such votes.

The Voting and Exchange Trust Agreement Trustee will send to the holders of the Exchangeable Shares the notice of each meeting at which the Unitholders are entitled to vote together with the related meeting materials and a statement as to the manner in which the holder may instruct the Voting and Exchange Trust Agreement Trustee to exercise the votes attaching to the Special Voting Right, at the same time as the Trust sends such notice and materials to the Unitholders. The Voting and Exchange Trust Agreement Trustee will also send to the holders copies of all information statements, interim and annual financial statements, reports and other materials sent by the Trust to the Unitholders at the same time as such materials are sent to the Unitholders. To the extent such materials are provided to the Voting and Exchange Trust Agreement Trustee by the Trust, the Voting and Exchange Trust Agreement Trustee will also send to the holders all materials sent by third parties to Unitholders, including dissident proxy circulars and tender and exchange offer circulars, as soon as possible after such materials are first sent to Unitholders.

All rights of a holder of Exchangeable Shares to exercise votes attached to the Special Voting Right will cease upon the exchange of all such holder's Exchangeable Shares for Trust Units. With the exception of administrative changes for the purpose of adding covenants for the protection of the holders of the Exchangeable Shares, making necessary amendments or curing ambiguities or clerical errors (in each case provided that the board of directors of Trust Subsidiary and Vermilion are of the opinion that such amendments are not prejudicial to the interests of the holders of the Exchangeable Shares), the Voting and Exchange Trust Agreement may not be amended without the approval of the holders of the Exchangeable Shares.

Optional Exchange Right

Upon the occurrence and during the continuance of:

(a) an Insolvency Event; or

(b) circumstances in which the Trust or Trust Subsidiary may exercise a Call Right, but elect not to exercise such Call Right;

a holder of Exchangeable Shares will be entitled to instruct the Trustee to exercise the Optional Exchange Right with respect to any or all of the Exchangeable Shares held by such holder, thereby requiring the Trust or Trust Subsidiary to purchase such Exchangeable Shares from the holder. Immediately upon the occurrence of (i) an Insolvency Event, (ii) any event which will, with the passage of time or the giving of notice, become an Insolvency Event, or (iii) the election by the Trust and Trust Subsidiary not to exercise a Call Right which is then exercisable by the Trust and Trust Subsidiary, Vermilion, the Trust or Trust Subsidiary will give notice thereof to the Trustee. As soon as practicable thereafter, the Trustee will then notify each affected holder of Exchangeable Shares (who has not already provided instructions respecting the exercise of the Optional Exchange Right) of such event or potential event and will advise such holder of its rights with respect to the Optional Exchange Right.

The purchase price payable by the Trust or Trust Subsidiary for each Exchangeable Share to be purchased under the Optional Exchange Right will be satisfied by the issuance of that number of Trust Units equal to the Exchange Ratio as at the last business day prior to the day of closing of the purchase and sale of such Exchangeable Share under the Exchange Right (the "Exchange Price").

If, as a result of solvency provisions of applicable law, Vermilion is unable to redeem all of a holder's Exchangeable Shares which such holder is entitled to have redeemed in accordance with the Exchangeable Share Provisions, the holder will be deemed to have exercised the Optional Exchange Right with respect to the unredeemed Exchangeable Shares and the Trust or Trust Subsidiary will be required to purchase such shares from the holder in the manner set forth above.

Support Agreement

The Trust Support Obligation

Under the Support Agreement, the Trust will agree that:

(a) the Trust will take all actions and do all things necessary to ensure that Vermilion is able to pay to the holders of the Exchangeable Shares the Liquidation Amount in the event of a liquidation, dissolution or winding-up of Vermilion, the Retraction Price in the event of the giving of a Retraction Request by a holder of Exchangeable Shares, or the Redemption Price in the event of a redemption of Exchangeable Shares by Vermilion; and

(b) the Trust will not vote or otherwise take any action or omit to take any action causing the liquidation, dissolution or winding-up of Vermilion.

The Support Agreement will also provide that the Trust will not issue or distribute to the holders of all or substantially all of the outstanding Trust Units:

(a) additional Trust Units or securities convertible into Trust Units;

(b) rights, options or warrants for the purchase of Trust Units; or

(c) units or securities of the Trust other than Trust Units, evidences of indebtedness of the Trust or other assets of the Trust;

unless the same or an equivalent distribution is made to holders of Exchangeable Shares, an equivalent change is made to the Exchangeable Shares, or the approval of Vermilion and holders of Exchangeable Shares has been obtained.

In addition, the Trust may not subdivide, reduce, consolidate, reclassify or otherwise change the terms of the Trust Units unless an equivalent change is made to the Exchangeable Shares or the approval of the holders of Exchangeable Shares has been obtained.

In the event of any proposed takeover bid, or similar transaction affecting the Trust Units and supported by the Trust, the Trust will use reasonable efforts to take all actions necessary or desirable to enable holders of Exchangeable Shares to participate in such transaction to the same extent and on an economically equivalent basis as the Unitholders.

The Support Agreement also provides that, as long as any outstanding Exchangeable Shares are owned by any person or entity other than the Trust or any of its respective subsidiaries and other affiliates, the Trust will, unless approval to do otherwise is obtained from the holders of Exchangeable Shares, remain the direct or indirect beneficial owner collectively of more than 50% of all of the issued and outstanding voting securities of Vermilion, provided that the Trust will not be in violation of this obligation if a party acquires all or substantially all of the assets of the Trust. With the exception of administrative changes for the purpose of adding covenants for the protection of the holders of the Exchangeable Shares, making certain necessary amendments or curing ambiguities or clerical errors (in each case provided that the board of directors of Vermilion and the Trustee are of the opinion that such amendments are not prejudicial to the interests of the holders of the Exchangeable Shares), the Support Agreement may not be amended without the approval of the holders of the Exchangeable Shares.

Under the Support Agreement, the Trust will agree to not exercise any voting rights attached to the Exchangeable Shares owned by it or any of its subsidiaries and other affiliates on any matter considered at meetings of holders of Exchangeable Shares (including any approval sought from such holders in respect of matters arising under the Support Agreement).

Delivery of Trust Units

The Trust will agree to make such filings and seek such regulatory consents and approvals as are necessary so that the Trust Units issuable upon the exchange of Exchangeable Shares will be issued in compliance with applicable securities laws in Canada and may be traded freely on the TSX or such other exchange on which the Trust Units may be listed, quoted or posted for trading from time to time.

Notes

The following summary of the material attributes and characteristics of the Notes does not purport to be complete and is qualified in its entirety by reference to the provisions of a note indenture (the "Note Indenture") dated January 16, 2003 and made between Vermilion Acquisition Ltd. (prior to its amalgamation with Vermilion under the Arrangement) and Computershare Trust Company of Canada, as trustee (the "Note Trustee"), which contains a complete statement of such attributes and characteristics. The Notes have been issued under the Note Indenture.

Terms and Issue of Notes

Pursuant to the Arrangement, Notes were issued to the Trust and to former holders of common shares and options of Vermilion. Notes issued to such former holders were transferred by such holders to the Trust in return for Trust Units. As a result, the Trust holds all of the issued and outstanding Notes.

The Notes are unsecured and bear interest from the date of issue at 13% per annum. Interest will be payable for each month during the term on the 15th day of the month following such month. The first interest payment was due on March 15, 2003 for the period commencing on the Effective Date and ending on February 28, 2003.

Although pursuant to the terms of the Note Indenture Vermilion is permitted to make payments against the principal amount of the Notes outstanding from time to time without notice or bonus, Vermilion is not required to make any payment in respect of principal until December 31, 2028, subject to the terms of any secured financing and subject to extension in the limited circumstances provided in the Note Indenture.

In contemplation of the possibility that Notes may be distributed to Unitholders upon the redemption of their Trust Units, the Note Indenture provides that if persons other than the Trust (the "Non-Fund Holders") own Notes having an aggregate principal amount in excess of $1,000,000, either the Trust or the Non-Fund Holders shall be entitled, among other things, to require the Note Trustee to exercise the powers and remedies available under the Note Indenture upon an event of default and, with the Trust, the Non-Fund Holders may provide consents, waivers or directions relating generally to the variance of the Note Indenture and the rights of noteholders. The Note Indenture will allow the Trust flexibility to delay payments of interest or principal otherwise due to it while payment is made to other noteholders, and to allow other noteholders to be paid out before the Trust. Any delayed payments will be due 5 days after demand.

Principal and interest on the Notes will be payable in lawful money of Canada directly to the holders of Notes at their address set forth in the register of holders of Notes.

Ranking

The Notes will be unsecured debt obligations of Vermilion and will rank *pari passu* with all other unsecured indebtedness of Vermilion, but subordinate to all secured debt.

Events of Default

The Note Indenture will provide that any of the following shall constitute an Event of Default: (a) default in payment of the principal of the Notes when required; (b) the failure to pay all of the interest obligations on the Notes for a period of three months; (c) if Vermilion has defaulted and a demand for payment has been made under any material instrument, indenture or document evidencing indebtedness of more than $5 million and Vermilion has failed to remedy such default within applicable curative periods; (d) certain events of winding-up, liquidation, bankruptcy, insolvency, receivership or seizure; (e) default in the observance or performance of any other covenant or condition of the Note Indenture and continuance of such default for a period of 30 days after notice in writing has been given by the Note Trustee to Vermilion specifying such default and requiring Vermilion to rectify the same; (f) Vermilion ceasing to carry on its business; and (g) material default by Vermilion under material agreements if property is liable to forfeiture or termination.

Royalty Agreement

Coincident with the Arrangement becoming effective, the Partnership and the Trust entered into the Royalty Agreement pursuant to which the Partnership granted the Royalty to the Trust. As owner of the Royalty, the Trust is entitled to cash distributions of approximately 99% of the cash flow from all present and future oil and gas properties and related tangibles owned by the Partnership after certain costs, expenditures and deductions which include 99% of; (i) all amounts of interest and principal payable by Vermilion on account of or in respect of its credit facilities; (ii) specified amounts of interest and principal payable by Vermilion on account of or in respect of its indebtedness to the Trust; (iii) the Partnership's share of operating costs and capital expenditures; (iv) amounts required to be paid to certain reserves; (v) general and administrative expenses; and (vi) acquisition costs of future oil and gas properties and related tangibles. Such cash distributions are to be paid on or about the 15th day of the second month following the month to which the distribution relates.

From time to time upon notice from the Partnership, the Trust has an obligation (the "Deferred Purchase Price Obligation") to pay the Partnership, as additional consideration for the Royalty, such portion of the acquisition cost of future oil and gas properties and capital expenditures including amounts borrowed by Vermilion to fund such costs and expenditures as may be designated by the Partnership. The Trust's obligation to pay amounts as a Deferred Purchase Price Obligation is subject to it having available funds from certain designated sources.

The Partnership is entitled to make farmouts or other similar dispositions of specific interests in any part of the properties subject to the Royalty, and upon the farmee or other participant earning its interest pursuant to the farmout or other disposition, the Royalty shall burden only the working interest retained by or reserved to the Partnership. Any net proceeds from the sale of properties subject to the Royalty shall be allocated to the Trust as to 99% of the net proceeds after being reduced by the credit facilities applicable to the properties. The remaining 1% and all amounts allocated to tangibles and miscellaneous interests shall be allocated to the Partnership.

Under the Royalty Agreement, the Trust is obligated to reimburse the Partnership in respect of 99% of certain non-deductible crown royalties paid by the Partnership; and the Partnership shall be entitled to set off such amounts reimbursable to it against payments to the Trust on account of the Royalty.

The Royalty does not constitute an interest in land. Except upon the insolvency of the Partnership, the Trust is not entitled to take its share of production in kind or to separately sell or market its share of petroleum substances.

MARKET FOR PRICE RANGE AND TRADING VOLUME OF SECURITIES

The outstanding Trust Units of the Trust are listed and posted for trading on the TSX under the symbol VET.UN. The following table sets forth the closing price range and trading volume of the Trust Units for the periods indicated:

2008	High	Low	Close	Volume (000's)
January	$ 36.10	$ 31.00	$ 34.10	3,804
February	$ 39.40	$ 33.75	$ 39.04	3,612
March	$ 39.03	$ 34.77	$ 36.40	3,817
April	$ 40.33	$ 35.70	$ 39.67	3,875
May	$ 43.25	$ 38.34	$ 39.91	3,914
June	$ 45.50	$ 39.80	$ 44.25	3,940
July	$ 45.15	$ 35.12	$ 39.58	3,568
August	$ 43.40	$ 35.36	$ 43.00	4,656
September	$ 42.21	$ 32.50	$ 34.06	4,599
October	$ 35.20	$ 21.26	$ 29.90	5,434
November	$ 31.40	$ 22.30	$ 26.62	4,167
December	$ 27.02	$ 20.42	$ 25.19	5,349

2009	High	Low	Close	Volume (000's)
January	$ 28.95	$ 24.17	$ 25.92	3,448
February	$ 26.46	$ 20.02	$ 24.48	3,566

CONFLICTS OF INTEREST

The directors and officers of Vermilion are engaged in and will continue to engage in other activities in the oil and natural gas industry and, as a result of these and other activities, the directors and officers of Vermilion may become subject to conflicts of interest. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

As at the date hereof, neither the Trust nor Vermilion is aware of any existing or potential material conflicts of interest between the Trust and Vermilion and a director or officer of Vermilion.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Neither the Trustee, Vermilion nor any director or officer of Vermilion, nor any other insider of the Trust, or Vermilion, nor any associate or affiliate of any one of them has or has had, at any time within the three most recently completed financial years ending December 31, 2008, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Trust or Vermilion.

LEGAL PROCEEDINGS

The Trust is not party to any significant legal proceedings as of March 17, 2009.

MATERIAL CONTRACTS

The Trust has not entered into any material contracts outside its normal course of business.

INTERESTS OF EXPERTS

As at the date hereof, principals of GLJ, the independent engineers for the Trust, personally disclosed in certificates of qualification that they neither had nor expected to receive any of the outstanding Trust Units. Deloitte & Touche LLP is the auditor of the Trust and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants, Alberta.

TRANSFER AGENT AND REGISTRAR

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

RISK FACTORS

The following is a summary of certain risk factors relating to the business of Vermilion and the Trust. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this annual information form. Unitholders and potential Unitholders should consider carefully the information contained herein and, in particular, the following risk factors.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of proved and provable reserves and future net revenues to be derived therefrom, including many factors beyond the Trust's control. The reserve and future net revenue information set forth in this annual information form represents estimates only. The reserves and estimated future net cash flow from the Trust's properties have been independently evaluation by GLJ with an effective date of December 31, 2008. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of crude oil and natural gas, operating costs, well abandonment and salvage values, royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on prices in use at the date the GLJ Report was prepared, and many of these assumptions are subject to change and are beyond the Trust's control. Actual production and cash flow derived therefrom will vary from these evaluations, and such variations could be material.

Estimates with respect to reserves that may be developed and produced in the future are often based upon volumetric calculations, probabilistic methods and upon analogy to similar types of reserves, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be material, in the estimated reserves.

Reserve estimates may require revision based on actual production experience. Such figures have been determined based upon assumed commodity prices and operating costs.

The present value of estimated future net revenue referred to in this annual information form should not be construed as the fair market value of estimated crude oil and natural gas reserves attributable to the Trust's properties. The estimated discounted future revenue from reserves are based upon price and cost estimates which may vary from actual prices and costs and such variance could be material. Actual future net revenue will also be affected by factors such as the amount and timing of actual production, supply and demand for crude oil and natural gas, curtailments or increases in consumption by purchasers and changes in governmental regulations and taxation.

Volatility of Oil and Natural Gas Prices

The Trust's operational results and financial condition will be dependent on the prices received by Vermilion for oil and natural gas production. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions as well as conditions in other oil and natural gas regions. Any decline in oil and natural gas prices could have an adverse effect on Vermilion's ability to satisfy its obligations under the Notes and on amounts, if any, payable by the Partnership to the Trust under the Royalty Agreement thereby decreasing the amount of Distributable Cash to be distributed to Unitholders.

Changes in Legislation

There can be no assurance that income tax laws and government incentive programs relating to the oil and gas industry in Canada and the foreign jurisdictions in which the Trust operates, will not be changed in a manner which adversely affects Unitholders. This includes, but is not limited to the status of mutual fund trusts and the resource allowance.

The Government of Alberta receives royalties on production of natural resources from lands in which it owns the mineral rights. A change in the royalty regime resulting in an increase in royalties would reduce Vermilion's earnings and could make future capital expenditures or Vermilion's operations uneconomic and could, in the event of a material increase in royalties, make it more difficult to service and repay outstanding debt. Any material increase in royalties would also significantly reduce the value of the Trust's associated assets.

Competition

Vermilion actively competes for reserve acquisitions, exploration leases, licences and concessions and skilled industry personnel with a substantial number of other oil and gas companies, some of which have significantly greater financial resources than Vermilion. Vermilion's competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

The oil and gas industry is highly competitive. Vermilion's competitors for the acquisition, exploration, production and development of oil and natural gas properties, and for capital to finance such activities, include companies that have greater financial and personnel resources available to them than Vermilion.

Vermilion's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Operational Matters

The operation of oil and gas wells and facilities involves a number of operating and natural hazards which may result in blowouts, environmental damage and other unexpected or dangerous conditions resulting in damage to Vermilion and possible liability to third parties. Vermilion will maintain liability insurance, where available, in amounts consistent with industry standards. Business interruption insurance may also be purchased for selected operations, to the extent that such insurance is available. Vermilion may become liable for damages arising from such events against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. Costs incurred to repair such damage or pay such liabilities may impair Vermilion's ability to satisfy its obligations under the Notes or reduce the amount receivable by the Trust from the Partnership under the Royalty Agreement.

Continuing production from a property, and to some extent the marketing of production, are largely dependent upon the ability of the operator of the property. To the extent the operator fails to perform these functions properly, revenue may be reduced. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues if the operator becomes insolvent. Although satisfactory title reviews are generally conducted in accordance with industry standards, such reviews do not guarantee or certify that a defect in the chain of title may not arise to defeat the claim of Vermilion or its subsidiaries to certain properties. Such circumstances could impair Vermilion's ability to satisfy its obligations under the Notes or reduce the amount receivable by the Trust from the Partnership under the Royalty Agreement.

Environmental Concerns

The oil and natural gas industry is subject to environmental regulation pursuant to local, provincial and federal legislation. A breach of such legislation may result in the imposition of fines or issuance of clean up orders in respect of Vermilion or its assets. Such legislation may be changed to impose higher standards and potentially more costly obligations on Vermilion. Although the Trust has established a reclamation fund for the purpose of funding its currently estimated future environmental and reclamation obligations based on its current knowledge, there can be no assurance that the Trust will be able to satisfy its actual future environmental and reclamation obligations.

Kyoto Protocol

Canada, France, the Netherlands and Australia are signatories to the United Nations Framework Convention on Climate Change and all have ratified the Kyoto Protocol established thereunder. Canada, France, the Netherlands and Australia, as Annex B parties to the Kyoto Protocol, and France and Netherlands as a party to the European Union Regional Integration Organization, are required to set legally binding targets to reduce nation-wide emissions of carbon dioxide, methane, nitrous oxide and other so-called "greenhouse gases".

Vermilion's exploration and production facilities and other operations and activities in Canada, France, the Netherlands and Australia will emit a small amount of greenhouse gasses which may subject Vermilion to legislation regulating emissions of greenhouse gases and which may include a requirement to reduce emissions or emissions intensity from Vermilion's operations and facilities. The direct or indirect costs of complying with emissions regulations may adversely affect the business of Vermilion in Canada, France, the Netherlands and Australia.

Debt Service

Vermilion may, from time to time, finance a significant portion of its operations through debt (other than the Notes). Amounts paid in respect of interest and principal on debt incurred by Vermilion may impair Vermilion's ability to satisfy its obligations under the Notes or reduce the amount received by the Trust under the Royalty Agreement. Variations in interest rates and scheduled principal repayments could result in significant changes in the amount required to be applied to debt service before payment by Vermilion of its obligations under the Notes or the Royalty Agreement. Ultimately, this may result in lower levels of Distributable Cash for the Trust.

Lenders will be provided with security over substantially all of the assets of Vermilion its Subsidiaries and the Trust. If Vermilion becomes unable to pay its debt service charges or otherwise commits an event of default such as bankruptcy, a lender may foreclose on or sell the assets of Vermilion its Subsidiaries and the Trust.

Delay in Cash Distributions

In addition to the usual delays in payment by purchasers of oil and natural gas to the operators of the properties, and by the operator to Vermilion, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator of expenses incurred in the operation of the properties or the establishment by the operator of reserves for such expenses.

Taxation

Vermilion is subject to taxation in each taxation year on its income for the year, after deducting interest paid to the Trust pursuant to the Note Indenture and after deducting payments, if any, made to the Trust with respect to the Royalty Agreement. During the period that Exchangeable Shares issued by Vermilion are outstanding, a portion of the cash flow from operations will be subject to tax to the extent that there are not sufficient resource pool deductions, capital cost allowance or utilization of prior years non-capital losses to reduce taxable income to zero. Vermilion intends to deduct, in computing its income for tax purposes, the full amount available for deduction in each year associated with the income tax resource pools, undepreciated capital cost ("UCC") and non-capital losses carried forward from Vermilion, if any, plus resource pools and UCC created by capital expenditures of Vermilion. If there are not sufficient resource pools, UCC and non-capital losses carried forward or other deductions to shelter the income of Vermilion, then cash taxes may be payable by Vermilion. In addition, there can be no assurance that taxation authorities will not seek to challenge the amount of interest expense. If such a challenge were to succeed against Vermilion, it could materially adversely affect the amount of Distributable Cash available.

Further, interest on the Notes accrues at the Trust level for income tax purposes whether or not actually paid. The Trust Indenture provides that an amount equal to the taxable income of the Trust will be distributed each year to Unitholders in order to reduce the Trust's taxable income to zero. Where interest payments on the Notes are due but not paid in whole or in part, the Trust Indenture provides that any additional amount necessary to be distributed to Unitholders may be distributed in the form of Units rather than in cash. Unitholders will be required to include such additional amount in income even though they do not receive a cash distribution.

Changes in Income Tax Laws

Income tax laws and administrative policies regarding mutual fund trusts may be changed in a manner which adversely affects the Trust and/or the Unitholders.

Depletion of Reserves

The Trust has certain unique attributes which differentiate it from other oil and gas industry participants. Distributions of Distributable Cash in respect of properties, absent commodity price increases or cost effective acquisition and development activities, will decline over time in a manner consistent with declining production from typical oil, natural gas and natural gas liquids reserves. Vermilion will not be reinvesting cash flow in the same manner as other industry participants. Accordingly, absent capital injections or acquisitions of additional oil and gas properties, Vermilion's initial production levels and reserves will decline.

Vermilion's future oil and natural gas reserves and production, and therefore its cash flows, will be highly dependent on Vermilion's success in exploiting its reserve base and acquiring additional reserves. Without reserve additions through acquisition or development activities, Vermilion's reserves and production will decline over time as reserves are exploited.

Net Asset Value

The net asset value of the assets of the Trust from time to time will vary dependent upon a number of factors beyond the control of management, including oil and gas prices. The trading prices of the Trust Units from time to time is also determined by a number of factors which are beyond the control of management and such trading prices may be greater than the net asset value of the Trust's assets.

Return of Capital

Trust Units will have no value when reserves from the underlying assets of the Trust can no longer be economically produced and, as a result, cash distributions do not represent a "yield" in the traditional sense as they represent both return of capital and return on investment.

Nature of Trust Units

The Trust Units do not represent a traditional investment in the oil and natural gas sector and should not be viewed by investors as shares in Vermilion. The Trust Units represent a fractional interest in the Trust. As holders of Trust Units, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The Trust's sole assets will be its shares in Vermilion, the Notes, the Royalty Agreement and other investments in securities. The price per Trust Unit is a function of anticipated Distributable Cash, the underlying assets of the Trust and management's ability to effect long-term growth in the value of the Trust. The market price of the Trust Units will be sensitive to a variety of market conditions including, but not limited to, interest rates and the ability of the Trust to acquire suitable oil and natural gas properties. Changes in market conditions may adversely affect the trading price of the Trust Units.

The Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Unitholders Limited Liability

The Trust Indenture provides that no Unitholders will be subject to any liability in connection with the Trust or its obligations and affairs and, in the event that a court determines Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of the Trust's assets. Pursuant to the Trust Indenture, the Trust will indemnify and hold harmless each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having such limited liability.

The Trust Indenture provides that all written instruments signed by or on behalf of the Trust must contain a provision to the effect that such obligation will not be binding upon Unitholders personally. Personal liability may also arise in respect of claims against the Trust that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. The possibility of any personal liability of this nature arising is considered unlikely.

In addition, the *Income Trust Liability Act* (Alberta) provides that the beneficiary of a trust that is (a) created by a trust instrument governed by the laws of Alberta, and (b) a reporting issuer as defined in the *Securities Act* (Alberta), is not liable as a beneficiary for any act, default, obligation or liability of the trustee.

The operations of the Trust will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability on the Unitholders for claims against the Trust.

Statutory Remedies

The Trust is not a legally recognized entity within the relevant definitions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and in some cases, the *Winding Up and Restructuring Act* (Canada). As a result, in the event a restructuring of the Trust was necessary, the Trust would not be able to access the remedies available thereunder. In the event of a restructuring, a holder of Trust Units may be in a different position that a holder of unsecured indebtedness of a corporation.

Variations in Interest Rates and Foreign Exchange Rates

An increase in interest rates could result in a significant increase in the amount the Trust pays to service debt, potentially impacting Distributions to Unitholders.

In addition, an increase in the exchange rate for the Canadian dollar versus the U.S. dollar would result in the receipt by the Trust of fewer Canadian dollars for its production which may affect future distributions. The Trust monitors and, when appropriate, uses derivative financial instruments to manage its exposure to these risks. The increase in the exchange rate for the Canadian dollar and future Canadian/United States exchange rates may impact future distributions and the future value of the Trust's reserves as determined by independent evaluators.

Mutual Fund Trust Status

It is intended that the Trust continue to qualify as a mutual fund trust for the purposes of the Income Tax Act (Canada) (the "Tax Act"). The Trust may not, however, always be able to satisfy any future requirement for the maintenance of mutual fund trust status. Should the status of the Trust as a mutual fund trust be lost or successfully challenged by a relevant tax authority, certain adverse consequences may arise for the Trust and Unitholders.

The Trust may take certain measures in the future to the extent the Trust believes such measures are necessary to ensure the Trust maintains its status as a mutual fund trust. These measures could be adverse to certain holders of Trust Units.

Increase in Operating Costs or Decline in Production Level

An increase in operating costs or a decline in Vermilion's production level could have an adverse effect on Vermilion's cash flow and, therefore, could reduce distributions to Unitholders and affect the market price of the Trust Units. The level of production may decline at rates greater than anticipated due to unforeseen circumstances, many of which are beyond Vermilion's control. A significant decline in production could result in materially lower revenues and cash flow and, therefore, could reduce distributions to Unitholders and affect the market price of the Trust Units.

Acquisition Assumptions

When making acquisitions, Vermilion estimates future performance of the assets to be acquired that may prove to be inaccurate.
Acquired assets are subject to inherent risks associated with predicting the future performance of those assets. Vermilion makes certain estimates and assumptions respecting the economic potential of the assets it acquires which may not be realized over time. As such, assets acquired may not possess the value Vermilion attributed to them, which could adversely impact Distributable Cash.

Additional Financing

Vermilion's credit facility and any replacement credit facility may not provide sufficient liquidity. The amounts available under Vermilion's credit facility may not be sufficient for future operations, or Vermilion may not be able to obtain additional financing on attractive economic terms, if at all. Any failure to obtain financing may have a material adverse effect on Vermilion's business, and distributions to Unitholders may be reduced, suspended or eliminated.

To the extent that external sources of capital, including the issuance of additional Trust Units, become limited or unavailable, Vermilion's ability to make the necessary capital investments to maintain or expand its oil and natural gas reserves will be impaired. To the extent the Trust is required to use cash flow to finance capital expenditures or property acquisitions, the level of cash available for distribution will be reduced.

Potential Conflicts of Interest

Circumstances may arise where members of the Board of Directors or officers of Vermilion are directors or officers of corporations which are in competition to the interests of Vermilion. No assurances can be given that opportunities identified by such persons will be provided to Vermilion.

GAAP Adjustments

GAAP requires that management apply certain accounting policies and make certain estimates and assumptions which affect reported amounts in Vermilion's consolidated financial statements. The accounting policies may result in non-cash charges to net income and write-downs of net assets in the financial statements. Such non-cash charges and write-downs may be viewed unfavourably by the market and may result in an inability to borrow funds and/or may result in a decline in the Trust Unit price.

Lower oil and gas prices increase the risk of write-downs of Vermilion's oil and gas property investments. Under GAAP, the net capitalized cost of oil and gas properties may not exceed a "ceiling limit" that is based, in part, upon estimated future net cash flows from reserves. If the net capitalized costs exceed this limit, Vermilion must charge the amount of the excess against earnings. If oil and natural gas prices decline, Vermilion's net capitalized cost may exceed this ceiling, ultimately resulting in a charge against its earnings. While these write-downs would not affect cash flow, the charge to earnings could be viewed unfavourably in the market.

Market Accessibility

A decline in Vermilion's ability to market oil and natural gas production could have a material adverse effect on its production levels or on the price that Vermilion receives for production which, in turn, could reduce distributions to its Unitholders and the trading price of the Trust Units.

Vermilion's business depends in part upon the availability, proximity and capacity of natural gas gathering systems, pipelines and processing facilities. Canadian federal and provincial, as well as United States federal and state, regulation of oil and gas production, processing and transportation, tax and energy policies, general economic conditions, and changes in supply and demand could adversely affect Vermilion's ability to produce and market oil and natural gas. If market factors change and inhibit the marketing of Vermilion production, overall production or realized prices may decline, which could reduce distributions to Unitholders.

ADDITIONAL INFORMATION

Additional information relating to the Trust may be found on SEDAR at www.sedar.com. Additional information related to the remuneration and indebtedness of the directors and officers of VRL, and the principal holders of Trust Units and Rights to purchase Trust Units and securities authorized for issuance under the Trust's equity compensation plans, where applicable, are contained in the information circular of the Trust in respect of its most recent annual meeting of Unitholders. Additional financial information is provided in the Trust's audited financial statements and management's discussion and analysis for the year ended December 31, 2008.

SCHEDULE "A"

REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR (FORM 51-101F2)

To the Board of Directors of Vermilion Energy Trust (the "Company"):

1. We have prepared an evaluation of the Company's reserves data as at December 31, 2008. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2008, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

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

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended December 31, 2008, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's board of directors:

			Net Present Value of Future Net Revenue (before income taxes, 10% discount rate - $M)							
Independent Qualified Reserves Evaluator	**Description and Preparation Date of Evaluation Report**	**Location of Reserves (Country or Foreign Geographic Area)**	**Audited**		**Evaluated**		**Reviewed**		**Total**	
GLJ Petroleum Consultants	February 6, 2009	Australia	-	$	762,950		-	$	762,950	
GLJ Petroleum Consultants	February 6, 2009	Canada	-	$	759,746		-	$	759,746	
GLJ Petroleum Consultants	February 6, 2009	France	-	$	1,132,486		-	$	1,132,486	
GLJ Petroleum Consultants	February 6, 2009	Netherlands	-	$	243,804		-	$	243,804	
TOTAL				**$**	**2,898,985**			**$**	**2,898,985**	

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook.

6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.

7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

EXECUTED as to our reports referred to above:

GLJ Petroleum Consultants Ltd., Calgary, Alberta, Canada, February 6, 2009

"*Jodi L. Anhorn*"
Jodi L. Anhorn, M.Sc., P.Eng. Vice President

SCHEDULE "B"

REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE (FORM 51-101F3)

Terms to which a meaning is ascribed in National Instrument 51-101 have the same meaning herein.

Management of Vermilion Energy Trust (the "Company") are responsible for the preparation and disclosure, or arranging for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2008, estimated using forecast prices and costs.

Independent qualified reserves evaluators have evaluated the Company's reserves data. The report of the independent qualified reserves evaluators is presented in Schedule A to the Annual Information Form of the Company for the year ended December 31, 2008.

The Independent Reserves Committee of the Board of Directors of the Company has:

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluators;

(b) met with the independent qualified reserves evaluators to determine whether any restrictions affected the ability of the independent qualified reserves evaluators to report without reservation; and

(c) reviewed the reserves data with Management and the independent qualified reserves evaluators.

The Independent Reserves Committee of the Board of Directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with Management. The Board of Directors has, on the recommendation of the Audit and Independent Reserves Committees, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluators on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

"Lorenzo Donadeo"
Lorenzo Donadeo, President and Chief Executive Officer

"Curtis Hicks"
Curtis W. Hicks, Executive Vice President and Chief Financial Officer

"Larry J. Macdonald"
Larry J. Macdonald, Director and Chairman of the Board

SCHEDULE "C"
TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

I. PURPOSE

The primary function of the Audit Committee (the "Committee") is to assist the Board in fulfilling its oversight responsibilities by reviewing:

A. The financial information that will be provided to the unitholders and others;

B. The systems of internal controls, management and the Board of Directors have established;

C. All audit processes; and

D. Primary responsibility for the financial reporting, information systems, risk management and internal controls of Vermilion Energy Trust ("Vermilion" or the "Trust") is vested in management and is overseen by the Board.

II. COMPOSITION AND OPERATIONS

A. The Committee shall be composed of not fewer than three directors and not more than five directors, all of whom are independent[1] directors of Vermilion.

B. All Committee members shall be "financially literate"[2] and at least one member shall have "accounting or related financial expertise". The Committee may include a member who is not financially literate, provided he or she attains this status within a reasonable period of time following his or her appointment and providing the Board has determined that including such member will not materially adversely affect the ability of the Committee to act independently.

C. The Committee shall operate in a manner that is consistent with the Committee Guidelines outlined in Tab 8 of the Board Manual.

D. Vermilion's auditors shall be advised of the names of the Committee members and will receive notice of and be invited to attend meetings of the Committee, and to be heard at those meetings on matters relating to the Auditor's duties.

E. The Committee has the authority to communicate with the external auditors as it deems appropriate to consider any matter that the Committee or auditors determine should be brought to the attention of the Board or unitholders.

F. The Committee shall meet at least four times each year.

III. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will perform the following duties:

A. Financial Statements and Other Financial Information

The Committee will review and recommend for approval to the Board financial information that will be made publicly available. This includes:

i) Review and recommend approval of Vermilion's annual financial statements, MD&A and press release and report to the Board of Directors before the statements are approved by the Board of Directors;

ii) Review and recommend approve for release Vermilion's quarterly financial statements, MD&A and press release;

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[1] Independence requirements, including those specifically for Audit Committee members, are described in the Appendix to Tab 6, Board Operating Guidelines.

[1] The Board has adopted the OSC definition of "financial literacy", which is an individual who has the ability to read and understand a set of financialstatements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues thatcan reasonably be expected to be raised by the issuer's financial statements.

iii) Satisfy itself that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from Vermilion's financial statements, other than the public disclosure referred to in items (i) and (ii) above, and periodically assess the adequacy of those procedures; and

iv) Review the Annual Information Form and any Prospectus/Private Placement Memorandums.

Review and discuss:

v) The appropriateness of accounting policies and financial reporting practices used by Vermilion;

vi) Any significant proposed changes in financial reporting and accounting policies and practices to be adopted by Vermilion; and

vii)Any new or pending developments in accounting and reporting standards that may affect Vermilion.

B. Risk Management, Internal Control and Information Systems

The Audit Committee will review and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:

i) Review the Trust's risk management controls and policies;

ii) Obtain reasonable assurance that the information systems are reliable and the systems of internal controls are properly designed and effectively implemented through discussions with and reports from management, the internal auditor and external auditor; and

iii) Review management steps to implement and maintain appropriate internal control procedures including a review of policies.

C. External Audit

The External Auditor is required to report directly to the Committee, which will review the planning and results of external audit activities and the ongoing relationship with the external auditor. This includes:

i) Review and recommend to the Board, for Unitholder approval, engagement and compensation of the external auditor;

ii) Review the annual external audit plan, including but not limited to the following:

a) engagement letter;
b) objectives and scope of the external audit work;
c) procedures for quarterly review of financial statements;
d) materiality limit;
e) areas of audit risk;
f) staffing;
g) timetable; and
h) proposed fees.

iii) Meet with the external auditor to discuss the Trust's quarterly and annual financial statements and the auditor's report including the appropriateness of accounting policies and underlying estimates;

iv) Maintain oversight the External Auditor's work and advise the Board, including but not limited to:

a) The resolution of any disagreements between management and the External Auditor regarding financial reporting;
b) Any significant accounting or financial reporting issue;
c) The auditors' evaluation of Vermilion's system of internal controls, procedures and documentation;
d) The post audit or management letter containing any findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weaknesses;
e) Any other matters the external auditor brings to the Committee's attention; and
f) Assess the performance and consider the annual appointment of external auditors for recommendation to the Board.

v) Review the auditor's report on all material subsidiaries;

vi) Review and receive assurances on the independence of the external auditor;

vii)Review and pre-approve any non-audit services to be provided by the external auditor's firm or its affiliates (including estimated fees), and consider the impact on the independence of the external audit; and

viii)Meet periodically, and at least annually, with the external auditor without management present.

D. Compliance

The Committee shall:

i) Ensure that the External Auditor's fees are disclosed by category in the Annual Information Form in compliance with regulatory requirements;

ii) Disclose any specific policies or procedures has adopted for pre-approving non-audit services by the External Auditor including affirmation that they meet regulatory requirements;

iii) Assist the Governance and Human Resources Committee with preparing the Trust's governance disclosure by ensuring it has current and accurate information on:

a) The independence of each Committee member relative to regulatory requirements for audit committees;
b) The state of financial literacy of each Committee member, including the name of any member(s) currently in the process of acquiring financial literacy and when they are expected to attain this status; and
c) The education and experience of each Committee member relevant to his or her responsibilities as Committee member.

iv) Disclose if the Trust has relied upon any exemptions to the requirements for Audit Committees under regulatory requirements.

E. Other

The Committee shall:

i) Establish and periodically review implementation of procedures for:

a) The receipt, retention and treatment of complaints received by the Trust regarding accounting, internal accounting controls, or auditing matters; and
b) The confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

ii) Review and approve the Trust's hiring policies regarding partners, employees and former partners and employees of the present and former External Auditor;

iii) Review insurance coverage of significant business risks and uncertainties;

iv) Review the Trust's Reclamation Fund (the "Fund")

a) Approve fund managers and monitor performance; and
b) Review the forecast of costs and funding requirements and approve of contributions to the Fund.

v) Review material litigation and its impact on financial reporting;

vi) Review policies and procedures for the review and approval of officers' expenses and perquisites; and

vii) Review the terms of reference for the Committee annually and make recommendations to the Board as required.

IV. ACCOUNTABILITY

A. The Committee Chair has the responsibility to make periodic reports to the Board, as requested, on financial matters relative to the Trust.

B. The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.



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EXHIBIT 99.2

2008 MANAGEMENT'S DISCUSSION AND ANALYSIS

DISCLAIMER

This document contains forward-looking financial and operational information including earnings, cash flow, unitholder distributions, debt levels, production, reserves and capital expenditure projections. These projections are based on the Trust's expectations and are subject to a number of risks and uncertainties that could materially affect the results. These risks include, but are not limited to, general economic risks and uncertainties, future commodity prices, exchange rates, interest rates, geological risk, reserves risk, political risk, production demand, transportation restrictions, risks associated with changes in tax, royalty and regulatory regimes and risks associated with international activities. Additional risks and uncertainties are described in the Trust's Annual Information Form which is filed on SEDAR at www.sedar.com.

Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in the Trust's securities should not place undue reliance on these forward-looking statements. Forward looking statements contained in this document are made as of the date hereof and are subject to change. The Trust assumes no obligation to revise or update forward looking statements to reflect new circumstances, except as required by law. Certain natural gas volumes have been converted on the basis of six thousand cubic feet of gas to one barrel equivalent of oil. Barrels of oil equivalent (boe's) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis (MD&A) dated March 16, 2009 of Vermilion's operating and financial results for the years ended December 31, 2008 and 2007. This discussion should be read in conjunction with the Trust's audited consolidated financial statements for the years ended December 31, 2008 and 2007, together with accompanying notes.

A discussion of Vermilion's operating and financial results for the fourth quarter of 2008 is contained in Vermilion's press release dated March 2, 2009 filed on The System for Electronic Document Analysis and Retrieval (SEDAR - www.sedar.com).

NON-GAAP MEASURES

This report includes non-GAAP ("Generally Accepted Accounting Principles") measures as further described herein. These measures do not have standardized meanings prescribed by GAAP and therefore may not be comparable with the calculations of similar measures for other entities.

"Fund flows from operations" represents cash flows from operating activities before changes in non-cash operating working capital and asset retirement costs incurred. Management considers fund flows from operations and per unit calculations of fund flows from operations (see discussion relating to per unit calculations below) to be key measures as they demonstrate the Trust's ability to generate the cash necessary to pay distributions, repay debt, fund asset retirement costs and make capital investments. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, fund flows from operations provides a useful measure of the Trust's ability to generate cash that is not subject to short-term movements in operating working capital. As fund flows from operations also excludes asset retirement costs incurred, it assists management in assessing the ability of the Trust to fund current and future asset retirement costs. The most directly comparable GAAP measure is cash flows from operating activities. Fund flows from operations is reconciled to cash flows from operating activities below:

	Years Ended December 31	
($000's)	**2008**	**2007**
Cash flows from operating activities	**$ 660,135**	$ 349,890
Changes in non-cash operating working capital	**(96,369)**	31,965
Asset retirement costs incurred	**10,200**	4,056
Fund flows from operations	**$ 573,966**	$ 385,911

"Acquisitions, including acquired working capital deficiency" is the sum of "Acquisition of petroleum and natural gas properties" and "Corporate acquisition, net of cash acquired" as presented in the Trust's consolidated statements of cash flows plus any working capital deficiencies acquired as a result of those acquisitions. Management considers acquired working capital deficiencies to be an important element of a property or corporate acquisition. Acquisitions, including acquired working capital deficiency, is reconciled below:

	Years Ended December 31	
($000's)	**2008**	**2007**
Acquisition of petroleum and natural gas properties from consolidated statements of cash flows	**$ 46,466**	$ 121,294
Corporate acquisition, net of cash acquired from consolidated statements of cash flows	**1,764**	-
Working capital deficiencies acquired from investments and acquisitions (see financial statement notes for relevant period)	**-**	8,311
Acquisitions, including acquired working capital deficiency	**$ 48,230**	$ 129,605

"Net debt" is the sum of long-term debt and working capital and is used by management to analyze the financial position and leverage of the Trust. Net debt is reconciled below to long-term debt which is the most directly comparable GAAP measure:

	As At December 31	
($000's)	**2008**	**2007**
Long-term debt	**$ 197,651**	$ 452,490
Current liabilities	**250,275**	150,620
Current assets	**(240,173)**	(186,252)
Net debt	**$ 207,753**	$ 416,858

"Cash distributions per unit" represents actual cash distributions paid per unit by the Trust during the relevant periods.

"Net distributions" is calculated as distributions declared for a given period less proceeds received by the Trust pursuant to the Distribution Reinvestment Plan ("DRIP"). Distributions both before and after DRIP are reviewed by management and are also assessed as a percentage of fund flows from operations to analyze how much of the cash that is generated by the Trust is being used to fund distributions. Net distributions is reconciled below to distributions declared, the most directly comparable GAAP measure:

	Years Ended December 31	
($000's)	**2008**	**2007**
Distributions declared	**$ 158,674**	$ 136,389
Issue of trust units pursuant to the distribution reinvestment plan	**(18,453)**	(35,992)
Net distributions	**$ 140,221**	$ 100,397

"Total net distributions, capital expenditures, reclamation fund contributions and asset retirement costs incurred" is calculated as the addition of net cash distributions as determined above plus the following amounts for the relevant periods from the Trust's consolidated statements of cash flows: "Drilling and development of petroleum and natural gas properties", "Contributions to reclamation fund" and "Asset retirement costs incurred." This measure is reviewed by management and is also assessed as a percentage of fund flows from operations to analyze the amount of cash that is generated by the Trust that is available to repay debt and fund potential acquisitions. This measure is reconciled to the relevant GAAP measures below:

	Years Ended December 31	
($000's)	**2008**	**2007**
Distributions declared	**$ 158,674**	$ 136,389
Issue of trust units pursuant to the distribution reinvestment plan	**(18,453)**	(35,992)
Drilling and development of petroleum and natural gas properties	**186,836**	175,639
Contributions to reclamation fund	**10,378**	-
Asset retirement costs incurred	**10,200**	4,056
	$ 347,635	$ 280,092

"Netbacks" are per-unit of production measures used in operational and capital allocation decisions.

"Adjusted basic trust units outstanding" and "Adjusted basic weighted average trust units outstanding" are used in the per unit calculations on the Highlights schedule of this document and are different from the most directly comparable GAAP figures in that they include amounts related to outstanding exchangeable shares at the period end exchange ratio. As the exchangeable shares will eventually be converted into units of the Trust, management believes that their inclusion in the calculation of basic rather than only diluted per unit statistics provides meaningful information. "Diluted trust units outstanding" is the sum of "Adjusted basic trust units outstanding" plus outstanding awards under the Trust's Unit Rights Incentive Plan and the Trust Unit Award Incentive Plan, based on current performance factor estimates. These measures are reconciled to the relevant GAAP measures below:

	As At December 31	
	2008	**2007**
Trust units outstanding	**70,212,769**	67,335,427
Trust units issuable pursuant to exchangeable shares outstanding	**6,790,112**	6,935,605
Adjusted basic trust units outstanding	**77,002,881**	74,271,032
Potential trust units issuable pursuant to unit compensation plans	**1,917,278**	2,999,800
Diluted trust units outstanding	**78,920,159**	77,270,832

	As At December 31	
	2008	**2007**
Basic weighted average trust units outstanding	**69,548,183**	66,122,423
Trust units issuable pursuant to exchangeable shares outstanding	**7,108,202**	6,935,786
Adjusted basic weighted average trust units outstanding	**76,656,385**	73,058,209

FORWARD-LOOKING INFORMATION

This document contains forward-looking financial and operational information as to the Trust's internal projections and expectations relating to future events or performance. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expects", "projects", "anticipates" and similar expressions. These statements represent management's expectations concerning future operating results or the economic performance of the Trust and are subject to a number of risks and uncertainties that could materially affect results. These risks include, but are not limited to future commodity prices, exchange rates, interest rates, geological risk, reserves risk, political risk, product demand and transportation restrictions, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

Highlights ($000's except per unit amounts)	**2008**	**2007**	**2006**
Revenues	**$ 1,001,905**	$ 707,334	$ 618,072
Net earnings	**229,189**	164,286	146,923
Per unit, basic	**3.30**	2.48	2.30
Per unit, diluted	**3.23**	2.39	2.22
Fund flows from operations	**573,966**	385,911	342,502
Per unit, adjusted basic	**7.49**	5.28	4.86
Return on equity (%)	**33.2**	28.2	29.5
Total assets	**1,798,359**	1,668,123	1,462,839
WTI (US$/bbl)	**99.65**	72.34	66.21
AECO (CDN$/mcf)	**8.13**	6.45	6.53
Realized price ($/boe)	**83.61**	61.86	61.80
Fund flows netback ($/boe)	**$ 47.91**	$ 33.75	$ 34.25

2008 Summary of Quarterly Results ($000's except per unit amounts)	**Q1**	**Q2**	**Q3**	**Q4**
Revenue	$ 229,459	$ 341,405	$ 245,712	$ 185,329
Net earnings	26,196	102,289	86,949	13,755
Per unit basic	0.38	1.47	1.24	0.20
Per unit diluted	$ 0.37	$ 1.44	$ 1.22	$ 0.19

2007 Summary of Quarterly Results ($000's except per unit amounts)	**Q1**	**Q2**	**Q3**	**Q4**
Revenue	$ 148,808	$ 164,862	$ 187,939	$ 205,725
Net earnings	31,347	41,050	48,640	43,249
Per unit basic	0.48	0.62	0.73	0.65
Per unit diluted	$ 0.47	$ 0.60	$ 0.71	$ 0.62

VERMILION ENERGY TRUST OVERVIEW

Mission Statement
"To consistently deliver superior rewards for all our stakeholders"

Vision Statement
"To be recognized as the premier Canadian based international energy trust"

Vermilion's mission and vision statements guide the overall strategy and activities of the Trust. By striving to meet the goals entrenched within these statements, the Trust aims to provide stability for its unitholders through the implementation of a successful strategy, quality assets and proven leadership.

Stability
From the Trust's inception in January, 2003 through November, 2007 the Trust paid a consistent monthly distribution of $0.17. In December, 2007 the Trust increased its distribution by 12% to $0.19 per month and it has maintained that level since. In 2007 Vermilion was the only conventional energy trust to increase distributions and this achievement was a result of the Trust's conservative fiscal practices. Vermilion has paid out the lowest portion of its fund flows from operations in the form of total net distributions, capital expenditures, reclamation fund contributions and asset retirement costs incurred as compared to other conventional energy trusts. The Trust's balance sheet is very strong and is well positioned to weather the recent downturn in commodity prices. Vermilion also has significant upside potential through its interest in Verenex Energy Inc. ("Verenex") which has met with strong success in its exploration activities in Libya.

Vermilion also provides stability by adhering to strong core values at all levels of the Trust. The Trust's Board of Directors has been recognized in corporate governance surveys for excellence in governance practices that included board composition, compensation, shareholder rights, disclosure, accountability and total return performance.

Successful Strategy
Vermilion adheres to a value creation strategy through the execution of asset optimization programs and strategic acquisitions. Vermilion focuses on the development and optimization of mature producing properties in Western Canada, Western Europe and Australia. Vermilion also exposes its unitholders to significant upside opportunities through a combination of equity sponsorship in new ventures and managed participation in high impact projects. The Trust engages in prudent and conservative financial management policies which lay the groundwork for the execution of its strategy.

Quality Assets
Vermilion targets undercapitalized properties that are rich with low risk opportunities for acquisition. As a result of this focus, Vermilion has acquired and further developed quality assets in four different countries.

Canada
Vermilion operates over 800 wells in three core areas, all in Alberta. The properties include a significant light oil field at Utikuma, multiple level, and liquid-rich tight gas reservoirs in the Drayton Valley region and a coalbed methane and shallow gas development in Central Alberta. Vermilion controls approximately 261,485 net acres of land and operates significant oil and natural gas processing facilities with combined throughput of more than 100,000 bbls/d of fluids and 90 mmcf/d of natural gas. Vermilion maintains a steady program of drilling and recompletions in the Drayton Valley region and is evaluating new completion techniques that are revitalizing some of these challenging fields. The Trust employs reservoir optimization techniques to improve recoveries from the Utikuma reservoir and will continue to manage the long-term development of its coalbed methane assets.

France
The Trust initially acquired its France assets in 1997 and in 2006 Vermilion added additional and complementary assets to its French asset base. Vermilion's properties in France produce 98% oil and include three massive fields at Chaunoy, Cazaux and Parentis. The Trust is focusing on increasing oil recovery from these fields to extend their reserve life. Vermilion's reserve life index in France is greater than 13 years and these properties represent a core focus of Vermilion's operations and a stable source of our production.

Netherlands
Acquired in 2004, Vermilion's Netherlands assets produce natural gas which is sold in a regulated environment at an oil-based index price. Vermilion believes that there are numerous potential prospects in this region and has plans to recommence drilling in the Netherlands in 2010.

Australia
Vermilion initially acquired a 60% interest in the Wandoo field, offshore the northwest shelf of Australia, in 2005. In 2006 and 2007, Vermilion significantly expanded fluid handling and processing capacity on the platform from approximately 114,000 bbls to 150,000 bbls. In 2007 the Trust acquired the remaining 40% of this oil producing asset. In December 2008, the Trust announced it had successfully drilled and completed two new 'attic oil' wells and Vermilion intends to continue to review development opportunities in this field.

Proven Leadership

The members of Vermilion's executive management team average more than 20 years of operating experience and are led by Lorenzo Donadeo, President and CEO, who is one of the three co-founders of the predecessor company, Vermilion Resources Ltd. Vermilion and its management team have a strong track record of providing high returns to its unitholders.

2008 REVIEW AND 2009 GUIDANCE

The following table summarizes the Trust's 2008 actual results as compared to guidance and the Trust's 2009 guidance:

($000's except production amounts)	Capital Expenditures	Production
2008 Guidance		
Provided March 3	$182,000	31,000 – 32,000 boe/d
Updated May 2	$210,000	32,000 – 33,000 boe/d
2008 Actual	$186,836	32,741 boe/d
2009 Guidance	$120,000	30,000 – 31,000 boe/d

Vermilion provided initial guidance as to its expected 2008 development capital expenditure program and production forecast in March 2008, corresponding with the release of 2007 year-end results. The initial production guidance figures include the impact of Vermilion's January 2008 acquisition of approximately 1,000 boe/d of production for $47 million. By May, oil price expectations had risen even further and Vermilion expanded both its production guidance figures and expected development capital program. Vermilion was able to achieve its full-year 2008 production guidance figures, due largely to strong performance from Canadian operations. Development capital expenditures for 2008 came in below guidance levels due mostly to the deferral of the Parentis and Les Mimosas drilling programs in France.

OPERATIONAL ACTIVITIES

Certain natural gas volumes have been converted on the basis of six thousand cubic feet of gas to one barrel equivalent of oil. Barrels of oil equivalent (boe's) may be misleading, particularly if used in isolation. A barrel of oil equivalent ("boe") is based on a conversion rate of six thousand cubic feet of natural gas to one barrel of oil and is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Canada

In Canada, the Trust participated in the drilling of 44 wells (29.1 net) during 2008, resulting in 34 gas wells (22.9 net), two oil wells (2.0 net), one abandoned wells (1.0 net) and seven standing wells (3.2 net) awaiting further evaluation and tie-in. The total wells include 24 CBM and shallow gas wells (16.8 net).

France

In France, Vermilion participated in the drilling and completion of one oil well (0.2 net) at Itteville in the Paris Basin. An active workover and recompletion program across all of its properties was instrumental in holding production declines to minimal levels, despite the low drilling activity. As well, much time and capital was focused on the repair and maintenance of surface facilities in the Chaunoy field acquired in 2006. Depending on commodity price strength, a significant increase in well workovers and recompletions is scheduled for France in 2009.

Netherlands

In the Netherlands, Vermilion focused efforts on the permitting process for six new wells. One of these in the Harlingen area has been shelved indefinitely, while approvals on the remaining five permits are in various stages of completion. Vermilion has deferred the drilling of these wells, which were to begin in the second half of 2009. No production from these wells was included in any of Vermilion's previous forecasts for 2009.

Australia

Vermilion completed the successful drilling of two infill wells in the Wandoo field. These wells were completed higher up in the reservoir under the assumption that the significant aquifer drive had physically forced the oil column upward. The projections appear accurate as these two wells were completed in a clean oil (no water) column and continue to produce 1,000 bbls/d of water-free oil each after 60 days on production. Prior to drilling the first horizontal well a vertical section was drilled to test the presence of un-recovered oil on the flank of the Wandoo reservoir. Early indications suggest that this oil may be recoverable through future development drilling. Vermilion will continue to evaluate the performance of these recent wells and begin the planning of additional development drilling, hopefully by 2010.

PRODUCTION

Average production in Canada during 2008 was 4,172 bbls/d of oil and NGLs and 51.2 mmcf/d of natural gas (12,696 boe/d) compared to 4,081 bbls/d of oil and NGLs and 47.7 mmcf/d of natural gas (12,038 boe/d) in 2007, representing a year-over-year increase of 5.5%. Fourth quarter 2008 production averaged 12,448 boe/d, compared to 12,065 boe/d in the fourth quarter of 2007.

Production in France averaged 8,710 boe/d in 2008, 1.1% lower than the 8,809 boe/d produced in 2007, reflecting a limited drilling program. Fourth quarter production of 8,630 boe/d in 2008 was 3.5% lower than the 8,946 boe/d produced in France during the fourth quarter of 2007.

Production in the Netherlands averaged 4,562 boe/d in 2008, an increase of 3.4% from the 4,413 boe/d recorded in 2007, due primarily to the tie-in of the 2007 wells, less the impact of the shut-down at Harlingen. Fourth quarter production averaged 4,043 boe/d in 2008 compared with 4,468 boe/d during the same period in 2007.

Australia production averaged 6,773 boe/d in 2008, compared to 6,065 boe/d in 2007 as Vermilion benefitted from a full year of production at 100% ownership of the field. Production during the fourth quarter of 2008 averaged 7,117 boe/d, compared to 7,591 boe/d during the same period in 2007, reduced slightly by the interruption of drilling activities, some platform maintenance and year-end cyclone activity. Current production levels have approached 9,000 boe/d although first quarter cyclone activity is expected to dampen that number somewhat.

	Year Ended December 31, 2008			Year Ended December 31, 2007			Year Ended December 31, 2006		
	Oil & NGLs (bbls/d)	**Natural Gas (mmcf/d)**	**Total (boe/d)**	**Oil & NGLs (bbls/d)**	**Natural Gas (mmcf/d)**	**Total (boe/d)**	**Oil & NGLs (bbls/d)**	**Natural Gas (mmcf/d)**	**Total (boe/d)**
Canada	**4,172**	**51.15**	**12,696**	4,081	47.74	12,038	4,011	40.99	10,843
France [2]	**8,514**	**1.17**	**8,710**	8,621	1.13	8,809	7,576	1.35	7,800
Netherlands	**24**	**27.23**	**4,562**	40	26.24	4,413	31	29.47	4,943
Australia [1]	**6,773**	**-**	**6,773**	6,065	-	6,065	3,815	-	3,815
Total	**19,483**	**79.55**	**32,741**	18,807	75.11	31,325	15,433	71.81	27,401

[1] Acquisition of remaining 40% interest effective June 20, 2007
[2] Vermilion Emeraude REP SAS effective from July 10, 2006

2008 Quarterly Production (boe/d)	**Q1**	**Q2**	**Q3**	**Q4**
Canada	12,730	12,915	12,693	12,448
France	8,800	8,536	8,872	8,630
Netherlands	5,096	4,980	4,142	4,043
Australia	6,446	7,312	6,220	7,117
Total	33,072	33,743	31,927	32,238

2007 Quarterly Production (boe/d)	**Q1**	**Q2**	**Q3**	**Q4**
Canada	12,054	12,351	11,686	12,065
France	8,055	9,221	9,002	8,946
Netherlands	4,754	3,904	4,529	4,468
Australia [1]	4,227	5,440	6,955	7,591
Total	29,090	30,916	32,172	33,070

[1] Acquisition of remaining 40% interest effective June 20, 2007

CAPITAL EXPENDITURES

Capital spending, including acquisitions for the year totaled $235.1 million compared to $296.9 million spent in 2007. The costs incurred to drill and complete two new offshore Australia wells during the fourth quarter of 2008 resulted in increased non-acquisition capital spending year over year. Acquisition related capital spending decreased on a year to date basis from the prior year as a result of the 2007 acquisition of the remaining 40% interest in the Wandoo field, offshore Australia for $117.9 million as compared to purchase in the first quarter of 2008 of $44.1 million of producing properties in the Drayton Valley area in Canada.

Capital Expenditures ($000's)	**2008**	**2007**	**2006**
Land	**$ 5,183**	$ 3,484	$ 2,025
Seismic	**10,989**	491	2,555
Drilling and completion	**78,542**	89,081	48,559
Production equipment and facilities	**56,974**	61,586	58,160
Recompletions	**19,789**	11,021	15,280
Other	**15,359**	9,976	10,360
	186,836	175,639	136,939
Acquisitions (excluding acquired working capital deficiency)	**48,230**	121,294	151,039
	$ 235,066	$ 296,933	$ 287,978

Capital Expenditures by Country ($000's)	**2008**	**2007**	**2006**
Canada	**$ 103,725**	$ 69,713	$ 111,216
France	**55,669**	73,504	164,523
Netherlands	**13,019**	22,275	3,673
Australia	**62,653**	131,441	8,566
	$ 235,066	$ 296,933	$ 287,978

FINANCIAL REVIEW

During the year ended December 31, 2008, the Trust generated fund flows from operations of $574.0 million compared to $385.9 million in 2007. The year over year increase in fund flows from operations of $188.1 million is largely the result of higher average commodity prices in 2008 versus 2007. The GAAP measure, cash flows from operating activities similarly increased year over year to $660.1 million for the year ended December 31, 2008 from $349.9 million for 2007.

Increased year over year fund flows from operations have allowed Vermilion to further strengthen its financial position and at December 31, 2008 the Trust's net debt was $207.8 million which represents a decrease of 50% from the net debt of $416.9 million at December 31, 2007. The Trust's long-term debt has decreased to $197.7 million at December 31, 2008 from $452.5 million at December 31, 2007. At December 31, 2008 Vermilion's net debt represented less than 40% of its fourth quarter annualized fund flows from operations.

For the year ended December 31, 2008 total net distributions, capital expenditures, reclamation fund contributions and asset retirement costs incurred as a percentage of fund flows from operations was 61% versus 73% for the corresponding period in the prior year. The year over year improvement in this metric relates to the significantly higher fund flows from operations achieved in 2008 versus 2007 which was associated with higher average commodity prices during 2008.

FUND FLOWS NETBACKS

Fund flows from operations was $574.0 million in 2008, as compared to $385.9 million in 2007 due to higher average commodity prices during 2008.

2008 Fund Flows Netback ($/boe)	Q1	Q2	Q3	Q4	2008	2007	2006
Oil and gas revenues	$ 76.24	$ 111.19	$ 83.65	$ 62.49	**$ 83.61**	$ 61.86	$ 61.80
Realized hedging gain or (loss)	(0.73)	(1.94)	(1.51)	0.66	**(0.89)**	(0.25)	(0.02)
Royalties	(12.18)	(18.35)	(12.03)	(0.83)	**(10.92)**	(8.53)	(9.22)
Transportation	(2.14)	(1.94)	(1.70)	(2.08)	**(1.96)**	(2.01)	(1.05)
Operating costs	(11.08)	(10.78)	(12.10)	(14.01)	**(11.98)**	(10.45)	(9.65)
Operating netback	50.11	78.18	56.31	46.23	**57.86**	40.62	41.86
General and administration	(1.64)	(2.33)	(2.57)	(1.76)	**(2.07)**	(1.64)	(1.58)
Interest	(2.04)	(1.67)	(0.91)	(0.80)	**(1.36)**	(1.95)	(1.68)
Current taxes	(6.94)	(13.58)	(6.77)	(0.46)	**(6.99)**	(2.98)	(4.29)
Proceeds on sale of investments	-	-	0.02	-	**0.01**	0.11	-
Foreign exchange	0.18	1.39	(1.22)	1.42	**0.46**	(0.41)	(0.06)
Fund flows netback	$ 39.67	$ 61.99	$ 44.86	$ 44.63	**$ 47.91**	$ 33.75	$ 34.25

2007 Fund Flows Netback ($/boe)	Q1	Q2	Q3	Q4
Oil and gas revenues	$ 56.83	$ 58.60	$ 63.50	$ 67.62
Realized hedging gain or (loss)	0.31	(0.11)	0.01	(1.11)
Royalties	(6.76)	(7.32)	(10.18)	(9.57)
Transportation	(1.58)	(2.30)	(2.13)	(1.97)
Operating costs	(10.40)	(9.91)	(10.16)	(11.28)
Operating netback	38.40	38.96	41.04	43.69
General and administration	(2.15)	(1.69)	(1.55)	(1.24)
Interest	(1.76)	(1.68)	(2.14)	(2.18)
Current taxes	(5.37)	(3.23)	(3.44)	(0.23)
Proceeds on sale of investments	-	-	-	0.40
Foreign exchange	(0.11)	(2.11)	(0.54)	1.03
Fund flows netback	$ 29.01	$ 30.25	$ 33.37	$ 41.47

REVENUE

Revenue for the year ended December 31, 2008 was $1.0 billion compared $707.3 million in 2007. Vermilion's combined crude oil and NGL price was $101.32 per boe in 2008, an increase of 36.8% over the $74.08 per boe reported in 2007. The natural gas price realized was $9.60 per mcf in 2008 compared to $7.25 per mcf in 2007, a 32.4% increase year over year. Vermilion's higher revenue year over year was associated with higher average commodity prices in 2008 versus 2007.

	Years Ended December 31	
($000's except per boe and per mcf)	**2008**	**2007**
Crude oil & NGLs	**$ 722,512**	$ 508,540
Per boe	**$ 101.32**	$ 74.08
Natural gas	**279,393**	198,794
Per mcf	**$ 9.60**	$ 7.25
Petroleum and natural gas revenue	**$ 1,001,905**	$ 707,334
Per boe	**$ 83.61**	$ 61.86

DERIVATIVE INSTRUMENTS

Vermilion manages a component of its risk exposure through prudent commodity and currency economic hedging strategies. The extent of Vermilion's hedging activities is driven, in part, by the state of the Trust's balance sheet. With low net debt levels and a strong balance sheet, the Trust's recent hedging activities have been minimal. Vermilion had the following financial derivatives in place at December 31, 2008:

Risk Management: Oil	Funded Cost	bbls/d	US$/bbl
Collar - BRENT			
2009	US$1.00/bbl	500	$100.50 - $200.00
Call Spread - BRENT			
2009 - 2011	US$5.73/bbl	700	$ 65.00 - $ 85.00

The impact of Vermilion's economic hedging program decreased the fund flows netback by $0.89 per boe for the year ended December 31, 2008 as the price of oil was in excess of the ceiling on the majority of the Trust's collars for much of the year. This compares to a hedging cost of $0.25 per boe in 2007.

ROYALTIES

Consolidated royalties for the year ended December 31, 2008 were $10.92 per boe as compared to $8.53 per boe in 2007. As a percent of revenue for the year ended December 31, 2008, royalties were 13% as compared to 14% in 2007.

In the fourth quarter of 2008 Vermilion had a very active capital program in Australia which resulted in the Trust realizing significant royalty relief in that jurisdiction. The level of capital expenditures associated with the drilling and completion of two offshore wells was sufficiently large that the Trust received a one-time rebate on previously paid royalties.

In Canada, royalties as a percent of revenue for the year ended December 31, 2008 remained relatively consistent at 19.5% as compared to 19.2% in the prior year. The new royalty framework and the related revisions announced by the Alberta government are not expected to significantly change Vermilion's Canadian royalties as a percent of revenue in 2009.

In France, a portion of the royalties levied is based on units of production and therefore is not subject to changes in commodity prices. Accordingly for 2008, royalties as a percent of revenue were lower at 5.9% versus 6.6% in the prior year due to higher average commodity prices in 2008.

Production in the Netherland is not subject to royalties.

	Years Ended December 31	
($000's except per boe and per mcf)	**2008**	**2007**
Crude oil & NGLs	**$ 96,736**	$ 73,933
Per boe	**$ 13.57**	$ 10.77
Natural gas	**34,092**	23,585
Per mcf	**$ 1.17**	$ 0.86
Royalties	**$ 130,828**	$ 97,518
Per boe	**$ 10.92**	$ 8.53

OPERATING COSTS

Consolidated operating costs per boe for the year ended December 31, 2008 were $11.98 compared to $10.45 for 2007. Canadian operating costs have increased to $10.48 per boe from $9.49 per boe in 2007 as a result as a result of a higher electrical power and salary costs coupled with slightly lower production.

Operating costs in France increased in 2008 to $11.98 per boe compared to $9.21 per boe in 2007. This increase is attributable to significant well intervention work that was performed in the fourth quarter of 2008. Vermilion expects its full year France operating costs in 2009 to be approximately $13.00 per boe however the timing of well intervention work will likely cause the results of individual quarters to differ.

Australian operating costs increased to $14.64 per boe in 2008 from $13.19 per boe in 2007 as a result of increased levels of diesel and power consumption.

On a year to date basis, operating costs in the Netherlands increased in 2008 to $12.19 per boe versus $11.80 per boe in 2007 due to higher power and salary costs while production was relatively consistent year over year.

	Years Ended December 31	
($000's except per boe and per mcf)	**2008**	**2007**
Crude oil & NGLs	**$ 90,250**	$ 75,102
Per boe	**$ 12.66**	$ 10.94
Natural gas	**53,288**	44,415
Per mcf	**$ 1.83**	$ 1.62
Operating	**$ 143,538**	$ 119,517
Per boe	**$ 11.98**	$ 10.45

TRANSPORTATION

Transportation costs are a function of the point of legal transfer of the product and are dependent upon where the product is sold, product split, location of properties as well as industry transportation rates that are driven by supply and demand of available transport capacity. For Canadian gas production, legal title transfers at the intersection of major pipelines (referred to as "the Hub") whereas the majority of Vermilion's Canadian oil production is sold at the wellhead. The majority of Vermilion's transportation costs are made up of shipping charges incurred in the Aquitaine Basin in France where oil production is transported by tanker from the Ambès terminal in Bordeaux to the refinery. In Australia, oil is sold at the Wandoo B platform and in the Netherlands gas is sold at the plant gate, resulting in no transportation costs relating to Vermilion's production in these countries.

Transportation costs in France continue to be higher than historic levels as a result of the oil spill at the Ambès Terminal that occurred in January 2007. In early March 2008, Vermilion resumed transporting crude to the Ambès terminal via pipeline and all trucking operations ceased. As a result of the limited capacity of the storage tank rented at the terminal, a vessel has been retained on a full-time basis and serves as a temporary storage tank when not transporting product to the refinery. Transportation costs in France are relatively consistent year over year and will continue to be higher than pre-January 2007 levels until full resumption of terminal operations occurs, which is expected during the second half of 2009.

	Years Ended December 31	
($000's except per boe)	**2008**	**2007**
Transportation	**$ 23,545**	$ 22,926
Per boe	**$ 1.96**	$ 2.01

GENERAL AND ADMINISTRATION EXPENSE

General and administration expenses per boe for the year ended December 31, 2008 were $2.07 as compared to $1.64 in 2007. The increase per boe from 2007 is associated with information technology project expenses and higher business development costs as well as an overall increase in consulting costs. The increase in business development costs are a result of higher activity levels whereby more acquisition opportunities were evaluated. Consultants are used frequently by Vermilion to complement staff during times of peak workload and to facilitate project work.

	Years Ended December 31	
($000's except per boe)	**2008**	**2007**
General and administration	**$ 24,837**	$ 18,726
Per boe	**$ 2.07**	$ 1.64

UNIT BASED COMPENSATION EXPENSE

Non-cash unit based compensation expense for the year ended December 31, 2008 was $18.4 million as compared to $14.0 million in 2007. For 2008, this expense relates to the value attributable to long-term incentives granted to officers, directors and employees under the Trust Unit Award Incentive Plan. The 2007 figures also include expense associated with the Trust Unit Rights Incentive Plan, the value of which had been fully amortized by December 31, 2007 resulting in no expense for this plan being recognized in 2008.

The year over year increase in the expense compared to 2007 is associated with an adjustment to the Trust's estimates related to its Trust Unit Award Incentive Plan that was recorded in the fourth quarter of 2007.

	Years Ended December 31	
($000's except per boe)	**2008**	**2007**
Unit based compensation expense	**$ 18,388**	$ 13,985
Per boe	**$ 1.53**	$ 1.22

INTEREST EXPENSE

Interest expense for the year ended December 31, 2008 was $16.3 million as compared to $22.3 million in 2007. The decrease in interest expense in 2008 versus 2007 is a result of significantly lower debt levels.

	Years Ended December 31	
($000's except per boe)	**2008**	**2007**
Interest	**$ 16,331**	$ 22,330
Per boe	**$ 1.36**	$ 1.95

DEPLETION, DEPRECIATION AND ACCRETION EXPENSE

Depletion, depreciation and accretion expenses per boe for the year ended December 31, 2008 were $21.32 as compared to $18.49 in 2007. Depletion, depreciation and accretion rates in 2008 have increased from the rates per boe in 2007 due primarily to higher finding, development and acquisition costs incurred by the Trust.

	Years Ended December 31	
($000's except per boe)	**2008**	**2007**
Depletion, depreciation and accretion	**$ 255,473**	$ 211,397
Per boe	**$ 21.32**	$ 18.49

TAXES

Vermilion is subject to current taxes in France, the Netherlands and Australia. Current taxes for the year ended December 31, 2008 increased to $83.8 million compared to $34.0 million in the prior year. This increase is attributable to the significant increase in year over year revenues associated with higher commodity prices in 2008. Current taxes for the fourth quarter of 2008 were significantly lower than the expense recorded in prior quarters in 2008 as a result of lower average commodity prices as well as certain deductions taken in France, the Netherlands and Australia in the fourth quarter of 2008.

As at December 31, 2008, Vermilion had the following tax pools:

($000's)	Oil & Gas Assets	Tax Losses	Other	Total
Canada	$313,519[1]	$186,253	$1,721	$501,493
France	59,249 [2]	60,854	-	120,103
Australia	202,083 [1]	-	-	202,083
Netherlands	65,036 [2]	-	-	65,036
Total	$639,887	$247,107	$1,721	$888,715

[1] Deduction calculated by various declining balance rates

[2] Deduction calculated by unit of production method

On June 22, 2007 Federal legislation to tax certain types of income in publicly traded income and royalty trusts ("SIFT Rules") received royal assent. The main purpose of the SIFT Rules was to introduce a tax structure for trusts similar to that for corporations and the SIFT Rules are expected to take effect at the beginning of 2011. The SIFT Rules also introduced normal growth guidelines that limit the amount of equity that can be issued by trusts until 2011. Currently, Vermilion does not anticipate the normal growth guidelines will impede its ability to execute its business strategy.

On June 18, 2008 Federal legislation was enacted to replace the 13% provincial tax component for tax applicable to SIFT trusts with the "provincial SIFT tax rate". As substantially all of Vermilion's Canadian operations are in Alberta, we expect the provincial SIFT tax rate to be 10%. However, the related income tax regulations for calculating the provincial SIFT tax rate have not been published and therefore are not considered to be substantively enacted As a result, Vermilion has used the deemed 13% provincial rate to calculate its future taxes.

On November 28, 2008 the Minister of Finance introduced legislation to permit trusts to convert into corporations without any undue tax consequences to either the trust or its unitholders. As of December 31, 2008 the legislation has not been enacted.

Vermilion has evaluated the impact of the SIFT Rules on the current Trust structure in addition to analyzing other alternative structures to determine the impact to its business model and unitholders. It is management's current intention that Vermilion will convert to a corporation by 2013. The timing of the intended conversion to a corporation will be influenced by a number of factors including strategic business opportunities. Management will continue to monitor any future changes to tax legislation and determine the impact to the trust structure accordingly.

	Years Ended December 31	
($000's except per boe)	2008	2007
Current taxes	**$ 83,804**	$ 34,033
Per boe	**$ 6.99**	$ 2.98

FOREIGN EXCHANGE

For the year ended December 31, 2008, a combined realized and unrealized foreign exchange loss of $47.1 million was recorded compared to a gain of $11.5 million in 2007. The combined loss through December 31, 2008 is comprised of a realized gain of $5.5 million and an unrealized, non-cash loss of $52.6 million. The year to date unrealized loss is largely related to the translation to Canadian dollars of foreign currency denominated future income taxes and asset retirement obligations. Since December 31, 2007, the Canadian dollar weakened significantly against the Euro resulting in this unrealized loss.

	Years Ended December 31	
($000's except per boe)	2008	2007
Foreign exchange loss (gain)	**$ 47,110**	$ (11,533)
Per boe	**$ 3.93**	$ (1.01)

EARNINGS

Net earnings for the year ended December 31, 2008 were $229.2 million or $3.30 per unit as compared to $164.3 million or $2.48 per unit in 2007. The increase in earnings for 2008 versus 2007 is largely associated with higher average commodity price levels in 2008 as compared to the prior year.

LIQUIDITY AND CAPITAL RESOURCES

Vermilion's net debt as at December 31, 2008 was $207.8 million compared to $416.9 million as at December 31, 2007.

As at December 31, 2008, the Trust had an unsecured covenant-based credit facility allowing for maximum borrowings of $675 million. The revolving period under the facility is expected to expire in June 2009 and may be extended for an additional period of up to 364 days at the option of the lenders. If the lenders convert the revolving credit facility to a non-revolving credit facility, the amounts outstanding under the facility become repayable 24 months after the end of the revolving period. Various borrowing options are available under the facility including prime rate based advances and bankers' acceptance loans.

Vermilion purchased 72,800 shares in Verenex Energy Inc. ("Verenex") during the first quarter of 2008 for total consideration of $0.6 million. After reflecting these additional shares, Vermilion owned 18.8 million shares representing 42.4% of the outstanding shares of Verenex as at December 31, 2008.

On February 24, 2008 Verenex entered into an agreement under which a company has agreed to acquire all of Verenex's outstanding common shares for $10.00 per share. Pursuant to this arrangement, Vermilion entered into a lock-up agreement with the acquirer whereby the Trust has agreed to tender its common shares in Verenex under the offer. Vermilion holds 18.8 million shares in Verenex and accordingly, the Trust's proceeds from a successful transaction would be approximately $187.6 million.

The completion of this transaction is subject to a number of conditions including consent from the Libyan National Oil Corporation and valid acceptance of the offer by at least 66.7% of Verenex's shareholders as well as other governmental and regulatory approvals.

On May 14, 2008, Vermilion suspended the distribution reinvestment plan. This suspension was effective June 16, 2008 and was the result of continued high commodity prices resulting in fund flows from operations that were in excess of the level needed to sustain the Trust's business model. Cash flows from financing activities for the years ended December 31, 2008 and 2007 included cash flows related to the issuance of trust units pursuant to the distribution reinvestment plan of $18.5 million and $36.0 million, respectively.

Liquidity and Capital Resources		**2008**		**2007**		**2006**
Net debt ($m)	**$**	**207,753**	$	416,858	$	354,809
Bank facility ($m)	**$**	**675,000**	$	625,000	$	500,000
Unused bank facility ($m)	**$**	**467,247**	$	208,142	$	145,191
Net debt to fund flows from operations ratio [1]		**0.36**		1.08		1.04
Net debt to equity ratio [1]		**0.28**		0.66		0.66

[1] These are non-GAAP measures and may not be comparable to similar measures for other entities.

Vermilion has a long-term and short-term need for capital. Short-term working capital is required to finance accounts receivable, crude oil inventory and other similar short-term assets. Short-term capital may also be used from time to time to fund cash distributions to maintain consistent monthly cash distributions to unitholders of the Trust. The acquisition and development of petroleum and natural gas properties requires both short-term and long-term capital. There are essentially three methods of financing the capital needs of Vermilion; internally generated cash, debt and equity.

Internally generated cash is used primarily for distributions, development capital requirements and contributions to the Trust's reclamation fund. Internal cash flow is significantly influenced by commodity prices. Other risks include exchange rates, interest rates and marketing opportunities, among others. Vermilion's business model generally maintains total distributions and capital development expenditures below internally generated cash, using the excess to reduce outstanding indebtedness. At times, the volatility of commodity prices and/or requirements of certain capital programs may result in total distributions and capital development expenditures exceeding internally generated cash for short periods.

Future significant acquisitions of producing properties are expected to be financed through additional bank debt combined with the issuance of trust units, if necessary. The Trust's ability and desire to finance acquisitions through the issuance of equity is dependent upon the nature of the market for the issuance of equity as well as the size of the potential acquisition. It is Vermilion's preference to finance acquisitions with debt whenever practicable. In the event that the Trust considers equity financing appropriate, its ability to issue equity is highly dependent on the receptivity of the equity markets. In recent years, there has been an active market for equity financing of Canadian resource trusts. In the current environment, the financial crisis has put significant risk on the trust sector's ability to equity finance.

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations [(1)]	197,651	-	197,651	-	-
Operating lease obligations	53,015	4,063	10,224	7,862	30,866
Total	250,666	4,063	207,875	7,862	30,866

(1) Does not include interest

In addition, the Trust has various other commitments associated with its business operations, none of which in management's view, are significant.

RECLAMATION FUND

Vermilion has established a reclamation fund for the ultimate payment of environmental and site restoration costs on its asset base. The reclamation fund is funded by Vermilion Resources Ltd. and its operating subsidiaries. Contribution levels to the reclamation fund are reviewed on a regular basis and are adjusted when necessary to ensure that reclamation obligations associated with the Trust's assets will be substantially funded when the costs are expected to be incurred.

As at December 31, 2008, the fair value of the reclamation fund was $63.4 million and the fund was comprised of $21.7 million in cash and short term investments and $41.7 million in equity and debt securities. A portion of the cash and short term investments and all of the equity and debt securities are professionally managed by third parties.

ASSET RETIREMENT OBLIGATION

At December 31, 2008, Vermilion's asset retirement obligation was $265.1 million compared to $163.4 million as at December 31, 2007. The increase is largely attributable to changes in estimates relating to the Trust's future obligations as well as the impact of exchange rates on foreign currency denominated obligations.

During the years ended December 31, 2008 and 2007, the Trust completed reviews of its estimates of the expected costs to reclaim the net interest in its wells and facilities. As a result of significantly higher Canadian reclamation costs which have been observed by the industry as a whole, Vermilion adjusted its asset retirement obligations to reflect these increased estimated future costs. When appropriate, the Trust engages external third party consultants with relevant experience in reclamation activities in the regions in which Vermilion has operations to assist in estimating its asset retirement obligations.

DISTRIBUTIONS

Vermilion maintained monthly distributions at $0.19 per unit for the year ended December 31, 2008 and declared distributions totalling $158.7 million compared to $136.4 million for the same period in 2007.

Since inception, the Trust has declared $773.4 million in distributions to unitholders as compared to unitholders' capital of $444.4 million at December 31, 2008.

Proceeds from the Trust's distributions reinvestment program were $18.5 million in 2008 (2007 - $36.0 million).

Sustainability of Distributions

($000's)

	Three Months Ended Dec 31, 2008	Year Ended Dec 31, 2008	Year Ended Dec 31, 2007	Year Ended Dec 31, 2006
Cash flows from operating activities	**$ 142,983**	**$ 660,135**	$ 349,890	$ 306,033
Net earnings	**$ 13,755**	**$ 229,189**	$ 164,286	$ 146,923
Distributions declared	**$ 40,022**	**$ 158,674**	$ 136,389	$ 130,638
Excess of cash flows from operating activities over cash distributions declared	**$ 102,961**	**$ 501,461**	$ 213,501	$ 175,395
Excess (shortfall) of net earnings over cash distributions declared	**$ (26,267)**	**$ 70,515**	$ 27,897	$ 16,285

Excess of cash flows from operating activities over cash distributions declared are used to fund capital expenditures, asset retirement costs, reclamation fund contributions and debt repayments. The current quarter shortfall of net earnings over cash distributions declared is a result of the unrealized, non-cash foreign exchange loss recorded during the quarter and has no immediate impact on distribution sustainability.

The Trust's policy with respect to distributions is to be conservative and retain a low payout ratio when comparing distributions to fund flows from operations. During low price commodity cycles, Vermilion will initially maintain distributions and allow the payout ratio to rise. Should the low price cycle remain for an extended period of time, the Trust will evaluate the necessity to change the level of distribution, taking into consideration capital development requirements, debt levels and acquisition opportunities.

Since Vermilion's conversion to a trust in January 2003, the distribution remained at $0.17 per unit per month until December 2007. Since then, the distribution has remained at $0.19 per unit per month.

UNITHOLDERS' EQUITY

During the year ended December 31, 2008, 2.9 million units were issued pursuant to the conversion of exchangeable shares, the Trust's bonus plan, the Trust's unit based compensation programs and unitholders' participation in the distribution reinvestment plan.

In October 2008 the Trust acquired and then cancelled 45,600 of its own units pursuant to a normal course issuer bid. The cost to acquire these units was $1.2 million and this transaction resulted in a decrease to unitholders' capital and retained earnings of $0.3 million and $0.9 million, respectively.

Unitholders' capital increased during the same period by $46.4 million as a result of the issuance of those units, $17.3 million as a result of contributed surplus transfer related to unit based compensation plans with a decrease of $0.3 million as a result of the unit buyback.

As at March 16, 2009 there were 70,240,669 trust units outstanding.

NON-CONTROLLING INTEREST – EXCHANGEABLE SHARES

The Trust has recorded non-controlling interest attributed to the issued and outstanding exchangeable shares.

Non-controlling interest on the consolidated balance sheets represents the book value of exchangeable shares plus accumulated earnings attributable to the outstanding exchangeable shares. The reduction in net income represents the net income attributable to the exchangeable shareholders for the period. As the exchangeable shares are converted to trust units, Unitholders' capital is increased for the fair value of the trust units issued. As the exchangeable shares are exchanged for trust units over time, the non-controlling interest will decrease and eventually will be nil when all exchangeable shares have been exchanged for trust units.

As at December 31, 2008 there were 4.1 million exchangeable shares outstanding at an exchange ratio of 1.66196 whereby 6.8 million trust units would be issuable upon conversion. The exchangeable shares can be converted into trust units or redeemed by the shareholder for trust units at any time. All outstanding exchangeable shares must be redeemed on or before January 22, 2013 and Vermilion may redeem the exchangeable shares at any time if the number of exchangeable shares outstanding falls below 500,000 shares. Vermilion may issue cash or trust units upon redemption of exchangeable shares and it is the intention to issue trust units upon redemption.

RISK MANAGEMENT

Crude oil and natural gas exploration, production, acquisition and marketing operations involve a number of risks. These risks include operational fluctuations in commodity prices, exchange rates, interest rates, exploration uncertainties, product demand, transportation restrictions and governmental regulatory changes.

To mitigate these risks whenever possible, Vermilion seeks to hire personnel with experience in specific areas. In addition, the Trust provides continued training and development to staff to further develop their skills. When appropriate, Vermilion uses third party consultants with relevant experience to augment its internal capabilities with respect to certain risks.

Vermilion considers its commodity price risk management program as a form of insurance that protects its cash flow and rate of return. The primary objective of the risk management program is to support Vermilion's distributions and its internal capital development program. The level of commodity price risk management that occurs is highly dependent on the amount of debt that the Trust is carrying. When debt levels are higher, Vermilion will be more active in protecting its cash flow stream through its commodity price risk management strategy.

When executing its commodity price risk management programs, Vermilion uses over-the-counter financial structures as well as fixed/collar structures to economically hedge a part of its physical natural gas and oil sales. Vermilion has strict controls and guidelines in relation to these activities and contracts only with counter parties that have high credit ratings.

Vermilion maintains an insurance program consistent with industry practice to protect against losses from accidental destruction of assets, well blowouts, pollution and other potential business interruptions.

CURRENCY RISK

Vermilion's primary exposure to currency risk comes from a revenue stream that is denominated in U.S. dollars. Vermilion's exposure to fluctuations in the Euro and Australian dollar is limited primarily to reinvestment and repatriation of funds and forward-sale contracts can be used to mitigate these risks. The remaining cash flow from Vermilion's international operations is reinvested in each country, creating a natural hedge to the working capital and cash flow stream when they are converted to Euros and Australian dollars.

CRITICAL ACCOUNTING ESTIMATES

The Trust's financial and operating results contain estimates made by management in the following areas:

i. Capital expenditures are based on estimates of projects in various stages of completion;
ii. Revenues, royalties and operating costs include accruals based on estimates of management;
iii. Fair value of derivative instruments are based on estimates that are subject to the fluctuation of commodity prices and foreign exchange rates;
iv. Depletion, depreciation and accretion are based on estimates of oil and gas reserves that the Trust expects to recover in the future;
v. Asset retirement obligations are based on estimates of future costs and the timing of expenditures;
vi. The future recoverable value of capital assets and goodwill are based on estimates that the Trust expects to realize; and
vii. Unit compensation expense is determined using accepted fair value approaches which rely on historical data and certain estimates made by management.

SENSITIVITIES

Crude oil and natural gas prices may change significantly because of factors Vermilion cannot control. The following table provides a summary of estimated sensitivities to price fluctuations for pro-forma production levels and expenses for the year ended December 31, 2008.

	Change in Cash Available for Distributions Per Unit and Exchangeable Shares	Change in Cash Available for Distributions
Change in crude oil price by US$1.00/bbl	$0.09	$6.8 million
Change in natural gas price by Cdn$0.10/mcf	$0.02	$1.7 million
Change in interest rate by one point	$0.03	$2.5 million
Change in Cdn/U.S. foreign exchange rate by one point	$0.05	$3.6 million
Change in Cdn/Euro foreign exchange rate by one point	$0.01	$0.7 million

OFF BALANCE SHEET ARRANGEMENTS

The Trust has certain lease agreements that are entered into in the normal course of operations. All leases are operating leases and accordingly no asset or liability value has been assigned in the balance sheet as of December 31, 2008.

The Trust uses a variety of options including funded and costless collars and puts to manage the risk associated with fluctuating commodity prices on the sale of crude oil and natural gas. The Trust does not obtain collateral or other security to support its financial derivatives as prior to entering into a derivative contract Vermilion reviews the creditworthiness of the counterparty.

The Trust has not entered into any guarantee or off balance sheet arrangements that would adversely impact the Trust's financial position or results of operations.

ENVIRONMENT, HEALTH AND SAFETY

Vermilion remains committed to conducting its activities in a manner that will protect the health and safety of its employees, contractors and the Public. Vermilion will maintain health, safety and environmental practices and procedures that comply with regulatory requirements and industry standards. It is a condition of employment that Vermilion personnel work safely and in accordance with established regulations and procedures.

In 2008, Vermilion remained committed to the principles of the Environment, Health and Safety Stewardship Program set out by the Canadian Association of Petroleum Producers. This voluntary initiative promotes continual improvement in the areas of environment, health and safety performance, supplemented by progress reports to stakeholders.

Vermilion continued its commitment to reduce impacts to land, water and air, as policies and procedures, demonstrating leadership in these areas, were maintained and further developed in 2008. Examples of accomplishments during the year included:

- Development and implementation of Vermilion's Health Safety and Environment Management System;
- Reducing long-term environmental liabilities through decommissioning, abandoning and reclaiming well leases and facilities;
- Continuous auditing and management inspections;
- Reducing waste products by reducing, recycling and recovering; and
- Continuing risk management efforts with detailed emergency-response planning.

Vermilion is a member of several organizations concerned with environment, health and safety, including numerous regional co-operatives and synergy groups. In the area of stakeholder relations, Vermilion works to build long-term relationships with environmental stakeholders and communities.

INTERNATIONAL FINANCIAL REPORTING STANDARDS TRANSITION

On February 13, 2008, the Accounting Standards Board confirmed that the transition date to International Financial Reporting Standards ("IFRS") from Canadian GAAP will be January 1, 2011 for publically accountable enterprises such as Vermilion.

Vermilion has created an internal IFRS transition team to oversee the Trust's adoption of IFRS and the services of a large international public accounting firm have been retained to assist the Trust in its conversion program. The Trust has completed its scoping diagnostic to determine the areas of significant difference between Canadian GAAP and IFRS and Vermilion's transition team is currently focusing on the design and implementation of policies and processes to allow Vermilion to prepare both IFRS and Canadian GAAP financial statements in 2010 providing for comparative financial statements after the official changeover in 2011.

NEW ACCOUNTING POLICIES

On January 1, 2008, the Trust adopted Section 1535, "Capital Disclosures"; Section 3862, "Financial Instruments – Disclosures"; and Section 3863, "Financial Instruments – Presentation". The adoption of these standards did not impact the amounts reported in the Trust's consolidated financial statements however, it did result in additional note disclosures relating to the Trust's capital structure and financial instruments.

On January 1, 2008, the Trust adopted Section 3031, "Inventories." The adoption of this standard did not impact the Trust's consolidated financial statements.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2008, the CICA issued Section 3064 – "Goodwill and Intangible Assets" to replace Sections 3062 – "Goodwill and Other Intangible Assets" and 3450 – "Research and Development Costs". Section 3064 incorporates guidance addressing when an internally developed intangible asset meets the criteria for recognition as an asset. This Section is effective for fiscal years beginning on or after October 1, 2008. The Trust does not anticipate that the adoption of this standard will have a material impact on its results of operations and financial position.

In January 2009, the CICA issued Section 1582 – "Business Combinations", Section 1601– "Consolidated Financial Statements" and Section 1602 – "Non-controlling Interests". These new sections are effective for years beginning on or after January 1, 2011 with earlier adoption permitted. Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners, members or participants. Finally, acquisition costs are not part of the consideration and, with the exception of trust unit issue costs, acquisition-related costs are to be expensed when incurred. Vermilion is current assessing the potential impact and whether or not it will elect to adopt these standards in advance of the transition to IFRS.

CORPORATE GOVERNANCE

Vermilion is committed to a high standard of corporate governance practices, a dedication that begins at Board level and extends throughout the Trust. We believe good corporate governance is in the best interest of our unitholders, and that successful companies are those that deliver growth and a competitive return along with a commitment to the environment, to the communities where they operate and to their employees. We comply with the objectives and guidelines relating to corporate governance adopted by the Toronto Stock Exchange. In addition, the Board monitors and considers the implementation of corporate governance standards proposed by various regulatory and non-regulatory authorities in Canada. A full examination of our corporate governance policies will be provided in our Annual Information Circular, which will be filed on SEDAR (www.sedar.com) and mailed to all unitholders by March 31, 2009.

DISCLOSURE CONTROLS AND PROCEDURES

Vermilion's officers have established and maintained disclosure controls and procedures and evaluated the effectiveness of these controls in conjunction with the Trust's filings.

As of December 31, 2008 the Trust has evaluated the effectiveness of the design and operation of the Trust's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded and certified that the Trust's disclosure controls and procedures are effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Management has assessed the effectiveness of the Trust's internal control over financial reporting as defined in Rule 13a-15 under the US Securities Exchange Act of 1934 and as defined in Canada by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. Management concluded that the Trust's internal control over financial reporting was effective as of December 31, 2008. The effectiveness of the Trust's internal control over financial reporting as of December 31, 2008 has been audited by Deloitte & Touche LLP, as reflected in their report for 2008. No changes were made to the Trust's internal control over financial reporting during the year ending December 31, 2008, that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

DIRECTORS

Larry J. Macdonald [1, 2, 3, 4, 5]
Chairman & CEO, Point Energy Ltd.
Calgary, Alberta

W. Kenneth Davidson [2, 3]
Toronto, Ontario

Lorenzo Donadeo
Calgary, Alberta

Claudio A. Ghersinich [2, 4, 5]
Executive Director, Carrera Investments Corp.
Calgary, Alberta

Joseph F. Killi [2, 3]
Chairman,
Parkbridge Lifestyle Communities Inc.
Vice Chairman, Realex Properties Corp.
Calgary, Alberta

William F. Madison [2, 4, 5]
Sugar Land, Texas

[1] Chairman of the Board
[2] Audit Committee
[3] Governance and Human Resources Committee
[4] Health, Safety and Environment Committee
[5] Independent Reserves Committee

ANNUAL AND SPECIAL MEETING
May 8, 2009 at 10:00 a.m.
The Ballroom
Metropolitan Centre
333 – 4th Avenue S.W.
Calgary, Alberta

OFFICERS & KEY PERSONNEL
FirstQuarterReportMarch 31, 2003

CANADA
Lorenzo Donadeo, P.Eng.
President & Chief Executive Officer

John D. Donovan, F.C.A.
Executive Vice President Business Development

Curtis W. Hicks, C.A.
Executive Vice President & CFO

G. R. (Bob) Mac Dougall, P.Eng.
Executive Vice President & COO

Paul L. Beique
Vice President Capital Markets

Mona Jasinski, M.B.A., C.H.R.P.
Vice President People

Raj C. Patel, P.Eng.
Vice President Marketing

Daniel Goulet, P.Eng.
Director Production and Operations

FRANCE
Peter Sider, P.Eng.
Regional General Manager, European Operations
Vermilion REP SAS

NETHERLANDS
Scott Ferguson, P.Eng.
General Manager
Vermilion Oil & Gas Netherlands B.V.

AUSTRALIA
Bruce D. Lake, P.Eng.
Managing Director
Vermilion Oil & Gas Australia Pty Ltd.

AUDITORS
Deloitte & Touche LLP
Calgary, Alberta

BANKERS
The Toronto-Dominion Bank
Calgary, Alberta

Bank of Montreal
Calgary, Alberta

BNP Paribas (Canada)
Toronto, Ontario

The Bank of Nova Scotia
Calgary, Alberta

Royal Bank of Canada
Calgary, Alberta

Alberta Treasury Branches
Calgary, Alberta

Fortis Capital (Canada) Ltd.
Calgary, Alberta

Société Générale (Canada Branch)
Calgary, Alberta

Citibank Canada
Calgary, Alberta

EVALUATION ENGINEERS
GLJ Petroleum Consultants Ltd.
Calgary, Alberta

LEGAL COUNSEL
Macleod Dixon LLP
Calgary, Alberta

TRANSFER AGENT
Computershare Trust Company of Canada

STOCK EXCHANGE LISTING
The Toronto Stock Exchange
Symbol: VET.UN

INVESTOR RELATIONS CONTACT
Paul L. Beique
Vice President Capital Markets

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EXHIBIT 99.3

2008 AUDITED ANNUAL FINANCIAL STATEMENTS

DISCLAIMER

This document contains forward-looking financial and operational information including earnings, cash flow, unitholder distributions, debt levels, production, reserves and capital expenditure projections. These projections are based on the Trust's expectations and are subject to a number of risks and uncertainties that could materially affect the results. These risks include, but are not limited to, general economic risks and uncertainties, future commodity prices, exchange rates, interest rates, geological risk, reserves risk, political risk, production demand, transportation restrictions, risks associated with changes in tax, royalty and regulatory regimes and risks associated with international activities. Additional risks and uncertainties are described in the Trust's Annual Information Form which is filed on SEDAR at www.sedar.com.

Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in the Trust's securities should not place undue reliance on these forward-looking statements. Forward looking statements contained in this document are made as of the date hereof and are subject to change. The Trust assumes no obligation to revise or update forward looking statements to reflect new circumstances, except as required by law. Certain natural gas volumes have been converted on the basis of six thousand cubic feet of gas to one barrel equivalent of oil. Barrels of oil equivalent (boe's) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

MANAGEMENT'S REPORT TO UNITHOLDERS

Management's Responsibility for Financial Statements

The accompanying consolidated financial statements of Vermilion Energy Trust are the responsibility of management and have been approved by the Board of Directors of Vermilion Resources Ltd., on behalf of the Trust. The financial statements have been prepared in accordance with accounting policies detailed in the notes to the financial statements and are in accordance with accounting principles generally accepted in Canada. Where necessary, management has made informed judgments and estimates of transactions that were not complete at the balance sheet date. Financial information throughout the Annual Report is consistent with the financial statements.

Management ensures the integrity of the financial statements by maintaining high-quality systems of internal control. Procedures and policies are designed to provide reasonable assurance that assets are safeguarded and transactions are properly recorded, and that the financial records are reliable for preparation of the financial statements.

Deloitte & Touche LLP, the Trust's Independent Registered Chartered Accountants, have conducted an audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) and have provided their report.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Board carries out this responsibility principally through the Audit Committee, which is appointed by the Board and is comprised entirely of independent Directors. The Committee meets periodically with management and Deloitte & Touche LLP to satisfy itself that each party is properly discharging its responsibilities and to review the consolidated financial statements, the Management's Discussion and Analysis and the Report of Independent Registered Chartered Accountants before they are presented to the Board of Directors.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the criteria established in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

A Company's internal control system is designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded. Based on this evaluation, management concluded that the Trust's system of internal control over financial reporting was effective as of December 31, 2008.

Deloitte & Touche LLP audited our consolidated financial statements as stated in their report which is on page 3 of this Exhibit 99.3 of Form 40-F and has issued an attestation report on our internal control over financial reporting.

("Lorenzo Donadeo")

Lorenzo Donadeo
President & Chief Executive Officer
March 16, 2009

("Curtis W. Hicks")

Curtis W. Hicks
Executive Vice President & Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

To the Board of Directors of Vermilion Resources Ltd. and Unitholders of Vermilion Energy Trust:

We have audited the accompanying consolidated balance sheets of Vermilion Energy Trust and subsidiaries (the "Trust") as at December 31, 2008 and 2007, and the related consolidated statements of earnings, comprehensive income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Vermilion Energy Trust and subsidiaries as at December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Trust's internal control over financial reporting as of December 31, 2008, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 16, 2009 expressed an unqualified opinion on the Trust's internal control over financial reporting.

("Deloitte & Touche LLP")

Independent Registered Chartered Accountants
Calgary, Canada
March 16, 2009

Comments by Independent Registered Chartered Accountants on Canada – United States of America Reporting Difference

To the Board of Directors of Vermilion Resources Ltd. and Unitholders of Vermilion Energy Trust:

The standards of the Public Company Accounting Oversight Board (United States) require the addition of an explanatory paragraph (following the opinion paragraph) when there are changes in accounting principles that have a material effect on the comparability of the Trust's financial statements, such as the changes described in Note 3 to the consolidated financial statements. Although we conducted our audits in accordance with both Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), our report to the Board of Directors of Vermilion Resources Ltd. and Unitholders of Vermilion Energy Trust, dated March 16, 2009, is expressed in accordance with Canadian reporting standards which do not require a reference to such changes in accounting principles in the auditors' report when the changes are properly accounted for and adequately disclosed in the financial statements.

("Deloitte & Touche LLP")

Independent Registered Chartered Accountants
Calgary, Canada
March 16, 2009

REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

To the Board of Directors of Vermilion Resources Ltd. and Unitholders of Vermilion Energy Trust:

We have audited the internal control over financial reporting of Vermilion Energy Trust and subsidiaries (the "Trust") as of December 31, 2008, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Trust's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Trust's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Trust maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2008 of the Trust and our report dated March 16, 2009 expressed an unqualified opinion on these consolidated financial statements and included a separate report titled Comments by Independent Registered Chartered Accountants on Canada-United States of America Reporting Difference referring to changes in accounting principles that have a material effect on the comparability of the consolidated financial statements.

("Deloitte & Touche LLP")

Independent Registered Chartered Accountants
Calgary, Canada
March 16, 2009

Consolidated Balance Sheets
December 31
(Thousands of Canadian dollars)

		2008	2007
ASSETS			
Current			
Cash and cash equivalents (Notes 2 and 19)	$	**67,231**	47,868
Short-term investments (Note 2)		**9,491**	-
Accounts receivable		**123,794**	119,645
Crude oil inventory		**12,167**	11,033
Derivative instruments (Note 13)		**11,638**	37
Prepaid expenses and other		**15,852**	7,669
		240,173	186,252
Derivative instruments (Note 13)		**3,566**	9,515
Long-term investments (Note 16)		**63,752**	63,128
Goodwill		**19,840**	19,840
Reclamation fund (Note 6)		**63,399**	57,928
Capital assets (Note 5)		**1,407,629**	1,331,460
	$	**1,798,359**	1,668,123
LIABILITIES			
Current			
Accounts payable and accrued liabilities	$	**179,312**	128,858
Distributions payable to unitholders		**13,340**	12,794
Derivative instruments (Note 13)		**-**	7,450
Income taxes payable		**57,623**	1,518
		250,275	150,620
Long-term debt (Note 7)		**197,651**	452,490
Asset retirement obligations (Note 6)		**265,101**	163,374
Future income taxes (Note 8)		**245,799**	205,702
		958,826	972,186
Non-controlling interest - exchangeable shares (Note 10)		**84,523**	68,576
UNITHOLDERS' EQUITY			
Unitholders' capital (Note 9)		**444,353**	380,941
Contributed surplus (Note 9)		**29,698**	29,211
Retained earnings		**280,959**	217,209
		755,010	627,361
	$	**1,798,359**	1,668,123

APPROVED BY THE BOARD

("W. Kenneth Davidson") ("Lorenzo Donadeo")

W. Kenneth Davidson, Director Lorenzo Donadeo, Director

Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings
Years Ended December 31
(Thousands of Canadian dollars, except unit and per unit amounts)

	2008	2007
REVENUE		
Petroleum and natural gas revenue	$ **1,001,905**	$ 707,334
Royalties	**(130,828)**	(97,518)
	871,077	609,816
EXPENSES AND OTHER EXPENSE OR INCOME		
Operating	**143,538**	119,517
Transportation	**23,545**	22,926
Unit based compensation (Note 11)	**18,388**	13,985
Loss (gain) on derivative instruments (Note 13)	**(2,477)**	7,013
Interest	**16,331**	22,330
General and administration	**24,837**	18,726
Foreign exchange loss (gain)	**47,110**	(11,533)
Other expense (income)	**5,261**	(1,106)
Depletion, depreciation and accretion	**255,473**	211,397
	532,006	403,255
EARNINGS BEFORE INCOME TAXES AND OTHER ITEMS	**339,071**	206,561
INCOME TAXES (NOTE 8)		
Future	**4,003**	(9,325)
Current	**83,804**	34,033
	87,807	24,708
OTHER ITEMS		
Non-controlling interest - exchangeable shares (Note 10)	**22,526**	16,813
Loss (gain) related to equity method investment	**(451)**	754
	22,075	17,567
NET EARNINGS AND COMPREHENSIVE INCOME	**229,189**	164,286
Retained earnings, beginning of year	**217,209**	190,824
Distributions declared (Note 9)	**(158,674)**	(136,389)
Repurchase of units (Note 9)	**(931)**	-
Unit-settled distributions on vested unit based awards (Note 9)	**(5,834)**	(1,512)
RETAINED EARNINGS, END OF YEAR	**$ 280,959**	$ 217,209
NET EARNINGS PER TRUST UNIT (NOTE 12)		
Basic	**$ 3.30**	$ 2.48
Diluted	**$ 3.23**	$ 2.39
WEIGHTED AVERAGE TRUST UNITS OUTSTANDING (NOTE 12)		
Basic	**69,548,183**	66,122,423
Diluted	**78,018,769**	75,782,723

Consolidated Statements of Cash Flows
Years Ended December 31
(Thousands of Canadian dollars)

	2008	2007
OPERATING		
Net earnings	**$ 229,189**	$ 164,286
Adjustments:		
Depletion, depreciation and accretion	**255,473**	211,397
Change in unrealized gains and losses and accruals relating to derivative contracts (Note 13)	**(13,102)**	4,178
Unit based compensation	**18,388**	13,985
Loss (gain) related to equity method investment	**(451)**	754
Unrealized foreign exchange loss (gain)	**52,579**	(16,226)
Non-controlling interest - exchangeable shares	**22,526**	16,813
Change in unrealized gains and losses and accruals included in other expense or income relating to investments	**5,361**	49
Future income taxes	**4,003**	(9,325)
	573,966	385,911
Asset retirement costs incurred (Note 6)	**(10,200)**	(4,056)
Changes in non-cash operating working capital (Note 14)	**96,369**	(31,965)
Cash flows from operating activities	**660,135**	349,890
INVESTING		
Drilling and development of petroleum and natural gas properties	**(186,836)**	(175,639)
Acquisition of petroleum and natural gas properties (Note 4)	**(46,466)**	(121,294)
Corporate acquisition, net of cash acquired	**(1,764)**	-
Purchase of short-term investments	**(9,491)**	-
Long-term investment (Note 4)	**(627)**	(32,193)
Contributions to reclamation fund	**(10,378)**	-
Changes in non-cash investing working capital (Note 14)	**(179)**	(4,512)
Cash flows used in investing activities	**(255,741)**	(333,638)
FINANCING		
Increase (decrease) in long-term debt	**(258,836)**	99,053
Issue of trust units for cash	**3,740**	7,045
Issue of trust units pursuant to the distribution reinvestment plan	**18,453**	35,992
Cash distributions	**(158,128)**	(134,595)
Repurchase of units	**(1,213)**	-
Cash flows from (used in) financing activities	**(395,984)**	7,495
Foreign exchange gain (loss) on cash held in foreign currencies	**10,953**	(2,829)
Net change in cash and cash equivalents	**19,363**	20,918
Cash and cash equivalents, beginning of year	**47,868**	26,950
Cash and cash equivalents, end of year	$ **67,231**	$ 47,868
Supplementary information - cash payments		
Interest paid	**$ 14,905**	$ 26,071
Income taxes paid	**$ 27,699**	$ 45,934

1. BASIS OF PRESENTATION

Vermilion Energy Trust (the "Trust" or "Vermilion") was established on January 22, 2003, under a Plan of Arrangement entered into by the Trust, Vermilion Resources Ltd. ("Resources" or the "Company"), Clear Energy Inc. ("Clear") and Vermilion Acquisition Ltd. The Trust is an open-end unincorporated investment trust governed by the laws of the Province of Alberta and created pursuant to a trust indenture ("Trust Indenture"). Computershare Trust Company of Canada has been appointed trustee under the Trust Indenture. The beneficiaries of the Trust are the holders of trust units.

As a result of the completion of the Plan of Arrangement, former holders of common shares of the Company received units of the Trust, exchangeable shares of the Company or a combination thereof, in accordance with the elections made by such holders, as well as common shares of Clear. The Company became a subsidiary of the Trust. The Company is actively engaged in the business of oil and natural gas development, acquisition and production.

Prior to the Plan of Arrangement on January 22, 2003, the consolidated financial statements included the accounts of the Company and its subsidiaries. After giving effect to the Plan of Arrangement, the consolidated financial statements have been prepared on a continuity of interest basis, which recognizes the Trust as the successor entity to Resources.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation
The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the Trust and its subsidiaries, all of which are wholly owned, on a consolidated basis. Inter-company account balances and transactions are eliminated upon consolidation.

The Trust currently has no variable interest entities of which it is the primary beneficiary and accordingly the consolidated financial statements do not include the accounts of any such entities.

Petroleum and Natural Gas Operations
The Trust uses the full-cost method of accounting for petroleum and natural gas operations and capitalizes all exploration and development costs on a country-by-country basis. These costs include land acquisition, geological and geophysical costs, drilling on producing and non-producing properties, overhead costs related to exploration and development and other carrying charges on unproven properties. Proceeds of disposition are applied against the cost pools with no gain or loss recognized except where the disposition results in a 20% or greater change in the rate of depletion and depreciation.

Amortization of these costs plus future development costs to develop proved reserves is calculated on a country-by-country basis using the unit-of-production method based on estimated proved reserves, before royalties, as determined by independent engineers. The cost of significant unevaluated properties is excluded from the depletion and depreciation base. For the purpose of the depletion and depreciation calculations, oil and gas reserves are converted to a common unit of measure on the basis of their relative energy content based on a conversion ratio of six thousand cubic feet of natural gas to one barrel of oil.

Annually, the carrying value of the Trust's petroleum and natural gas properties is compared to the sum of the undiscounted cash flows expected to result from the Trust's proved reserves on a country-by-country basis (the "ceiling test"). If the carrying value is not fully recoverable, the amount of impairment is measured by comparing the carrying amounts of the assets to the estimated net present value of future cash flows from proved plus probable reserves. This calculation incorporates risks and uncertainties in the expected future cash flows which are discounted using a risk-free rate. Any excess carrying value above the net present value of the future cash flows would be recorded as a permanent impairment which is charged to earnings.

A significant portion of the exploration, development and production activities of the Trust are conducted jointly with others and, accordingly, the consolidated financial statements reflect only the Trust's proportionate interest in such activities.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Trust recognizes the estimated liability associated with an asset retirement obligation in the consolidated financial statements at the time the liability is incurred. The estimated fair value of the asset retirement obligation is recorded as a long term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted using the unit-of-production method over the life of the proved reserves. The liability amount is increased each reporting period due to the passage of time and this accretion is charged to earnings in the period. The asset retirement obligation can also increase or decrease due to changes in the estimated timing of cash flows or changes in the original estimated undiscounted costs. Actual costs incurred upon settlement of the asset retirement obligation are charged against the asset retirement obligation to the extent of the liability recorded.

The amounts recorded for depletion and depreciation of property, plant and equipment are based on estimates. The recoverability test associated with the Trust's petroleum and natural gas properties is based on the sum of the undiscounted cash flows expected to result from the Trust's proved reserves. The asset retirement obligation is based on estimated liabilities related to legal obligations associated with future retirement of property, plant and equipment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements from changes in such estimates in future years could be significant.

Cash and Cash Equivalents
Cash and cash equivalents include monies on deposit and guaranteed investments that have an original maturity date of not more than 90 days.

Short-Term Investments
Short-term investments are comprised of guaranteed investment certificates with an original maturity date of greater than 90 days.

Furniture and Equipment
Furniture and equipment are recorded at cost and are amortized on a declining-balance basis at rates of 20% to 50% per year.

Crude Oil Inventory
Inventories of crude oil, consisting of production for which title has not yet transferred to the buyer are valued at the lower of cost or net realizable value. Cost is determined on a weighted-average basis.

Long-Term Investments
Investments in which the Trust has significant influence are accounted for using the equity basis of accounting whereby the carrying value of the investment is increased or decreased for the Trust's percentage of net earnings or loss and reduced by dividends paid to the Trust. In 2008 and 2007 only the Trust's investment in Verenex Energy Inc. ("Verenex") was subject to the equity basis of accounting.

Long-term investments over which the Trust does not have significant influence are carried at fair value. Dividends received or receivable from the investments are included in the Trusts net earnings, with no adjustment to the carrying amount of the investment.

Goodwill
Goodwill is tested for impairment at least annually by comparing the fair value of the reporting unit with its carrying amount. If the carrying amount exceeds the fair value, an impairment loss is recognized for the excess.

Revenue Recognition
Revenues associated with the sale of crude oil, natural gas and natural gas liquids are recorded when title passes to the customer. For Canadian natural gas production, legal title transfer occurs at the intersection of major pipelines (referred to as the "Hub") whereas the majority of Vermilion's Canadian oil production is sold at the well head. In Australia, oil is sold at the Wandoo B Platform, in the Netherlands natural gas is sold at the plant gate and in France oil is sold when delivered to the pipeline or when delivered to the refinery via tanker.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative Financial Instruments
The Trust has elected to not designate any of its price risk management activities as accounting hedges and accounts for derivative financial instruments at fair value. When appropriate, the Trust uses derivative financial instruments to manage exposures to fluctuations in commodity prices, interest rates and foreign currency exchange rates. All transactions of this nature entered into by the Trust are related to an underlying financial position or to future petroleum and natural gas production. The Trust does not use derivative financial instruments for speculative purposes. The fair value of derivative financial instruments are recorded in the consolidated balance sheets with changes in fair value of derivative financial instruments recognized in earnings during the period.

Financial Instruments
Cash and cash equivalents and short-term investments are classified as held for trading and are measured at carrying value, which approximates fair value due to the short-term nature of these instruments. A gain or loss arising from a change in the fair value is recognized in net earnings in the current period.

Accounts receivable are classified as loans and receivables and are initially measured at fair value and subsequently measured at amortized cost. The carrying value approximates the fair value due to the short-term nature of these instruments.

Accounts payable and accrued liabilities, distributions payable to unitholders and long-term debt have been classified as other financial liabilities and are initially recognized at fair value. The carrying value approximates the fair value due to the short-term nature of these instruments. Transaction costs and discounts are now added to the fair value of long-term debt on initial recognition.

All derivative, debt and equity security investments not subject to consolidation or equity method accounting have been classified as held for trading and are measured at fair value. Accordingly, gains and losses are reflected in net income in the period in which they arise. Gains and losses associated with the Trust's investments in debt and equity securities are included in other income in the consolidated statement of earnings.

The fair values of derivative instruments, debt securities and equity securities are determined by reference to published prices in active markets.

Unit Compensation
The Trust has unit-based long-term compensation plans for directors, officers and employees of the Trust and its subsidiaries. Unit compensation expense is measured based on the fair value of the award at the date of grant. Unit compensation expense is deferred and recognized in earnings over the vesting period of the awards with a corresponding adjustment to contributed surplus.

Upon vesting or exercise, the amount previously recognized in contributed surplus together with any consideration paid is recorded as an increase in unitholders' capital. The Trust has not incorporated an estimated forfeiture rate for awards that will not vest, rather, the Trust accounts for forfeitures as they occur.

Per-unit Amounts
Net earnings per unit are calculated using the weighted-average number of units outstanding during the period. Diluted net earnings per unit are calculated using the treasury stock method to determine the dilutive effect of unit-based compensation and include the weighted-average number of exchangeable shares outstanding converted at the exchange ratio at the end of each period. The treasury stock method assumes that the aggregate of the proceeds received from the exercise of "in the money" trust unit rights and the deemed proceeds related to unrecognized unit based compensation expense are used to repurchase units at the average market price during the period. Trust unit awards outstanding are converted at estimated performance factors.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Translation

The financial position and results of foreign subsidiaries, all of which are considered to be integrated, are translated on the following basis:

- Monetary assets and liabilities are translated at the rates of exchange prevailing at the balance sheet dates;
- Non-monetary assets, liabilities and related depreciation and depletion expense are translated at historical rates; and
- Sales, other revenues, royalties and all other expenses are translated at an appropriately weighted average exchange rate.

Any resulting foreign exchange gains and losses are included in earnings.

Income Taxes

Future income taxes are calculated using the liability method whereby income tax liabilities and assets are recognized for the estimated tax consequences attributable to temporary differences between the amounts reported in the consolidated financial statements of the Trust and their respective tax bases using substantively enacted income tax rates in the respective jurisdictions that will be in effect when the differences are expected to reverse. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period in which the related legislation is substantively enacted.

The Trust is a taxable entity under the Income Tax Act (Canada) and currently is only taxable on income that is not distributed to the unitholders. In 2007, the Government of Canada passed legislation that effectively imposes a tax on distributions made by entities such as the Trust beginning in 2011. In 2006 and prior years, as the Trust allocated all of its Canadian taxable income to the unitholders in accordance with the Trust Indenture and met the requirements of the Income Tax Act (Canada) applicable to it, a provision for Canadian income tax expense was only recognized in the Canadian subsidiaries of the Trust. As a result of this new legislation, future income taxes related to temporary differences arising in the Trust which will reverse after 2010 are recognized in earnings.

The Trust is subject to current income taxes in France, the Netherlands and Australia based on the tax legislation of each respective country.

Exchangeable Shares - Non-controlling Interest

The exchangeable shares issued pursuant to the Plan of Arrangement were initially recorded at their pro-rata percentage of the carrying value of Resources' equity. When the exchangeable shares are converted into trust units, the conversion is recorded as an acquisition of the non-controlling interest at fair value and is accounted for as a step acquisition. Upon conversion of the exchangeable shares, the fair value of the trust units issued is recorded in unitholders' capital, and the difference between the carrying value of the non-controlling interest and the fair value of the trust units is recorded as capital assets, or goodwill as appropriate.

3. NEW ACCOUNTING POLICIES

Financial Instruments

On January 1, 2008, the Trust adopted Section 1535, "Capital Disclosures"; Section 3862, "Financial Instruments – Disclosures"; and Section 3863, "Financial Instruments – Presentation". The adoption of these standards did not impact the amounts reported in the Trust's consolidated financial statements, however, it did result in additional note disclosures relating to the Trust's capital structure and financial instruments (see notes 20 and 21)

On January 1, 2008, the Trust adopted Section 3031, "Inventories." The adoption of this standard did not impact the Trust's consolidated financial statements.

4. INVESTMENTS AND ACQUISITIONS

a) Verenex

During the year ended December 31, 2008, the Trust purchased 72,800 shares of Verenex for cash consideration of $0.6 million (2007 - 2.3 million shares purchased for cash consideration of $32.2 million). After reflecting these shares Vermilion owns 18.8 million shares representing 42.4% of the outstanding shares of Verenex.

b) Canada Acquisition

On January 31, 2008, the Trust completed a Canadian acquisition of gas producing assets and gross-overriding royalties on oil producing properties for cash consideration of $44.1 million:

The purchase price relating to this asset purchase was allocated as follows:

Capital assets	$	46,057
Asset retirement obligation		(1,931)
Total consideration	$	44,126

During the year ended December 31, 2008 the Trust acquired $2.3 million of other petroleum and natural gas properties.

c) Australia Acquisition

On June 20, 2007, the Trust acquired the remaining 40% interest in the Wandoo field in offshore Australia for cashconsideration of $117.9 million. The purchase price allocation was determined as follows:

Capital assets	$	138,596
Asset retirement obligation		(12,405)
Working capital		(8,311)
Total consideration	$	117,880

During the year ended December 31, 2007 the Trust acquired $3.4 million of other petroleum and natural gas properties.

5. CAPITAL ASSETS

2008		Cost		Accumulated Depletion, Depreciation and Amortization		Net Book Value
Petroleum and natural gas properties and equipment	$	2,502,539	$	1,098,127	$	1,404,412
Furniture and equipment		11,561		8,344		3,217
	$	2,514,100	$	1,106,471	$	1,407,629

2007		Cost		Accumulated Depletion, Depreciation and Amortization		Net Book Value
Petroleum and natural gas properties and equipment	$	2,186,091	$	858,180	$	1,327,911
Furniture and equipment		10,835		7,286		3,549
	$	2,196,926	$	865,466	$	1,331,460

As at December 31, 2008 and 2007 the Trust did not exclude any costs for undeveloped properties from the depletion and depreciation calculation. During the year, the Trust capitalized $4.4 million (2007 - $2.1 million) of overhead costs related to exploration and development activities.

The Trust performed ceiling tests at December 31, 2008 and 2007 to assess whether the carrying value of petroleum and natural gas properties and equipment is recoverable. Based on the calculations, the undiscounted future cash flows from the Trust's proved reserves exceeded the carrying values of the Trust's petroleum and natural gas properties and equipment at December 31, 2008 and 2007 and therefore the carrying values are considered recoverable.

5. CAPITAL ASSETS (Continued)

The benchmark prices used in the December 31, 2008 calculations are as follows:

CDN$/BOE	Canada	France	Netherlands	Australia
2009	$51.43	$60.15	$58.23	$68.48
2010	$56.41	$69.56	$59.01	$78.82
2011	$59.21	$73.68	$53.38	$83.43
2012	$62.94	$80.19	$52.10	$90.81
2013	$65.37	$84.55	$54.99	$95.80
Average increase thereafter	2.0%	2.0%	2.0%	2.0%

6. ASSET RETIREMENT OBLIGATIONS AND RECLAMATION FUND

The asset retirement obligations were determined based on the estimated future costs and timing to reclaim the Trust's net interest in all wells and facilities. The Trust has estimated the net present value of its asset retirement obligations to be $265.1 million as at December 31, 2008 (2007 - - $163.4 million) based on a total undiscounted future liability after inflation adjustment of $948.2 million (2007 - $579.4 million). These payments are expected to be made over the next 47 years with the majority of the costs being incurred between 2023 until 2045. The Trust used a credit adjusted risk free rate of 8% and inflation rates between 1.9% and 2.8% to calculate the present value of the asset retirement obligations.

The following table reconciles the change in the Trust's asset retirement obligations:

		2008		2007
Carrying amount, beginning of period	**$**	**163,374**	$	127,494
Increase in liabilities in the period		**2,487**		12,936
Disposition of liabilities in the period		**(10,200)**		(4,056)
Change in estimate		**66,576**		27,240
Accretion expense		**14,468**		10,067
Foreign exchange		**28,396**		(10,307)
Carrying amount, end of period	**$**	**265,101**	$	163,374

During the years ended December 31, 2008 and 2007, the Trust completed reviews of its estimates of the expected costs to reclaim the net interest in its wells and facilities. As a result of significantly higher Canadian reclamation costs which have been observed by the industry as a whole, Vermilion adjusted its asset retirement obligations to reflect these increased estimated future costs.

The Trust has set aside funds for the future payment of its estimated asset retirement obligations. In 2008, the Trust contributed $10.4 million to the reclamation fund (2007 - $nil).

The following table reconciles the Trust's reclamation fund investments:

		2008		2007
Cash and short term investments, at fair value	**$**	**21,700**	$	10,838
Equity and debt securities, at fair value		**41,699**		47,090
	$	**63,399**	$	57,928

A portion of the cash and short term investments as well as all of the equity securities and debt securities which comprise the reclamation fund are professionally managed by third parties.

7. LONG-TERM DEBT

As at December 31, 2008, the Trust had an unsecured, covenant-based credit facility allowing for maximum borrowings of $675 million. The revolving period under the term loan is expected to expire in June 2009 and may be extended for an additional period of up to 364 days at the option of the lenders. If the lenders convert the revolving credit facility to a non-revolving credit facility, the amounts outstanding under the facility become repayable 24 months after the end of the revolving period. Various borrowing options are available under the facility including prime rate based advances and bankers' acceptance loans.

8. INCOME TAXES

The net future income tax liability at December 31, 2008 and 2007 is comprised of the following:

		2008		2007
Future income tax liabilities:				
Capital assets	**$**	**(264,189)**	$	(232,283)
Derivative contracts		**(4,672)**		(1,086)
Partnership income deferral		**(18,120)**		(7,240)
Asset retirement obligation		**(4,630)**		(5,445)
Other		**(3,678)**		-
Unrealized foreign exchange		**(193)**		-
Future income tax assets:				
Non-capital losses		**49,491**		38,909
Basis difference of investments		**62**		61
Share issue costs		**130**		129
Other		**-**		392
Unrealized foreign exchange		**-**		861
Net future income tax (liability)	**$**	**(245,799)**	$	(205,702)

The provision for income tax differs from the amount that would have been expected if the reported earnings had been subject only to the statutory Canadian income tax rate of 29.50% (2007 – 32.12%), as follows:

		2008		2007
Earnings before income taxes and non-controlling interest	$	**339,522**	$	205,807
Canadian corporate tax rate		**29.50%**		32.12%
Expected tax expense		**100,159**		66,105
Increase (decrease) in taxes resulting from:				
Income attributable to the unitholders		**(46,809)**		(43,808)
Non-deductible Crown payments		**-**		123
Foreign tax rate differentials*		**2,735**		1,528
Statutory rate changes		**-**		70
Unit compensation expense		**5,425**		4,492
Amended returns and pool estimate variances		**1,722**		8,830
Foreign exchange		**12,525**		(8,018)
Other		**6,226**		(703)
One-time tax benefit associated with offshore drilling program		-		(8,929)
Adjustment to provisions for tax positions taken		**5,824**		5,213
Non-taxable portion of capital gains		-		(195)
Provision for income taxes	**$**	**87,807**	$	24,708

* The corporate tax rate in France is 34.4%, 43.15% in the Netherlands and 30% in Australia

In 2007, the Government of Canada passed legislation that effectively imposes a tax on distributions made by entities such as the Trust beginning in 2011. As a result of this legislation, future income taxes related to temporary differences arising in the Trust, which will reverse after 2010, are recognized in earnings. The related impact on the Trust's consolidated future income tax provision and future income tax liability in 2007 related to this legislation was not material.

9. UNITHOLDERS' CAPITAL AND CONTRIBUTED SURPLUS

The Trust is authorized to issue an unlimited number of units of the Trust.

	Number of Units		Amount
Trust Units			
Unlimited number of trust units authorized to be issued			
Balance as at December 31, 2006	64,708,194	$	321,035
Distribution reinvestment plan	1,082,868		35,992
Issued on conversion of exchangeable shares	2,143		70
Unit rights exercised and issuance of units on vesting of trust unit award plan grants	1,477,278		7,045
Transfer from contributed surplus for unit based awards	-		14,592
Trust units issued for bonus plan	23,039		695
Unit-settled distributions on vested unit based awards	41,905		1,512
Balance as at December 31, 2007	67,335,427		380,941
Distribution reinvestment plan	521,839		18,453
Issued on conversion of exchangeable shares	600,697		17,766
Unit rights exercised and issuance of units on vesting of trust unit award plan grants	1,630,943		3,740
Transfer from contributed surplus for unit based awards	-		17,304
Trust units issued for bonus plan	18,555		597
Unit-settled distributions on vested unit based awards	150,908		5,834
Unit buyback	(45,600)		(282)
Balance as at December 31, 2008	70,212,769	$	444,353

		2008		**2007**
Contributed Surplus				
Opening balance	**$**	**29,211**	$	30,513
Unit compensation expense (excluding bonus plan)		**17,791**		13,290
Transfer to unitholders' capital for unit based awards		**(17,304)**		(14,592)
Ending balance	**$**	**29,698**	$	29,211

In May 2008, Vermilion suspended its distribution reinvestment plan as it was generating cash flow that was in excess of the level required to sustain the Trust's business model.

In October 2008, the Trust acquired and then cancelled 45,600 of its own units pursuant to a normal course issuer bid. The cost to acquire these units was $1.2 million and this transaction resulted in a decrease to unitholders' capital and retained earnings of $0.3 million and $0.9 million respectively.

Cash distributions declared to unitholders for the year ended December 31, 2008 were $158.7 million (2007 - $136.4 million). Distributions are determined by the Board of Directors in accordance with the Trust Indenture and are paid monthly.

10. NON-CONTROLLING INTEREST – EXCHANGEABLE SHARES

Upon conversion to a Trust, 6.0 million exchangeable shares of the Company were issued. The exchangeable shares are mandatorily converted into trust units upon redemption by the shareholder. The Company holds the option to redeem all outstanding exchangeable shares for trust units or cash on or before January 22, 2013 and it is the intention of the Trust that trust units would be issued upon redemption of the exchangeable shares. On or before January 22, 2013, there will be no remaining non-controlling interest as all exchangeable shares will have been converted to trust units by that time.

The conversion of exchangeable shares occurs based on the exchange ratio which is adjusted monthly to reflect the distributions paid on trust units. Cash distributions are not paid on exchangeable shares.

10. NON-CONTROLLING INTEREST – EXCHANGEABLE SHARES (Continued)

The non-controlling interest on the consolidated balance sheets consists of the book value of the exchangeable shares upon issuance plus the accumulated earnings attributable to the non-controlling interest. The net earnings attributable to the non-controlling interest on the consolidated statement of earnings represents the share of net earnings attributable to the non-controlling interest based on the Trust units issuable for exchangeable shares in proportion to total trust units issued and issuable at each period end.

The following table summarizes the change in the outstanding exchangeable share balance:

	2008	2007
Exchangeable Shares		
Opening number of exchangeable shares	**4,457,473**	4,458,919
Exchanged for trust units	**(371,868**)	(1,446)
Ending balance	**4,085,605**	4,457,473
Ending exchange ratio	**1.66196**	1.55595
Trust units issuable upon conversion	**6,790,112**	6,935,605

The following table summarizes the changes in the non-controlling interest as presented on the consolidated balance sheets:

	2008	2007
Non-controlling interest, beginning of year	**$ 68,576**	$ 51,780
Reduction of book value for conversion to trust units	**(6,579)**	(17)
Current period net earnings attributable to non-controlling interest	**22,526**	16,813
Non-controlling interest, end of year	**$ 84,523**	$ 68,576

11. UNIT COMPENSATION PLANS

Unit Rights Incentive Plan

The Trust has a unit rights incentive plan that allows the Trust to issue rights to acquire trust units to directors, officers and employees. No future rights are expected to be issued as the unit rights incentive plan was replaced with a Trust Unit Award Plan in 2005. The existing rights plan will be in place until all issued and outstanding rights are exercised or cancelled.

Under the plan, the Trust is authorized to issue up to 6.0 million unit rights; however, the number of trust units reserved for issuance upon exercise of the rights shall not at any time exceed 10% of the aggregate number of issued and outstanding trust units of the Trust. Unit right exercise prices were equal to the market price for the trust units on the date the unit rights were issued. Under certain conditions, the exercise price per unit may be adjusted by deducting from the grant price the aggregate of all distributions, on a per-unit basis, made by the Trust after the grant date. Rights granted under the plan vest over a three-year period and expire five years after the grant date.

The Trust used the Black-Scholes option-pricing model to calculate the estimated fair value of the outstanding rights. For unit rights issued in 2005, the following assumptions were used to arrive at the estimate of fair value:

	2005
Expected volatility	22.33%
Risk-free interest rate	4.0%
Expected life of option (years)	5.0
Fair value per option	$ 5.28

The dividend yield is offset by the reducing strike price feature of the plan resulting in the use of a zero dividend yield in the option-pricing model. During the year no compensation expense has been recorded (2007 - $1.1 million) related to the Unit Rights Incentive Plan as all awards are fully vested.

11. UNIT COMPENSATION PLANS (Continued)

The following table summarizes information about the Trust's unit rights:

	2008		2007	
	Number of Unit Rights	Grant Date Weighted Average Exercise Price	Number of Unit Rights	Grant Date Weighted Average Exercise Price
Opening Balance	**1,148,616**	**$ 14.55**	2,244,258	$ 14.12
Cancelled		-	(3,900)	21.55
Exercised	**(808,766)**	**$ 12.93**	(1,091,742)	13.63
Closing balance	**339,850**	**$ 18.40**	1,148,616	$ 14.55

A summary of the plan as at December 31, 2008 is as follows:

Range of Exercise Price at Grant Date	Adjusted Exercise Price	Number of Rights Outstanding and Exercisable	Remaining Contractual Life of Right (Years)
$15.01 - $19.56	$4.55 - $9.10	339,850	0.63

Trust Unit Award Incentive Plan

In 2005, the Board of Directors established the Trust Unit Award Incentive Plan governing the issuance of unvested units of the Trust to directors, officers, employees and consultants of the Trust and its Affiliates.

Upon vesting, the grantee receives unrestricted units of the Trust, adjusted for cumulative distributions during the vesting period. The number of units issued upon vesting is dependent upon the performance of the Trust compared to its peers based on a performance factor that may range from zero to two times the number of awards originally granted. Original awards to new employees vest in equal tranches over three years and subsequent grants vest after three years.

The fair value of awards is estimated at the date of grant and is recognized over the vesting period.

The following table summarizes information about the Trust Unit Award Incentive Plan:

	Number of Awards
Balance December 31, 2007	1,102,495
Granted	533,493
Vested	(407,113)
Cancelled	(20,620)
Balance December 31, 2008	1,208,255

Compensation expense of $17.8 million was recorded during the year ended December 31, 2008 (2007 - $12.1 million) related to the Trust Unit Award Incentive Plan.

Phantom Award Incentive Plan

In September 2006, the Board of Directors approved a new long-term incentive plan for certain employees not eligible to participate in the Trust Unit Award Incentive Plan which provides for cash payments based on the market value of a trust unit. The cash consideration paid upon vesting is dependent upon the future performance of the Trust compared to its peers based on a performance factor that may range from zero to two times the number of notional units originally granted.

Compensation expense recognized is based on the closing market price of a trust unit and is remeasured at each reporting date. The total expense is amortized over the relevant vesting periods and the amount payable is recorded as a liability until settlement.

Compensation expense of $0.9 million has been recorded as general and administration expense during the year ended December 31, 2008 (2007 - $2.0 million).

12. PER-UNIT AMOUNTS

Basic and diluted net earnings per unit have been determined based on the following:

		2008		2007
Net earnings	$	**229,189**	$	164,286
Non-controlling interest – exchangeable shares		**22,526**		16,813
Net earnings for diluted net earnings per trust unit calculation	$	**251,715**	$	181,099
Basic weighted average trust units outstanding		**69,548,183**		66,122,423
Dilutive impact of trust units issuable on conversion of exchangeable shares		**7,108,202**		6,935,786
Dilutive impact of unit rights incentive and trust unit award plans		**1,362,384**		2,724,514
Diluted weighted average trust units outstanding		**78,018,769**		75,782,723

Basic net earnings per trust unit has been calculated based on net earnings divided by the basic weighted average trust units outstanding. Earnings attributable to the non-controlling interest related to the exchangeable shares are added back to net earnings in calculating diluted net earnings per trust unit. All outstanding potential units related to incentive plans were dilutive and therefore have been included in the calculation of the diluted trust units for all periods presented.

13. DERIVATIVE INSTRUMENTS

Risk Management Activities

The nature of the Trust's operations result in exposure to fluctuations in commodity prices, interest rates and foreign currency exchange rates. The Trust monitors and, when appropriate, uses derivative financial instruments to manage its exposure to these risks. The Trust does not obtain collateral or other security to support its financial derivatives as the majority of these instruments are with the Trust's banking syndicate.

Risk Management: Oil	**Funded Cost**	**bbls/d**	**US$/bbl**
Collar - BRENT			
2009	US$1.00/bbl	500	$100.50 - $200.00
Call Spread - BRENT			
2009 - 2011	US$5.73/bbl	700	$ 65.00 - $ 85.00

The fair values of derivative instruments are recorded on the consolidated balance sheets with the associated unrealized gain or loss recorded in net earnings. The estimated fair value of all derivative financial instruments is based on quoted market prices or, in their absence, third party market indications and forecasts.

The following table reconciles the change in the Trust's fair value of derivative contracts:

		2008		2007
Fair value of contracts, beginning of year	$	**2,102**	$	6,280
Opening unrealized loss (gain) on contracts settled during the year		**7,414**		(1,624)
Realized loss on contracts settled during the year		**(10,625**)		(2,835)
Unrealized gain (loss) during the period on contracts outstanding at the end of the year		**5,688**		(2,554)
Net payment to counterparties under contract settlements during the year		**10,625**		2,835
Fair value of contracts, end of year		**15,204**		2,102
Comprised of:				
Current derivative asset		**11,638**		37
Current derivative liability		**-**		(7,450)
Non-current derivative asset		**3,566**		9,515
Fair value of contracts, end of year	$	**15,204**	$	2,102

13. DERIVATIVE INSTRUMENTS (Continued)

The loss (gain) on derivative instruments for the periods is comprised of the following:

		2008		2007
Realized loss on contracts settled during the year	**$**	**10,625**	$	2,835
Opening unrealized gain (loss) on contracts settled during the year		**(7,414)**		1,624
Unrealized (gain) loss during the period on contracts outstanding at the end of the year		**(5,688)**		2,554
Loss (gain) on derivative instruments for the year	$	**(2,477)**	$	7,013

Pursuant to a 2006 acquisition under which the vendor participates in a portion of the net price received by Vermilion from 2009 to 2011 inclusive, the Trust entered into a derivative transaction to economically offset a portion of the related potential future payments.

The transaction consisted of three dated Brent crude purchased call options at US$65.00 per barrel and three dated Brent crude written call options at US$85.00 per barrel representing approximately one half of the expected production subject to the related provision. The total cost of this derivative transaction was $4.9 million.

The Trust has determined that any potential future payments under this provision would constitute additional consideration. As the outcome of this provision could not be determined beyond a reasonable doubt and as the amount of the potential contingent consideration could not be reasonably estimated, no amount related to this provision was recognized as part of the purchase price at the date of acquisition. If payments are made under this provision in future periods or if additional information becomes available that allows the Trust to determine the outcome of this provision beyond a reasonable doubt and reasonably estimate the amount of contingent consideration that will be paid, the Trust will recognize an adjustment to the purchase price on a prospective basis.

During the normal course of business, the Trust enters into fixed and collared price arrangements to sell a portion of its production. The Trust has elected to exempt these contracts from fair value accounting through the use of the normal purchase and sales exemption.

14. CASH FLOW INFORMATION

The following details the changes in non-cash working capital:

		2008		2007
Accounts receivable	$	**(3,901)**	$	3,972
Crude oil inventory		**(1,134)**		(2,863)
Prepaid expenses and other		**(4,182)**		1,606
Accounts payable and accrued liabilities and income taxes payable		**106,323**		(37,943)
Foreign exchange		**(916)**		(1,249)
Changes in non-cash working capital	**$**	**96,190**	$	(36,477)
Changes in non-cash operating working capital	**$**	**96,369**	$	(31,965)
Changes in non-cash investing working capital		**(179)**		(4,512)
Changes in non-cash working capital	**$**	**96,190**	$	(36,477)

15. SEGMENTED INFORMATION

The Trust has operations principally in Canada, France, the Netherlands and Australia. The Trust's entire operating activities are related to exploration, development and production of petroleum and natural gas.

		2008		2007
Petroleum and natural gas revenue				
Canada	**$**	**307,793**	$	225,501
France		**318,320**		240,547
Netherlands		**114,656**		77,367
Australia		**261,136**		163,919
	$	**1,001,905**	$	707,334
Net earnings				
Canada	**$**	**62,905**	$	9,920
France		**53,857**		84,712
Netherlands		**31,132**		16,286
Australia		**81,295**		53,368
	$	**229,189**	$	164,286
Capital expenditures				
Canada	**$**	**103,725**	$	69,713
France		**53,905**		73,504
Netherlands		**13,019**		22,275
Australia		**62,653**		131,441
	$	**233,302**	$	296,933
Total assets				
Canada	**$**	**779,634**	$	662,904
France		**587,979**		604,090
Netherlands		**136,403**		150,533
Australia		**294,343**		250,596
	$	**1,798,359**	$	1,668,123

16. LONG-TERM INVESTMENTS

The following table reconciles the Trust's total long-term investments as presented on the consolidated balance sheets:

		2008		2007
Portfolio investments, at fair value	**$**	**4,579**	$	5,032
Investment in Verenex, equity method (fair value - $128.5 million, 2007 - $158.8 - million)		**59,173**		58,096
	$	**63,752**	$	63,128

17. RELATED PARTY TRANSACTIONS

During the year, Vermilion initially paid for various expenditures on behalf of Verenex and then recovered such amounts from Verenex. These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. These transactions were undertaken under the same terms and conditions as transactions with non-related parties.

18. COMMITMENTS

The Trust has the following future commitments associated with its operating leases as at December 31, 2008:

	2009	2010	2011	2012	2013	Thereafter	Total
Payments by Period:	$ 4,063	$ 3,181	$ 3,112	$ 3,931	$ 3,931	$ 34,797	$ 53,015

In addition, the Trust has various other commitments associated with its business operations, none of which in management's view, are significant.

19. COMPONENTS OF CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	2008	2007
Monies on deposit with banks	**$ 67,231**	$ 44,588
Guaranteed short-term investments	**-**	3,280
Total cash and cash equivalents	**$ 67,231**	$ 47,868

20. CAPITAL DISCLOSURES

In managing capital, the Trust reviews whether fund flows from operations, (a non-GAAP measure, defined as cash flows from operating activities before changes in non-cash operating working capital and asset retirement costs incurred) is sufficient to pay for all capital expenditures, distributions, contributions to the reclamation fund and abandonment and reclamation expenditures. To the extent that the forecasted fund flows from operations is not expected to be sufficient to cover these expenditures, the Trust will evaluate its ability to finance any excess with debt or reduce some or all categories of expenditures to ensure that total expenditures do not exceed available funds.

As a part of the management of capital, the Trust monitors the ratio of net debt (a non-GAAP measure, which is defined as long-term debt as shown on the consolidated balance sheets plus working capital) to fund flows from operations.

The Trust typically strives to maintain a ratio of net debt to fund flows from operations near 1.0. In a commodity price environment where prices trend higher, the Trust may target a lower ratio and conversely, in a lower commodity price environment, the acceptable ratio may be higher. At times, the Trust will use its balance sheet to finance acquisitions and in these situations, the Trust is prepared to accept a higher ratio in the short term but will implement a plan to reduce the ratio to acceptable levels within a reasonable period of time, usually considered to be no more than 12 to 18 months. This plan could potentially include an increase in hedging activities, a reduction in capital spending and the utilization of excess fund flows from operations to reduce outstanding indebtedness.

The following table calculates the Trust's ratio of net debt to fund flows from operations:

	2008	2007
Long-term debt	**$ 197,651**	$ 452,490
Current liabilities	**250,275**	150,620
Current assets	**(240,173)**	(186,252)
Net debt [1]	**$ 207,753**	$ 416,858
Cash flows from operating activities	**$ 660,135**	$ 349,890
Changes in non-cash operating working capital	**(96,369)**	31,965
Asset retirement costs incurred	**10,200**	4,056
Fund flows from operations [2]	**$ 573,966**	$ 385,911
Ratio of net debt to fund flows from operations ([1] ÷ [2])	**0.4**	1.1

20. CAPITAL DISCLOSURES (Continued)

For the periods presented here, the ratio of net debt to fund flows from operations was between 0.4 and 1.1. The 2008 year end figure of 0.4 reflects the strong commodity price environment that prevailed for much of the year. Given the weakening of commodity prices through the end of 2008 and into early 2009, the Trust will target a net debt to fund flows from operations ratio of approximately 1.0 in accordance with its capital management strategy, exclusive of the impact of potential acquisitions.

In relation to its long-term debt, the Trust is subject to a debt to EBITDA ratio test (where debt is defined as long-term debt as presented on the consolidated balance sheet and EBITDA is defined as earnings before interest, taxes, depreciation, amortization and other certain non-cash items). During the periods covered by these financial statements, the Trust continued to comply with this externally imposed capital requirement.

21. FINANCIAL INSTRUMENTS

The following table summarizes information relating to Vermilion's financial instruments as at December 31, 2008 and December 31, 2007:

Classification of Financial Instruments

Class of Financial Instruments	Location on Consolidated Balance Sheet	Accounting Designation	Related Income or Expense Account on Statement of Earnings	Carrying Amount and Fair Value of Asset (Liability) as at: December 31, 2008	December 31, 2007
Cash	Cash and cash equivalents	HFT-B	Gains and losses on foreign exchange are included in foreign exchange loss (gain)	**$ 67,231**	$ 47,868
Short-term investments	Short-term investments	HFT-A	Gains and losses on foreign exchange are included In foreign exchange loss (gain)	**$ 9,491**	$ -
Receivables	Accounts receivable	LAR	Gains and losses on foreign exchange are included in foreign exchange loss (gain). Impairments are recognized as general and administration expense	**$ 123,794**	$ 119,645
Derivative assets	Derivative instruments	HFT-B	Loss (gain) on derivative instruments	**$ 15,204**	$ 9,552
Derivative liabilities	Derivative instruments	HFT-B	Loss (gain) on derivative instruments	**$ -**	$ (7,450)
Reclamation fund investments	Reclamation fund	HFT-A	Other income or expense	**$ 63,399**	$ 57,928
Portfolio investments	Long-term investments [(1)]	HFT-A	Other income or expense	**$ 4,579**	$ 5,032
Payables	Accounts payable and accrued liabilities. Distributions payable to unitholders.	OTH	Gains and losses on foreign exchange are included in foreign exchange loss (gain)	**$ (192,652)**	$ (141,652)
Long-term debt	Long-term debt	OTH	Interest	**$ (197,651)**	$ (452,490)

[(1)] See note 16 for a reconciliation of the long-term investments account

21. FINANCIAL INSTRUMENTS (Continued)

Accounting designations used in the above table:

HFT-A – Designated by the Trust as "Held for trading" upon initial recognition. Financial assets and liabilities designated as "Held for trading" are carried at fair value on the consolidated balance sheets with gains and losses associated with fair value adjustments recognized in net earnings.

HFT-B – Classified as "Held for trading" in accordance with Section 3855 of the CICA Handbook. As with HFT-A instruments these financial assets and liabilities are carried at fair value on the consolidated balance sheets with associated gains and losses reflected in net earnings.

LAR – "Loans and receivables" are initially recognized at fair value and subsequently are measured at amortized cost. Impairments and foreign exchange gains and losses are recognized in net earnings.

OTH – "Other financial liabilities" are initially recognized at fair value and subsequently are measured at amortized cost. Interest is recognized in net earnings using the effective interest method. Foreign exchange gains and losses are recognized in net earnings.

Determination of Fair Values

Fair values for derivative assets and derivative liabilities are determined using option pricing models that are based on assumptions which are supported by prices from observable market transactions and are adjusted for credit risk. Fair values for portfolio investments and reclamation fund investments are determined by reference to published price quotations in active markets. The carrying value of cash equivalents, receivables and payables approximate their fair value due to their short maturities. The carrying value of long-term debt approximates its fair value due to the use of short-term borrowing instruments at market rates of interest.

Nature and Extent of Risks Arising From Financial Instruments

Vermilion is exposed to the following types of risks in relation to its financial instruments:

Credit risk:
Vermilion extends credit to customers and the Trust may, from time-to-time, be due amounts from counterparties in relation to derivative instruments. Accordingly, there is a risk of financial loss in the event that a counterparty fails to discharge its obligation. For transactions that are financially significant, Vermilion reviews third-party credit ratings and may require additional forms of security. Cash held on behalf of the Trust by financial institutions is also subject to credit risk related to the credit profile of those institutions.

Currency risk:
Vermilion conducts business in currencies other than Canadian dollars and accordingly is subject to currency risk associated with changes in foreign exchange rates in relation to cash, receivables, payables, derivative assets and liabilities and reclamation fund investments. The impact related to working capital is somewhat mitigated as a result of the offsetting effects of foreign exchange fluctuations on assets and liabilities. Vermilion monitors its exposure to currency risk and reviews whether the use of derivative financial instruments is appropriate to manage potential fluctuations in foreign exchange rates. At present, the Trust does not have any derivative instruments in place with respect to currency risk.

Commodity price risk:
Vermilion uses financial derivatives as part of its risk management program associated with the effects of changes in commodity prices on future cash flows. Changes in the underlying commodity prices impact the fair value and future cash flows related to these derivatives.

Equity price risk:
The Trust holds investments in equity securities in its reclamation fund. In addition, at December 31, 2008 the Trust held portfolio investments in equity securities with a fair value of $4.6 million. The fair value of these instruments is exposed to changes in the prices of the underlying equities.

21. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk:
Vermilion's debt is primarily comprised of short-term bankers acceptances that bear interest at market rates. Accordingly, Vermilion's exposure to interest rate risk in relation to its long-term debt at the balance sheet date is not material. The fair value of the bonds and debt securities that Vermilion holds in its reclamation fund is subject to interest rate risk.

Liquidity risk:
Liquidity risk is the risk that Vermilion will encounter difficulty in meeting obligations associated with its financial liabilities. The Trust does not consider this to be a significant risk as its financial position and available committed borrowing facility provide significant financial flexibility and allow Vermilion to meet its obligations as they come due.

Vermilion does not consider there to be a present risk in relation to funds availability to the Trust under its committed borrowing facility.

The nature of these risks and the Trust's strategy for managing these risks has not changed significantly from the prior period.

Summarized Quantitative Data Associated with the Above Risks

Credit risk:
As at December 31, 2008 Vermilion's maximum exposure to receivable credit risk was $139.0 million which is the aggregate value of receivables and derivative assets at the balance sheet date. Vermilion's receivables are due from counterparties that have investment grade third party credit ratings or, in the absence of the availability of such ratings; Vermilion has satisfactorily reviewed the counterparty for creditworthiness as appropriate. In addition, at December 31, 2008 Vermilion had $67.2 million in cash on deposit at banks. The Trust continues to review the options to mitigate its risk in relation to recent economic events.

As at the balance sheet date, the amount of financial assets that were past due or impaired was not material.

Liquidity risk:
The following table summarizes Vermilion's financial liabilities and their contractual maturities:

Due in (from balance sheet date)	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Non-derivative financial liabilities	$ 123,718	$ 63,805	$ 5,129	$ 197,651

Minimal liquidity risk exists with regards to the Trust's financial liabilities given the Trust's financial position and committed borrowing facility.

Market risk:
As previously noted, the Trust is exposed to currency risk related to changes in foreign currency denominated financial instruments, commodity price risk related to outstanding derivative positions, interest rate risk related to its long-term debt and investments in debt securities and equity price risk related to investments in equity securities. The following table summarizes what the impact on net earnings before tax would be for the year given changes in the relevant risk variables that the Trust considers were reasonably possible at December 31, 2008. The impact on net earnings before tax associated with changes in these risk variables for liabilities that are not considered financial instruments is excluded from this analysis. This analysis does not attempt to reflect any interdependencies between the relevant risk variables.

21. FINANCIAL INSTRUMENTS (Continued)

Risk	Description of change in risk variable		Effect on net earnings before tax increase (decrease)
Currency risk – Euro to Canadian	Increase in strength of the Canadian dollar against the Euro by 10% over the relevant closing rates on December 31, 2008.	$	(3,527)
	Decrease in strength of the Canadian dollar against the Euro by 5% over the relevant closing rates on December 31, 2008.	$	1,763
Currency risk – US$ to Canadian	Increase in strength of the Canadian dollar against the US$ by 10% over the relevant closing rates on December 31, 2008.	$	(5,584)
	Decrease in strength of the Canadian dollar against the US$ by 5% over the relevant closing rates on December 31, 2008.	$	2,792
Currency risk – AUD$ to Canadian	Increase in strength of the Canadian dollar against the AUD$ by 10% over the relevant closing rates on December 31, 2008.	$	(1,234)
	Decrease in strength of the Canadian dollar against the AUD$ by 5% over the relevant closing rates on December 31, 2008.	$	617
Commodity price risk	Increase in relevant oil reference price at December 31, 2008 by US$5.00/bbl within option pricing models used to determine the fair value of derivative positions.	$	146
	Decrease in relevant oil reference price at December 31, 2008 by US$5.00/bbl within option pricing models used to determine the fair value of derivative positions.	$	(59)

Reasonably possible changes in the relevant variables associated with interest rate risk and equity price risk would not have had a material impact on net earnings for the year ended December 31, 2008.

22. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

On February 13, 2008, the Accounting Standards Board (“AcSB”) confirmed that the transition date to International Financial Reporting Standards (“IFRS”) from Canadian GAAP will be January 1, 2011 for publically accountable enterprises.

In February 2008, the CICA issued Section 3064 – “Goodwill and Intangible Assets” to replace Sections 3062 – “Goodwill and Other Intangible Assets” and 3450 – “Research and Development Costs”. Section 3064 incorporates guidance addressing when an internally developed intangible asset meets the criteria for recognition as an asset. This Section is effective for fiscal years beginning on or after October 1, 2008. The Trust does not anticipate that the adoption of this standard will have a material impact on its results of operations and financial position.

In January 2009, the CICA issued Section 1582 – “Business Combinations”, Section 1601– “Consolidated Financial Statements” and Section 1602 – “Non-controlling Interests”. These new sections are effective for years beginning on or after January 1, 2011 with earlier adoption permitted. Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners, members or participants. Finally, acquisition costs are not part of the consideration and, with the exception of trust unit issue costs, acquisition-related costs are to be expensed when incurred. Vermilion is current assessing the potential impact and whether or not it will elect to adopt these standards in advance of the transition to IFRS.

23. SUBSEQUENT EVENT

On February 24, 2008 Verenex entered into an agreement under which a company has agreed to acquire all of Verenex's outstanding common shares for $10.00 per share. Pursuant to this arrangement, Vermilion entered into a lock-up agreement with the acquirer whereby the Trust has agreed to tender its common shares in Verenex under the offer. Vermilion holds 18.8 million shares in Verenex and accordingly, the Trust's proceeds from a successful transaction would be approximately $187.6 million.

The completion of this transaction is subject to a number of conditions including consent from the Libyan National Oil Corporation and valid acceptance of the offer by at least 66.7% of Verenex's shareholders as well as other governmental and regulatory approvals.

24. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES OF AMERICA GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The consolidated financial statements of the Trust have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP") which, in most respects, conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The significant differences, as they apply to the Trust, are shown below.

The application of U.S. GAAP would have had the following effect on net earnings:

		2008		2007
Net earnings and comprehensive income as reported under Canadian GAAP	**$**	**229,189**	$	164,286
Differences having the effect of increasing (decreasing) net earnings				
Unit based compensation (a)		**(9,715)**		(22,264)
Non-controlling interest adjustment (c)		**22,526**		16,813
Depletion, depreciation and accretion (c, e and f)		**(503,598)**		3,220
Equity method accounting adjustments (g)		**(8)**		(4,361)
Dilution gain on sale of shares by equity method investee (d)		**-**		29,082
Deferred tax consequences of U.S. GAAP adjustments (c)		**144,372**		(6,469)
Net earnings (loss) and comprehensive income (loss) under U.S. GAAP		**(117,234)**		180,307
Deficit, beginning of year, under U.S. GAAP		**(1,697,655)**		(1,536,381)
Distributions declared (Canadian and U.S. GAAP)		**(158,674)**		(136,389)
Temporary equity adjustment to retained earnings (b and h)		**595,706**		(205,192)
Deficit, end of year, under U.S. GAAP	**$**	**(1,377,857)**	$	(1,697,655)
Net earnings (loss) per trust unit under U.S. GAAP				
Basic	**$**	**(1.53)**	$	2.47
Diluted	**$**	**(1.53)**	$	2.38
Weighted average trust units outstanding				
Basic (c)		**76,656,385**		73,058,209
Diluted (c)		**78,094,239**		75,772,059

24. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES OF AMERICA GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

The application of U.S. GAAP would have had the following effect on the consolidated balance sheets:

	2008 CDN GAAP	2008 U.S. GAAP	2007 CDN GAAP	2007 U.S. GAAP
ASSETS				
Current				
Cash and cash equivalents	**$ 67,231**	**$ 67,231**	$ 47,868	$ 47,868
Short-term investments	**9,491**	**9,491**	-	-
Accounts receivable	**123,794**	**123,794**	119,645	119,645
Crude oil inventory	**12,167**	**12,167**	11,033	11,033
Derivative instruments	**11,638**	**11,638**	37	37
Prepaid expenses and other	**15,852**	**15,852**	7,669	7,669
	240,173	**240,173**	186,252	186,252
Derivative instruments	**3,566**	**3,566**	9,515	9,515
Long-term investments (d and g)	**63,752**	**92,378**	63,128	91,762
Goodwill	**19,840**	**19,840**	19,840	19,840
Reclamation fund	**63,399**	**63,399**	57,928	57,928
Capital assets (c, e and f)	**1,407,629**	**869,403**	1,331,460	1,311,639
	$ 1,798,359	**$ 1,288,759**	$ 1,668,123	$ 1,676,936
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$ 179,312**	**$ 179,312**	$ 128,858	$ 128,858
Unit based compensation liability (a)	**-**	**17,756**	-	71,627
Distributions payable to unitholders	**13,340**	**13,340**	12,794	12,794
Income taxes payable	**57,623**	**57,623**	1,518	1,518
Derivative instruments	**-**	**-**	7,450	7,450
	250,275	**268,031**	150,620	222,247
Long-term debt	**197,651**	**197,651**	452,490	452,490
Asset retirement obligation	**265,101**	**265,101**	163,374	163,374
Unit based compensation liability (a)	**-**	**9,210**	-	15,641
Future income taxes	**245,799**	**98,698**	205,702	206,594
	958,826	**838,691**	972,186	1,060,346
Non-controlling interest – exchangeable shares (c)	**84,523**	**-**	68,576	-
Temporary equity (a, b and c)	**-**	**1,827,925**	-	2,314,245
UNITHOLDERS' EQUITY				
Unitholders' capital (b)	**444,353**	**-**	380,941	-
Contributed surplus	**29,698**	**-**	29,211	-
Retained earnings (deficit)	**280,959**	**(1,377,857)**	217,209	(1,697,655)
	755,010	**(1,377,857)**	627,361	(1,697,655)
	$ 1,798,359	**$ 1,288,759**	$ 1,668,123	$ 1,676,936

24. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES OF AMERICA GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

a) Unit based compensation

Under U.S. GAAP, the Trust's unit based compensation plans are accounted for as liability plans whereas under Canadian GAAP the plans are considered equity plans. Under equity plan accounting, a fair value is determined for a unit based compensation award at the date of grant. Liability plan accounting requires that the fair value associated with a unit based award be remeasured at each reporting date until settlement with the corresponding changes in fair value reflected in net earnings.

In the case of unit rights incentive plan awards, the Trust considers that settlement has occurred after the employee has been subject to the risks and rewards of trust unit ownership for a reasonable period of time after the unit right has been exercised. For trust unit awards, settlement is considered to have occurred after the employee has been subject to the risks and rewards of trust unit ownership for a reasonable period of time after the trust unit has vested. Upon settlement, the fair value of the award is reclassified to temporary equity.

The fair value of unexercised unit rights incentive plan awards was determined using the Black-Scholes model incorporating management's estimates as follows:

	December 31, 2008	December 31, 2007
Expected volatility	**41.00%**	19.46%
Risk-free interest rate	**1.37%**	3.17%
Expected life of option (years)	**0.63**	0.78
Fair value per option	**$ 11.78**	$ 24.31

The fair value of trust unit awards was determined using a Monte Carlo simulation model integrating historical market performance data in relation to the Trust and certain peer entities and incorporating management's estimates as follows:

	December 31, 2008	December 31, 2007
Risk free interest rate	1.21%	3.56%
Annual forfeiture rate	7.75%	5.40%

b) Temporary equity

As trust units are redeemable on demand for cash and as exchangeable shares can only be redeemed for trust units under the terms of the Trust Indenture, U.S. GAAP requires that trust units be carried at their redemption value outside of permanent equity. Changes in the redemption value are reflected as adjustments to retained earnings. Under Canadian GAAP, the trust units are considered permanent equity.

c) Non-controlling interest adjustment

Under Canadian GAAP, exchangeable shares are classified as non-controlling interest to reflect a minority ownership in a subsidiary of the Trust. As these exchangeable shares will ultimately be converted into trust units (see Note 10), they are classified as temporary equity under U.S. GAAP. Accordingly, non-controlling interest net income as recorded under Canadian GAAP is eliminated. Increases to capital assets recorded during the year ended December 31, 2008 of $14.8 million (2007 - $53,000) related to the conversion of exchangeable shares, as well as the related future income taxes and depletion and depreciation effects, have been eliminated.

Under U.S. GAAP, the exchangeable shares are included in the calculation of basic weighted average trust units outstanding whereas under Canadian GAAP they are only incorporated into diluted weighted average trust units outstanding.

24. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES OF AMERICA GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

d) Dilution gain on sale of shares by equity method investee

Under Canadian GAAP, entities that apply full-cost accounting do not recognize dilution gains on sales of shares by equity method investees when the sale of shares is, in substance, a sale of oil and gas properties unless crediting the proceeds to the relevant cost-centres results in a change of at least 20% to the related depletion, depreciation and amortization rates. Under U.S. GAAP there is no similar guidance and accordingly, the Trust has recorded a dilution gain related to Verenex's 2007 share offering. No share offerings by Verenex occurred in 2008.

e) Liability method of accounting for income taxes

In 2000, the Trust adopted the liability method of accounting for income taxes for Canadian GAAP. The change to the liability method eliminated a difference between Canadian and U.S. GAAP, however, the effect of the adoption under Canadian GAAP resulted in a charge to retained earnings, whereas, under U.S. GAAP the deferred income taxes that resulted would have been reflected in capital assets. As a result of the difference in implementation method, depletion and depreciation expense differs between U.S. and Canadian GAAP due to the additional amounts reflected as capital assets under U.S. GAAP. During the year ended December 31, 2008 additional depletion and depreciation of $1.2 million (2007 - $1.5 million) was recorded under U.S. GAAP.

f) Ceiling test

Under U.S. GAAP full cost accounting, the carrying value of petroleum and natural gas properties and related facilities, net of deferred income taxes, is limited to the present value of after tax future net revenue from proven reserves, discounted at 10% (based on unescalated prices and costs at the balance sheet date), plus the lower of cost and fair value of unproven properties. Under Canadian GAAP, an impairment loss occurs when the carrying amount of the Trust's property, plant and equipment exceeds the estimated undiscounted future net cash flows associated with the Trust's proved reserves. If an impairment loss is determined to have occurred, the costs carried on the balance sheet in excess of the discounted future net cash flows associated with the Trust's proved and probable reserves are charged to income. The application of the impairment test under U.S. GAAP at December 31, 2008 resulted in a writedown of capitalized costs of $504.6 million on a before-tax basis. This writedown is reflected as additional depletion expense. The application of the impairment test under U.S. GAAP did not result in a writedown of capitalized costs for the year ended December 31, 2007.

g) Equity method accounting adjustments

Under Canadian GAAP, entities that use the full-cost method of accounting adjust depletion reported by equity method investees to result in the investor's reported net income being the same as if the investee had been consolidated. Accordingly, depletion and ceiling test calculations are recalculated using reporting-entity cost-centres which include figures related to the equity method investee. Under U.S. GAAP no such adjustments are recorded in relation to equity method investees.

h) Repurchase of Units

During the year ended December 31, 2008 the Trust acquired and then cancelled 45,600 of its own units pursuant to a normal course issuer bid. Under Canadian GAAP, an adjustment to retained earnings is required to reflect the difference between the consideration paid by the Trust and the book value of the related trust units. As the trust units are reflected as temporary equity under U.S. GAAP and are carried at the redemption value, there was no difference between the book value of the trust units acquired and the consideration paid by the Trust and accordingly no retained earnings adjustment was required under U.S. GAAP.

24. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES OF AMERICA GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

i) Recently adopted U.S. Accounting Standards

On January 1, 2007 the Trust adopted FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109". FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." It prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of FIN 48 did not result in a difference to the Trust's consolidated financial statements under U.S. GAAP.

On January 1, 2008 the Trust adopted Statement of Financial Accounting Standards ("SFAS") 157, "Fair Value Measurements". SFAS 157 provides a common definition of fair value, establishes a framework for measuring fair value under U.S. GAAP and expands disclosures about fair value measurements. This standard applies when other accounting pronouncements require fair value measurements and does not require new fair value measurements. The adoption of this standard did not have a material impact on the Trust's consolidated financial statements.

On January 1, 2008 the Trust adopted SFAS 159, "Fair Value Option for Financial Assets and Liabilities". This standard provides companies with an option to measure, at specified election dates, certain financial assets and liabilities at fair value. Changes in fair value are recognized in earnings. The Trust has elected not to use the optional fair value measurement.

In May 2008, the FASB issued SFAS 162, "The Hierarchy of Generally Accepted Accounting Principles". This standard became effective November 15, 2008 following the SEC's approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section, 411 "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles". The statement is intended to improve financial reporting by identifying a consistent hierarchy for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. GAAP. The adoption of this standard did not have a material impact on the Trust's consolidated financial statements.

j) Recently issued U.S. Accounting Standards

In December 2007, the FASB issued SFAS 141R, "Business Combinations", which establishes principles and requirements for how an acquirer in a business combination recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141R is to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of an entity's fiscal year that begins on or after December 15, 2008.

In December 2007, the FASB issued SFAS 160, "Accounting and Reporting of Non-controlling Interest in Consolidated Financial Statements, an amendment of ARB No. 51", which establishes accounting and reporting standards that require the ownership interest in subsidiaries held by parties other than the parent be clearly identified and presented in the consolidated balance sheets within equity, but separate from the parent's equity; the amount of consolidated net income attributable to the parent and the non-controlling interest be clearly identified and presented on the face of the consolidated statement of earnings; and changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for consistently. This statement is effective for fiscal years beginning on or after December 15, 2008. The Trust is evaluating the impact of SFAS No. 160 on its consolidated financial statements.

24. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES OF AMERICA GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

j) Recently issued U.S. Accounting Standards (Continued)

In June 2008, the FASB issued FASB Staff Position EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" ("FSP EITF 03-6-1"). FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore need to be included in the computation of earnings per share under the two-class method as described in FASB Statement of Financial Accounting Standards No. 128, "Earnings per Share." FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning on or after December 15, 2008 and earlier adoption is prohibited. The Trust is evaluating the impact of EITF 03-6-1 on its consolidated financial statements.

As of December 31, 2009, the Trust will be required to prospectively adopt the new reserves requirements that arise from the completion of the SEC's project, "Modernization of Oil and Gas Reporting". The new rules include provisions that permit the use of new technologies to establish proved reserves if those technologies have been demonstrated empirically to lead to reliable conclusions about reserves volumes. Additionally, oil and gas reserves will be reported using an average price based upon the prior 12-month period rather than year-end prices. The new rules will affect the reserve estimate used in the calculation of DD&A and the ceiling test for U.S. GAAP purposes. The Trust is assessing the impact these new rules will have on its consolidated financial statements.

TRUST INFORMATION

DIRECTORS

Larry J. Macdonald [1, 2, 3, 4, 5]
Chairman & CEO, Point Energy Ltd.
Calgary, Alberta

W. Kenneth Davidson [2, 3]
Toronto, Ontario

Lorenzo Donadeo
Calgary, Alberta

Claudio A. Ghersinich [2, 4, 5]
Executive Director, Carrera Investments Corp.
Calgary, Alberta

Joseph F. Killi [2, 3]
Chairman,
Parkbridge Lifestyle Communities Inc.
Vice Chairman, Realex Properties Corp.
Calgary, Alberta

William F. Madison [2, 4, 5]
Sugar Land, Texas

[1] Chairman of the Board
[2] Audit Committee
[3] Governance and Human Resources Committee
[4] Health, Safety and Environment Committee
[5] Independent Reserves Committee

ANNUAL AND SPECIAL MEETING
May 8, 2009 at 10:00 a.m.
The Ballroom
Metropolitan Centre
333 – 4th Avenue S.W.
Calgary, Alberta

OFFICERS & KEY PERSONNEL
FirstQuarterReportMarch 31, 2003

CANADA
Lorenzo Donadeo, P.Eng.
President & Chief Executive Officer

John D. Donovan, F.C.A.
Executive Vice President Business Development

Curtis W. Hicks, C.A.
Executive Vice President & CFO

G. R. (Bob) Mac Dougall, P.Eng.
Executive Vice President & COO

Paul L. Beique
Vice President Capital Markets

Mona Jasinski, M.B.A., C.H.R.P.
Vice President People

Raj C. Patel, P.Eng.
Vice President Marketing

Daniel Goulet, P.Eng.
Director Production and Operations

FRANCE
Peter Sider, P.Eng.
Regional General Manager, European Operations
Vermilion REP SAS

NETHERLANDS
Scott Ferguson, P.Eng.
General Manager
Vermilion Oil & Gas Netherlands B.V.

AUSTRALIA
Bruce D. Lake, P.Eng.
Managing Director
Vermilion Oil & Gas Australia Pty Ltd.

AUDITORS
Deloitte & Touche LLP
Calgary, Alberta

BANKERS
The Toronto-Dominion Bank
Calgary, Alberta

Bank of Montreal
Calgary, Alberta

BNP Paribas (Canada)
Toronto, Ontario

The Bank of Nova Scotia
Calgary, Alberta

Royal Bank of Canada
Calgary, Alberta

Alberta Treasury Branches
Calgary, Alberta

Fortis Capital (Canada) Ltd.
Calgary, Alberta

Société Générale (Canada Branch)
Calgary, Alberta

Citibank Canada
Calgary, Alberta

EVALUATION ENGINEERS
GLJ Petroleum Consultants Ltd.
Calgary, Alberta

LEGAL COUNSEL
Macleod Dixon LLP
Calgary, Alberta

TRANSFER AGENT
Computershare Trust Company of Canada

STOCK EXCHANGE LISTING
The Toronto Stock Exchange
Symbol: VET.UN

INVESTOR RELATIONS CONTACT
Paul L. Beique
Vice President Capital Markets

HEAD OFFICE
2800, 400 – 4TH Avenue S.W.
Calgary, Alberta T2P 0J4
403.269.4884 TEL
403.264.6306 FAX
1.866.895.8101 TOLL FREE
investor_relations@vermilionenergy.com
www.vermilionenergy.com



EXHIBIT 99.4

CONSENT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

We consent to the use of our reports dated March 16, 2009 relating to the consolidated financial statements of Vermilion Energy Trust (which report expresses an unqualified opinion and includes a separate report titled Comments by Independent Registered Chartered Accountants on Canada-United States of America Reporting Difference relating to changes in accounting principles) and the effectiveness of Vermilion Energy Trust's internal control over financial reporting appearing in this Annual Report on Form 40-F of Vermilion Energy Trust for the year ended December 31, 2008.

"/s/ Deloitte & Touche LLP"

Independent Registered Chartered Accountants
Calgary, Canada
March 16, 2009

EXHIBIT 99.5

CONSENT OF INDEPENDENT ENGINEERS

We hereby consent to the use of and reference to our name and our reports, and the inclusion of information derived from our reports, evaluating Vermilion Energy Trust's petroleum and natural gas reserves as at December 31, 2008, in this Annual Report on Form 40-F of Vermilion Energy Trust.

Yours very truly,

("GLJ Petroleum Consultants Ltd.")

GLJ Petroleum Consultants Ltd.
4100, 400 - - 3rd Avenue S.W.,
Calgary, Alberta, Canada T2P 4H2
(403) 266-9500 Fax (403) 262-1855

March 16, 2009

EXHIBIT 99.6

VERMILION ENERGY TRUST
CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Lorenzo Donadeo, certify that:

1. I have reviewed this annual report on Form 40-F of Vermilion Energy Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 17, 2009

("Lorenzo Donadeo")
[Signature]

Lorenzo Donadeo, Chief Executive Officer

EXHIBIT 99.6

VERMILION ENERGY TRUST
CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, Curtis Hicks, certify that:

1. I have reviewed this annual report on Form 40-F of Vermilion Energy Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 17, 2009

("Curtis Hicks")
[Signature]

Curtis Hicks, Chief Financial Officer

EXHIBIT 99.7

VERMILION ENERGY TRUST
CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER

Pursuant to Section 906(a) of the Sarbanes-Oxley Act of 2002
Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18 of the United States Code

In connection with the annual report of Vermilion Energy Trust (the "Corporation") on Form 40-F for the fiscal year ending December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lorenzo Donadeo, Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated at Calgary, Alberta, Canada this 17th day of March 2009.

("Lorenzo Donadeo")

LORENZO DONADEO, CHIEF EXECUTIVE OFFICER

EXHIBIT 99.7

VERMILION ENERGY TRUST
CERTIFICATE OF THE CHIEF FINANCIAL OFFICER

Pursuant to Section 906(a) of the Sarbanes-Oxley Act of 2002
Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18 of the United States Code

In connection with the annual report of Vermilion Energy Trust (the "Corporation") on Form 40-F for the fiscal year ending December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Curtis Hicks, Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated at Calgary, Alberta, Canada this 17th day of March 2009.

("Curtis W. Hicks")

CURTIS W. HICKS, CHIEF FINANCIAL OFFICER