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 the fiscal year ended: December 31, 2009
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: **N/A**

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: **86,995,291 Trust Units (including exchangeable shares)**

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

þ **Yes** ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

¨ **Yes** ¨ No

Principal Documents

The following documents have been filed as part of this Annual Report on Form 40-F:
Exhibit 99.1 - Annual Information Form for the fiscal year ended December 31, 2009
Exhibit 99.2 - Management's Discussion and Analysis for the fiscal year ended December 31, 2009; and
Exhibit 99.3 - Audited Annual Financial Statements for the fiscal year ended December 31, 2009

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 simil ar 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-15(e) and 15d-15(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. Management's Annual Report on Internal Controls.

See page 4 of the 2009 Audited Financial Statements included as Exhibit 99.3 to this report.

C. Auditor Attestation

See page 7 of the 2009 Audited Financial Statements included as Exhibit 99.3 to this report.

D. Changes in Internal Control Over Financial Reporting

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.

NOTICES REQUIRED BY RULE 104 OF REGULATION BTR

None

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. W. Kenneth Davidson 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 W. Kenneth Davidson 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 directors, officers and employees. 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 40 of the year ended December 31, 2009 Annual Information Form included as Exhibit 99.1 to this report.

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.

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 .

OFF-BALANCE SHEET ARRANGEMENTS

The Trust has not entered into any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

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]	$ 161,400	$ -	$ 161,400	$ -	$ -
Amount due pursuant to acquisition of Corrib	141,291	-	141,291	-	-
Operating lease obligations	83,204	4,439	19,554	13,690	45,521
Total	$ 385,895	$ 4,439	$ 322,245	$ 13,690	$ 45,521

[1] Does not include interest.

IDENTIFICATION OF THE AUDIT COMMITTEE

See page 39 of the year ended December 31, 2009 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.

Any change to the name or address of the Registrant's agent for service shall be communicated promptly to the SEC by amendment to Form F-X referencing the file number of the Registrant.

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 24, 2010

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, 2009 as at March 19, 2010
99.2		Management's Discussion and Analysis from the 2009 Annual Report to Shareholders
99.3		Audited Annual Financial Statements for the Year Ended December 31, 2009
99.4		Consent Letter from Independent Registered Chartered Accountants
99.5		Consent of Independent Engineers GLJ Petroleum Consultants Ltd.
99.6	(2)	Officers' Certifications Required by Rule 13a-14(a) or Rule 15d-14(a)
99.7	(2)	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, 2009

March 19, 2010

TABLE OF CONTENTS

GLOSSARY OF TERMS	4
Conventions	7
Abbreviations	7
Conversion	7
SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS	8
PRESENTATION OF OIL AND GAS RESERVES AND PRODUCTION INFORMATION	9
NON-GAAP MEASURES	9
VERMILION ENERGY TRUST	10
General	10
Organizational Structure of the Trust	10
Summary Description of the Business	11
History of Vermilion	12
NARRATIVE DESCRIPTION OF THE BUSINESS	13
Stated Business Objectives	13
Description of Properties	13
STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION	14
Reserves and Future Net Revenue	14
Reconciliations of Changes in Reserves	17
Undeveloped Reserves	19
Timing of Initial Undeveloped Reserves Assignment	19
Future Development Costs	20
Oil and Gas Properties and Wells	21
Costs Incurred	21
Exploration and Development Activities	22
Properties with No Attributed Reserves	23
Abandonment and Reclamation Costs	23
Tax Information	24
Production Estimates	25
Production History	26
Marketing	28
ADDITIONAL INFORMATION RESPECTING VERMILION ENERGY TRUST	28
Trust Units	28
Special Voting Rights	29
Unitholders' Limited Liability	29
Issuance of Trust Units	29
Cash Distributions	30
Redemption Right	30
Non-Resident Unitholders	31
Meetings of Unitholders	31
Trustee	31
Delegation of Authority, Administration and Trust Governance	32
Amendments to the Trust Indenture	32
Takeover Bid	32
Termination of the Trust	32
Reporting to Unitholders	33
Distribution Reinvestment Plan	33
Unitholder Rights Plan	33
ADDITIONAL INFORMATION RESPECTING VERMILION RESOURCES LTD.	37
Management of Vermilion	37
AUDIT COMMITTEE MATTERS	39
Audit Committee Charter	39
Composition of the Audit Committee	39
External Audit Service Fees	40

VERMILION SHARE CAPITAL 40
Voting and Exchange Trust Agreement 43
Support Agreement 45
Notes 46
Royalty Agreement 47
MARKET FOR PRICE RANGE AND TRADING VOLUME OF SECURITIES 47
CONFLICTS OF INTEREST 48
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS 48
LEGAL PROCEEDINGS 48
MATERIAL CONTRACTS 48
INTERESTS OF EXPERTS 48
TRANSFER AGENT AND REGISTRAR 48
RISK FACTORS 48
Reserve Estimates 48
Volatility of Oil and Natural Gas Prices 49
Changes in Legislation 49
Government Regulations 49
Competition 50
Operational Matters 50
Environmental Concerns 50
Kyoto Protocol 50
Debt Service 51
Delay in Cash Distributions 51
Taxation 51
Changes in Income Tax Laws 51
Depletion of Reserves 52
Net Asset Value 52
Return of Capital 52
Nature of Trust Units 52
Unitholders Limited Liability 52
Statutory Remedies 53
Variations in Interest Rates and Foreign Exchange Rates 53
Mutual Fund Trust Status 53
Increase in Operating Costs or Decline in Production Level 53
Acquisition Assumptions 53
Failure to Realize Anticipated Benefits of Prior Acquisitions 54
Additional Financing 54
Potential Conflicts of Interest 54
GAAP Adjustments 54
Market Accessibility 54
International Financial Reporting Standards 55
Potential Future Conversion to a Corporation 55
ADDITIONAL INFORMATION 55
SCHEDULE "A" 56
REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR (FORM 51-101F2)
SCHEDULE "B" 57
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE (FORM 51-101F3)
SCHEDULE "C" 58
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, 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 determ ined 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 Unitholders;

"**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 8, 2010 and effective December 31, 2009;

"**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 7, 2010 (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 acquis ition;

"**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;

"**Rights Plan**" means the unitholders rights plan of the Trust;

"**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, as amended, 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 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, 1209963 Alberta Ltd., 1209974 Alberta Ltd., Vermilion Rep S.A.S., Vermilion Resources (Partnership), Vermilion Oil & Gas Netherlands B.V., Vermilion Oil & Gas Australia Pty Ltd. and Vermilion Energy Ireland 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 the Toronto Stock Exchange;

"**Unitholder Rights Plan Agreement**" means the Unitholder Rights Plan Agreement dated May 5, 2006 as amended on May 9, 2009 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;

"**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;
- royalty rates;
- Vermilion's additional future payment in connection with the Corrib acquisition;
- the timing of first commercial gas from the Corrib field;
- the decision of the Corrib joint venture consortium to drill an exploratory well at the Corrib field and the timing thereof; and
- estimate of Vermilion's share of the expected gas rates from the Corrib field.

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.

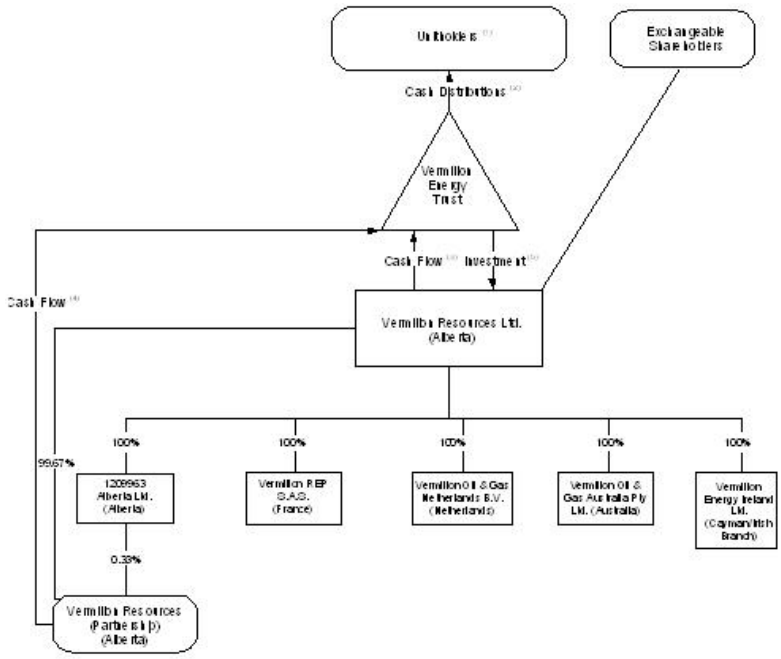
VERMILION ENERGY TRUST

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 as at December 31, 2009, 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 – 4 th 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 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 July 30, 2009, Vermilion completed the acquisition of an 18.5% non-operated interest in the Corrib field located approximately 83 kilometres off the northwest coast of Ireland for an aggregate purchase price comprised of US$100 million paid on closing and an obligation for an additional future payment, the amount of which will vary from an estimated US$300 million to US$135 million, depending on the date when first commercial gas from the Corrib field is achieved. Pursuant to the acquisition agreement governing the Corrib acquisition, Vermilion assumed its share of future capital expenditure obligations in order to reach first commercial gas. Beginning at the effective date of January 1, 2009, these costs are anticipated to range up to US$300 million, net to the acquired interest. On September 29, 20 09, Vermilion filed a business acquisition report in connection with the Corrib acquisition, which may be found on SEDAR at www.sedar.com.

On October 30, 2009, Vermilion closed an equity financing of 7,282,000 Trust Units at a price $30.90 per Trust Unit for gross proceeds of $225 million. Subsequently, on December 1, 2009, Vermilion announced that the underwriters had exercised the over-allotment option in connection with the offering and Vermilion issued an additional 809,000 Trust Units at a price of $30.90 per Trust Unit for gross proceeds of approximately $25 million. As a result of exercise of the over-allotment option, the aggregate gross proceeds to Vermilion of the equity offering were approximately $250 million.

On December 21, 2009, Verenex Energy Inc., a company in which Vermilion held 18,760,540 common shares representing a 41.9% equity ownership position was sold to a subsidiary of the Libyan Investment Authority for cash consideration of $7.09 plus an additional amount per share of $0.1976 for aggregate consideration of $7.2876 representing gross proceeds to Vermilion of approximately $136.7 million. The proceeds were used to pay down debt.

During 2010, the Trust plans to convert from a trust to a dividend paying corporation by September 2010. Approval from the Trust's Unitholders to a proposed reorganization and restructuring of Vermilion's income trust structure into a corporate structure form will be sought at a special meeting of Unitholders to be held at a date to be determined by the board of directors.

As at January 31, 2010, Vermilion had 286 full time employees of which 131 employees were located in its head office, 25 employees in its Canadian field offices, 93 employees in France, 16 employees in the Netherlands and 21 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 Australia, Canada, France, Ireland and the Netherlands. 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 acquisiti ons 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, 2009, 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 68% in 398,901 (271,856 net) acres of developed land, 584 (399 net) producing natural gas wells and 479 (172 net) producing oil wells as at December 31, 2009. Vermilion operates five natural gas plants and has an ownership interest in five additional plants, resulting in combined gross processing capacity of over 90 MMcfpd. In addition, Vermilion has treating capacity of over 5,200 Bbl/d of oil in 5 operated oil batteries.

For the year ended December 31, 2009, production in Canada averaged approximately 47.9 MMcfpd of natural gas and 3,654 Bbl/d of oil and NGL.

The GLJ Report assigned 30,214 Mboe of total proved reserves and 44,168 Mboe of proved plus probable reserves to Vermilion's properties located in Canada as at December 31, 2009.

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 operates 8 oil batteries with current producing capacities of 8,400 bbls/d. Vermilion holds an 81% working interest in 168,286 acres of developed land in the Aquitaine and Paris Basins. Vermilion had 216 (189 net) producing oil wells in France as at December 31, 2009.

For the year ended December 31, 2009, production in France averaged approximately 8,246 Bbl/d of oil and 1.1 MMcfpd of natural gas.

The GLJ Report assigned 28,749 Mboe of total proved reserves and 43,423 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 operated gas treatment centres that have a combined total capacity of 240 MMcfpd. Vermilion holds an approximate 64% working interest over the seven concessions in 451,378 (289,687 net) acres of developed land and 46 (36 net) producing gas wells as at December 31, 2009.

For the year ended December 31, 2009, Vermilion's production in the Netherlands averaged 23 Bbl/d of NGL and 21 MMcfpd of natural gas.

The GLJ Report assigned 7,416 Mboe of total proved reserves and 13,175 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 oil field located on Western Australia's northwest shelf. The platform has a current producing capacity of 162,000 Bbl/d. Vermilion holds a 100% working interest in the Wandoo block, which is comprised of 59,553 acres (241 square kilometres) and is considered a production license. All acreage therefore is classified as producing.

For the year ended December 31, 2009, Vermilion's production in the Australia averaged 7,812 Bbl/d of oil.

The GLJ Report assigned 13,083 Mboe of total proved reserves and 19,762 Mboe of proved plus probable reserves to Vermilion's properties located in Australia.

Ireland Assets

In 2009, Vermilion acquired an 18.5% interest in the offshore Corrib gas field, located approximately 83 kilometres off the northwest coast of Ireland. The property is currently non-producing and is subject to obtaining regulatory approval and completion of construction. First commercial gas from the Corrib field was originally expected in late 2011; however, it is now expected to be late 2012 as a result of delays encountered in the ongoing regulatory approval process. The Corrib joint venture consortium is planning to drill an exploration well in the North Corrib field in 2010.

The GLJ Report assigned 15,332 Mboe of total proved reserves and 17,493 Mboe of proved plus probable reserves to Vermilion's property in Ireland.

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, 2009 unless otherwise stated. The reserves information was prepared on February 8, 2010.

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 Australia, Canada, France, Ireland and the Netherlands 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.

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		Heavy Oil		Natural Gas		Natural Gas Liquids	
	Gross[1] (Mbbl)	Net[1] (Mbbl)	Gross[1] (MMcf)	Net[1] (Mbbl)	Gross[1] (MMcf)	Net[1] (MMcf)	Gross[1] (Mbbl)	Net[1] (Mbbl)
Proved Developed Producing[2][5]								
Australia	13,083	13,083	-	-	-	-	-	-
Canada	5,848	4,938	30	27	85,953	75,554	2,723	1,723
France	25,921	23,736	-	-	1,811	1,685	-	-
Ireland	-	-	-	-	-	-	-	-
Netherlands	-	-	-	-	21,155	21,155	23	23
Total Proved Developed Producing	44,852	41,757	30	27	108,919	98,394	2,746	1,746
Proved Developed Non-Producing[2][6]								
Australia	-	-	-	-	-	-	-	-
Canada	397	352	-	-	4,969	4,434	103	70
France	1,087	961	-	-	-	-	-	-
Ireland	-	-	-	-	-	-	-	-
Netherlands	-	-	-	-	23,041	23,041	26	26
Total Proved Developed Non-Producing	1,484	1,313	-	-	28,010	27,475	130	96
Proved Undeveloped[2][7]								
Australia	-	-	-	-	-	-	-	-
Canada	594	469	-	-	29,544	26,753	441	300
France	1,439	1,386	-	-	-	-	-	-
Ireland	-	-	-	-	91,991	91,991	-	-
Netherlands	-	-	-	-	-	-	-	-
Total Proved Undeveloped	2,034	1,854	-	-	121,535	118,745	441	300
Proved[2]								
Australia	13,083	13,083	-	-	-	-	-	-
Canada	6,839	5,759	30	27	120,465	106,741	3,267	2,093
France	28,447	26,083	-	-	1,811	1,685	-	-
Ireland	-	-	-	-	91,991	91,991	-	-
Netherlands	-	-	-	-	44,196	44,196	50	50
Total Proved	48,369	44,924	30	27	258,463	244,614	3,317	2,143
Probable[3]								
Australia	6,679	6,679	-	-	-	-	-	-
Canada	2,963	2,342	5	5	56,514	49,339	1,566	1,005
France	14,563	13,982	-	-	666	623	-	-
Ireland	-	-	-	-	12,968	12,968	-	-
Netherlands	-	-	-	-	34,320	34,320	39	39
Total Probable	24,205	23,003	5	5	104,468	97,250	1,605	1,045
Proved Plus Probable[2][3]								
Australia	19,762	19,762	-	-	-	-	-	-
Canada	9,803	8,100	35	32	176,979	156,081	4,833	3,099
France	43,010	40,065	-	-	2,477	2,308	-	-
Ireland	-	-	-	-	104,959	104,959	-	-
Netherlands	-	-	-	-	78,516	78,516	89	89
Total Proved Plus Probable	72,574	67,927	35	32	362,932	341,864	4,922	3,188

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				
(MM$)	**0%**	**5%**	**10%**	**15%**	**20%**	**0%**	**5%**	**10%**	**15%**	**20%**
Proved Developed Producing[2][5]										
Australia	687	581	503	444	398	327	276	238	210	188
Canada	637	498	411	353	310	637	498	411	353	310
France	1,262	914	717	592	506	950	703	561	469	405
Ireland	-	-	-	-	-	-	-	-	-	-
Netherlands	85	78	72	67	63	69	63	58	54	50
Total Proved Developed Producing	2,670	2,070	1,703	1,456	1,278	1,982	1,540	1,268	1,085	953
Proved Developed Non-Producing[2][6]										
Australia	-	-	-	-	-	-	-	-	-	-
Canada	36	28	22	19	16	36	28	22	19	16
France	57	38	27	21	17	38	24	17	13	10
Ireland	-	-	-	-	-	-	-	-	-	-
Netherlands	214	174	145	125	109	118	96	80	69	60
Total Proved Developed Non-Producing	307	239	195	164	142	191	147	119	100	86
Proved Undeveloped[2][7]										
Australia	-	-	-	-	-	-	-	-	-	-
Canada	120	77	51	35	23	104	69	47	33	22
France	88	57	40	29	22	58	35	23	15	10
Ireland	604	417	286	194	127	604	417	286	194	127
Netherlands	-	-	-	-	-	-	-	-	-	-
Total Proved Undeveloped	812	550	377	257	172	766	521	356	241	159
Proved[2]										
Australia	687	581	503	444	398	327	276	238	210	188
Canada	792	602	485	406	350	776	594	481	404	349
France	1,407	1,008	784	642	545	1,045	762	600	497	425
Ireland	604	417	286	194	127	604	417	286	194	127
Netherlands	298	251	218	192	172	187	159	138	122	110
Total Proved	3,788	2,859	2,276	1,878	1,591	2,939	2,208	1,744	1,427	1,198
Probable[3]										
Australia	400	267	190	143	112	174	115	81	61	47
Canada	391	231	152	108	80	295	177	119	87	66
France	940	522	334	233	172	616	332	205	137	97
Ireland	132	94	69	52	39	132	94	69	52	39
Netherlands	312	219	164	129	105	171	119	89	70	57
Total Probable	2,175	1,333	909	664	509	1,388	838	564	406	306
Proved Plus Probable[2][3]										
Australia	1,087	848	693	587	510	501	391	320	270	235
Canada	1,183	832	637	514	430	1,071	771	600	491	415
France	2,348	1,530	1,117	874	716	1,661	1,094	805	634	522
Ireland	736	511	355	245	166	736	511	355	245	166
Netherlands	610	471	382	321	277	357	278	227	192	167
Total Proved Plus Probable	5,963	4,192	3,185	2,542	2,100	4,327	3,045	2,308	1,833	1,505

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]								
Australia	1,226,554	-	478,775	28,994	31,961	686,825	360,170	326,655
Canada	1,898,646	281,488	696,958	98,244	30,007	791,949	15,760	776,189
France	2,600,937	212,827	819,199	82,032	79,605	1,407,273	361,810	1,045,463
Ireland	991,535	-	137,686	239,184	10,441	604,224	-	604,224
Netherlands	453,485	-	132,285	10,263	12,772	298,165	111,575	186,590
Total Proved	7,171,157	494,315	2,264,903	458,716	164,787	3,788,435	849,316	2,939,120
Proved Plus Probable[2][3]								
Australia	1,959,331	-	802,132	34,744	35,807	1,086,648	585,717	500,931
Canada	2,867,638	447,250	1,015,877	185,275	36,294	1,182,942	111,500	1,071,442
France	4,092,612	275,110	1,159,099	207,115	103,628	2,347,660	686,566	1,661,094
Ireland	1,135,129	-	149,311	239,184	10,650	735,984	-	735,984
Netherlands	841,373	-	193,092	23,231	14,893	610,158	252,908	357,250
Total Proved Plus Probable	10,896,083	722,360	3,319,511	689,548	201,273	5,963,391	1,636,690	4,326,700

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	1,482,525	31.97
Heavy oil	1,051	28.79
Natural gas	720,952	21.39
Non-conventional oil and gas activities	70,970	11.43
Total Proved	2,275,498	25.90
Proved Plus Probable[2][3]		
Light and medium oil	2,065,132	29.58
Heavy oil	1,218	28.22
Natural gas	1,026,191	21.72
Non-conventional oil and gas activities	92,079	9.98
Total Proved Plus Probable	3,184,620	24.86

Forecast Prices used in Estimates[8]

	Light and Medium Crude Oil			Crude Oil	Natural Gas	Natural Gas Netherlands	Natural Gas Liquids	Inflation Rate	Exchange Rate
Year	WTI Cushing Oklahoma ($US/Bbl)	Edmonton Par Price 40º API ($Cdn/Bbl)	Cromer Medium 29.3º API ($Cdn/Bbl)	Brent Blend FOB North Sea ($US/Bbl)	AECO Gas Price ($Cdn/MMBtu)	TTF Gas Price ($Cdn/Mcf)	FOB Field Gate ($Cdn/Bbl)	Percent Per Year	($US/$Cdn)
Forecast									
2009	61.56	66.43	63.19	62.48	4.20	5.52	55.67	0.3	0.880
2010	80.00	83.26	76.60	78.50	5.96	6.09	71.92	2.0	0.950
2011	83.00	86.42	78.64	81.50	6.79	8.18	74.64	2.0	0.950
2012	86.00	89.58	80.62	84.50	6.89	9.06	77.37	2.0	0.950
2013	89.00	92.74	82.54	87.50	6.95	10.29	80.10	2.0	0.950
2014	92.00	95.90	85.35	90.50	7.05	11.23	82.83	2.0	0.950
Thereafter	2%	2%	2%	2%	2%	2%	2%	2%	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, 2009 against such reserves as at December 31, 2008 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

	Total 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)
Australia									
At December 31, 2008	15,933	6,629	22,563	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-	-	-	-
Extensions and Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	-	50	50	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
Production	(2,851)	-	(2,851)	-	-	-	-	-	-
At December 31, 2009	13,083	6,679	19,762	-	-	-	-	-	-
Canada									
At December 31, 2008	7,185	2,088	9,273	113,268	67,635	180,903	2,938	2,001	4,939
Discoveries	-	-	-	23	17	40	-	-	-
Extensions and Improved Recovery	485	936	1,419	14,263	5,007	19,269	640	247	887
Technical Revisions	(91)	(66)	(157)	6,577	(16,937)	(10,360)	61	(722)	(661)
Acquisitions	62	12	74	3,621	793	4,414	177	40	217
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
Production	(772)	-	(772)	(17,287)	-	(17,287)	(548)	-	(548)
At December 31, 2009	6,869	2,969	9,838	120,465	56,514	176,979	3,267	1,566	4,833
France									
At December 31, 2008	29,695	15,851	45,546	2,019	646	2,665	-	-	-
Discoveries	-	-	-	-	-	-	-	-	-
Extensions and Improved Recovery	161	89	250	-	-	-	-	-	-
Technical Revisions	1,601	(1,377)	224	177	20	197	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
Production	(3,010)	-	(3,010)	(385)	-	(385)	-	-	-
At December 31, 2009	28,447	14,563	43,010	1,811	666	2,477	-	-	-
Ireland									
At December 31, 2008	-	-	-	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-	-	-	-
Extensions and Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	91,991	12,968	104,959	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-
At December 31, 2009	-	-	-	91,991	12,968	104,959	-	-	-
Netherlands									
At December 31, 2008	-	-	-	41,394	23,289	64,683	46	26	72
Discoveries	-	-	-	4,596	4,309	8,905	5	4	9
Extensions and Improved Recovery	-	-	-	8,823	2,815	11,638	10	3	13
Technical Revisions	-	-	-	(2,929)	3,907	978	(3)	5	2
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
Production	-	-	-	(7,688)	-	(7,688)	(8)	-	(8)
At December 31, 2009	-	-	-	44,196	34,320	78,516	50	39	89
Total Vermilion									
At December 31, 2008	52,814	24,567	77,381	156,681	91,570	248,251	2,984	2,027	5,011
Discoveries	-	-	-	4,619	4,326	8,945	5	4	9
Extensions and Improved Recovery	646	1,025	1,669	23,086	7,822	30,907	650	250	900
Technical Revisions	1,510	(1,393)	117	3,825	(13,010)	(9,185)	58	(717)	(659)
Acquisitions	62	12	74	95,612	13,761	109,373	177	40	217
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-

Production	(6,633)	-	(6,633)	(25,360)	-	(25,360)	(557)	-	(557)
At December 31, 2009	48,398	24,211	72,609	258,463	104,468	362,931	3,317	1,605	4,922

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 Gas (MMcf)		Coalbed Methane Gas (MMcf)		Natural Gas Liquids (Mbbl)		Total Oil Equivalent (Mboe)	
	First Attributed (1)	Booked	First Attributed (1)	Booked	First Attributed (1)	Booked	First Attributed (1)	Booked	First Attributed (1)	Booked
Proved										
Prior to 2007	805	805	503	503	20,543	20,543	12	12	4,325	4,325
2007	1,930	2,735	425	928	3,386	23,929	22	34	2,587	6,912
2008	98	2,678	2,214	2,289	3,325	21,009	121	128	1,142	6,689
2009	1,090	2,034	99,026	100,928	1,152	20,607	362	441	18,148	22,731
Probable										
Prior to 2007	4,420	4,420	9,543	9,543	12,583	12,583	444	444	8,552	8,552
2007	3,643	8,063	11,133	20,676	4,344	16,927	365	809	6,588	15,139
2008	235	8,120	9,558	25,466	2,718	16,961	489	964	2,770	16,155
2009	2,184	8,047	19,348	34,566	1,598	14,374	324	754	5,999	16,958

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
Australia		
2010	3,900	9,650
2011	3,978	3,978
2012	4,058	4,058
2013	4,139	4,139
2014	4,221	4,221
Remainder	8,698	8,698
Total for all years undiscounted	28,994	34,744
Canada		
2010	39,196	53,506
2011	24,321	57,178
2012	7,084	23,902
2013	6,710	24,982
2014	4,819	8,765
Remainder	16,114	16,942
Total for all years undiscounted	98,244	185,275
France		
2010	26,696	32,463
2011	18,988	51,424
2012	6,335	42,455
2013	6,452	41,786
2014	3,929	16,835
Remainder	19,632	22,152
Total for all years undiscounted	82,032	207,115
Ireland		
2010	77,108	77,108
2011	110,050	110,050
2012	52,026	52,026
2013	-	-
2014	-	-
Remainder	-	-
Total for all years undiscounted	239,184	239,184
Netherlands		
2010	6,034	6,266
2011	1,271	8,699
2012	548	5,856
2013	559	559
2014	570	570
Remainder	1,281	1,281
Total for all years undiscounted	10,263	23,231

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, 2009:

	Oil		Natural Gas	
	Gross[1] Wells	Net[2] Wells	Gross[1] Wells	Net[2] Wells
Australia				
Producing	18	18	-	-
Non-producing	-	-	-	-
Alberta, Canada				
Producing	479	172	584	399
Non-producing	175	61	87	59
France				
Producing	216	189	-	-
Non-producing	170	152	-	-
Ireland				
Producing	-	-	-	-
Non-producing	-	-	7	1
Netherlands				
Producing	-	-	46	36
Non-producing	-	-	28	21
Total Producing	713	379	630	435
Total Non-producing	345	213	122	81

Notes:

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

(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) Well counts are based on wellbores.

Costs Incurred

The following table summarizes the capital expenditures made by Vermilion on oil and natural gas properties for the year ended December 31, 2009:

(M$)	Property Acquisition Costs		Exploration Costs	Development Costs	Total Costs
	Proved Properties	Unproved Properties			
Australia	-	-	360	6,379	6,739
Canada	21,225	15,867	812	38,069	75,973
France	494	-	14	61,949	62,457
Ireland	137,817	-	-	44,878	182,695
Netherlands	-	-	661	25,677	26,338
Total	159,536	15,867	1,847	176,952	354,202

Exploration and Development Activities

The following table sets forth the number of development and exploration wells which Vermilion completed during its 2009 financial year:

	Exploration Wells		Development Wells	
	Gross[1]	Net[2]	Gross[1]	Net[2]
Australia				
Oil	-	-	-	-
Gas	-	-	-	-
Standing	-	-	-	-
Dry Holes	-	-	-	-
Total Completed	-	-	-	-
Canada				
Oil	-	-	2.0	1.4
Gas	-	-	5.0	2.9
Standing	-	-	30.0	20.6
Dry Holes	-	-	2.0	1.0
Total Completed	-	-	39.0	25.9
France				
Oil	-	-	2.0	2.0
Gas	-	-	-	-
Standing	-	-	1.0	1.0
Dry Holes	-	-	-	-
Total Completed	-	-	3.0	3.0
Ireland				
Oil	-	-	-	-
Gas	-	-	-	-
Standing	-	-	-	-
Dry Holes	-	-	-	-
Total Completed	-	-	-	-
Netherlands				
Oil	-	-	-	-
Gas	-	-	-	-
Standing	1.0	0.4	2.0	1.9
Dry Holes	-	-	-	-
Total Completed	1.0	0.4	2.0	1.9
Total Vermilion				
Oil	-	-	4.0	3.4
Gas	-	-	5.0	2.9
Standing	1.0	0.4	33.0	23.4
Dry Holes	-	-	2.0	1.0
Total Completed	1.0	0.4	44.0	30.7

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 $349 million for its 2010 capital program in Australia, Canada, France, Ireland and the Netherlands. The funds will be used to drill wells to develop reserves in its Canadian key areas of Drayton Valley, Central Alberta, and in Australia, France, Ireland and the Netherlands. 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, 2009:

Country	Gross Acres[1]	Undeveloped Land Net Acres[2]
Australia	-	-
Canada	246,947	159,822
France	1,637,707	1,407,159
Ireland	115,449	21,358
Netherlands	208,808	121,872
Total	2,208,911	1,710,211

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 47,263 net acres in Canada to expire within one year. In the Netherlands, France, Ireland 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 Australia, Canada, France, Ireland and the Netherlands. 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 1,194 in Canada, 391 in France, 59 in the Netherlands, 20 in Australia and 1 in Ireland.

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

Country	Undiscounted (M$)	Discounted 10% (M$)
Australia	31,961	11,343
Canada	30,007	10,363
France	79,605	21,252
Ireland	10,441	3,838
Netherlands	12,772	7,774
Total	164,786	54,570

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, not including downhole costs listed above, are estimated by management of the Trust as:

Country	Facilities Undiscounted (M$)	Discounted 10% (M$)
Australia	208,383	16,121
Canada	157,787	52,665
France	143,713	4,439
Ireland	20,890	3,662
Netherlands	123,381	52,762
Total	654,154	129,649

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

Country	Undiscounted (M$)	Discounted 10% (M$)
Australia	-	-
Canada	3,156	2,644
France	3,866	3,194
Ireland	-	-
Netherlands	2,238	1,743
Total	9,260	7,581

Vermilion has set aside a reclamation fund to help cover these future costs which amounted to $69.0 million as at December 31, 2009.

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 application of the SIFT Rules to the Trust will result in adverse tax consequences to the Trus t 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). The permitted expansion thresholds are the greater of $50 million and 40% of a SIFT trust's October 31 market capitalization for the period from October 31, 2006 to the end of 2007, and the greater of $50 million and 20% of a SIFT trust's October 31 market capitalization for each of 2008, 2009 and 2010. On December 4, 2008, the Department of Finance (Canada) announced changes to the normal growth rules to allow a SIFT trust to accelerate the utilization of the SIFT trust's annual permitted normal growth room for each of 2009 and 2010 so that the amount was available on and after December 4, 2008. This change does not alter the maximum permitted normal growth room for a SIFT trust, but it allows a SIFT trust to use its normal growth room remaining as of December 4, 2008 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 the 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.

Vermilion has evaluated the alternatives available as to the best structure for Unitholders and the Trust in light of the application of the SIFT Rules to the Trust starting in 2011 and has determined that, assuming no further changes in tax laws applicable to income trusts and subject to obtaining Unitholder and other required approvals, the most appropriate action is to complete a conversion of the Trust to a dividend paying corporation by September, 2010. If the Trust completes a conversion to a corporate structure, the nature of a Unitholder's investment will change. For Unitholders resident in Canada, the tax treatment of dividends received will be different than the current tax treatment of distributions. This differential treatment may give rise to tax consequences to Unitholders resident in Canada that are adverse wh en compared to the current tax treatment of distributions to Unitholders. For Unitholders resident in Canada, the tax consequences may differ depending on the particular circumstances of each Unitholder, including whether the Unitholder’s investment in Vermilion is held in a taxable or tax-deferred account.

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. Ireland is subject to tax at 25% 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 (Bbl/d)	Heavy Oil (Bbl/d)	Natural Gas (Mcf/d)	Natural Gas Liquids (Bbl/d)	BOE (Bbl/d)
Australia					
Proved	6,174	-	-	-	6,174
Proved Plus Probable	6,716	-	-	-	6,716
Canada					
Proved	2,235	16	44,829	1,416	11,139
Proved Plus Probable	2,486	16	48,251	1,562	12,106
France					
Proved	8,140	-	727	-	8,261
Proved Plus Probable	8,532	-	759	-	8,658
Ireland					
Proved	-	-	-	-	-
Proved Plus Probable	-	-	-	-	-
Netherlands					
Proved	-	-	22,454	24	3,767
Proved Plus Probable	-	-	25,133	27	4,216
Total Proved	16,548	16	68,010	1,441	29,340
Total Proved Plus Probable	17,733	16	74,142	1,589	31,695

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. Vermilion had no production from its Ireland assets in 2009:

	Three Months Ended March 31, 2009	Three Months Ended June 30, 2009	Three Months Ended September 30, 2009	Three Months Ended December 31, 2009
Australia				
Average Daily Production				
Light and Medium Oil (Bbl/d)	8,612	7,931	7,598	7,124
Natural Gas (MMcfpd)	-	-	-	-
Natural Gas Liquids (Bbl/d)	-	-	-	-
Average Net Prices Received				
Light and Medium Oil ($/Bbl)	57.58	78.63	69.31	101.62
Natural Gas ($/Mcf)	-	-	-	-
Natural Gas Liquids ($/Bbl)	-	-	-	-
Royalties				
Light and Medium Oil ($/Bbl)	14.72	16.32	18.34	34.88
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)	10.30	13.99	14.98	16.56
Natural Gas ($/Mcf)	-	-	-	-
Natural Gas Liquids ($/Bbl)	-	-	-	-
Netback Received				
Light and Medium Oil ($/Bbl)	32.56	48.32	35.99	50.18
Natural Gas ($/Mcf)	-	-	-	-
Natural Gas Liquids ($/Bbl)	-	-	-	-
Canada				
Average Daily Production				
Light and Medium Oil (Bbl/d)	2,175	2,264	2,053	2,061
Natural Gas (MMcfpd)	49.58	51.11	45.67	45.07
Natural Gas Liquids (Bbl/d)	1,569	1,505	1,548	1,449
Average Net Prices Received				
Light and Medium Oil ($/Bbl)	50.07	66.41	72.87	72.72
Natural Gas ($/Mcf)	5.26	3.65	3.03	4.68
Natural Gas Liquids ($/Bbl)	40.09	48.39	51.01	59.71
Royalties				
Light and Medium Oil ($/Bbl)	7.62	2.30	7.42	9.11
Natural Gas ($/Mcf)	0.78	(0.30)	0.29	0.48
Natural Gas Liquids ($/Bbl)	10.61	1.08	3.05	4.02
Transportation				
Light and Medium Oil ($/Bbl)	0.55	0.55	0.58	0.56
Natural Gas ($/Mcf)	0.19	0.18	0.18	0.19
Natural Gas Liquids ($/Bbl)	0.83	0.90	0.84	0.87
Production Costs				
Light and Medium Oil ($/Bbl)	16.44	14.92	15.83	16.18
Natural Gas ($/Mcf)	1.61	1.48	1.59	1.65
Natural Gas Liquids ($/Bbl)	5.64	5.55	5.19	5.69
Netback Received				
Light and Medium Oil ($/Bbl)	25.46	48.64	49.04	51.87
Natural Gas ($/Mcf)	2.68	2.29	0.97	2.36
Natural Gas Liquids ($/Bbl)	23.01	40.86	41.93	49.13

France				
Average Daily Production				
Light and Medium Oil (Bbl/d)	8,223	8,432	8,111	8,218
Natural Gas (MMcfpd)	1.04	1.18	0.87	1.13
Natural Gas Liquids (Bbl/d)	-	-	-	-
Average Net Prices Received				
Light and Medium Oil ($/Bbl)	48.40	67.69	73.64	75.68
Natural Gas ($/Mcf)	10.52	6.79	7.26	8.81
Natural Gas Liquids ($/Bbl)	-	-	-	-
Royalties				
Light and Medium Oil ($/Bbl)	5.08	5.49	5.72	5.48
Natural Gas ($/Mcf)	0.07	0.32	0.32	0.29
Natural Gas Liquids ($/Bbl)	-	-	-	-
Transportation				
Light and Medium Oil ($/Bbl)	4.09	3.96	3.18	2.93
Natural Gas ($/Mcf)	-	-	-	-
Natural Gas Liquids ($/Bbl)	-	-	-	-
Production Costs				
Light and Medium Oil ($/Bbl)	12.60	10.60	11.43	13.95
Natural Gas ($/Mcf)	3.85	3.81	4.12	4.78
Natural Gas Liquids ($/Bbl)	-	-	-	-
Netback Received				
Light and Medium Oil ($/Bbl)	26.63	47.64	53.31	53.32
Natural Gas ($/Mcf)	6.60	2.66	2.82	3.74
Natural Gas Liquids ($/Bbl)	-	-	-	-
Netherlands				
Average Daily Production				
Light and Medium Oil (Bbl/d)	-	-	-	-
Natural Gas (MMcfpd)	23.47	20.20	19.98	20.65
Natural Gas Liquids (Bbl/d)	24	25	20	23
Average Net Prices Received				
Light and Medium Oil ($/Bbl)	-	-	-	-
Natural Gas ($/Mcf)	12.21	8.71	6.73	7.08
Natural Gas Liquids ($/Bbl)	34.92	33.01	32.86	123.10
Royalties				
Light and Medium Oil ($/Bbl)	-	-	-	-
Natural Gas ($/Mcf)	-	-	-	-
Natural Gas Liquids ($/Bbl)	-	-	-	-
Production Costs				
Light and Medium Oil ($/Bbl)	-	-	-	-
Natural Gas ($/Mcf)	2.50	2.71	2.45	2.25
Natural Gas Liquids ($/Bbl)	-	-	-	-
Netback Received				
Light and Medium Oil ($/Bbl)	-	-	-	-
Natural Gas ($/Mcf)	9.71	6.00	4.28	4.83
Natural Gas Liquids ($/Bbl)	34.92	33.01	32.86	123.10

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 - WTI			
2010	US $0.00/Bbl	1,500	$ 70.00 - $ 97.80
2010	US $1.00/Bbl	1,500	$ 72.00 - $ 99.00
2010	US $1.00/Bbl	1,500	$ 72.00 - $100.65
2010	US $1.50/Bbl	750	$ 70.00 - $ 97.40
2010	US $1.50/Bbl	750	$ 69.00 - $ 90.15
Call Spread - BRENT			
2010	US $4.94/Bbl	1,100	$ 65.00 - $ 85.00
2011	US $6.08/Bbl	960	$ 65.00 - $ 85.00
2010	US $5.64/Bbl	700	$ 65.00 - $ 85.00
2011	US $5.15/Bbl	600	$ 65.00 - $ 85.00

Risk Management: Natural Gas	Funded Cost	GJ/d	$/Bbl
SWAP - AECO			
January 2010 to October 2011	$ 0.00/GJ	700	$ 5.13
Put – AECO			
January 2010 to March 2010	$ 0.17/GJ	10,000	$ 4.50
January 2010 to March 2010	$ 0.17/GJ	4,000	$ 4.50
April 2010 to October 2010	$ 0.35/GJ	10,000	$ 4.50
Collar – AECO			
April 2010 to October 2010	$ 0.25/GJ	2,000	$ 4.70 - $ 7.35

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 tran sferable, 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 adver sely 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 t o 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 on 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 has paid distributions of $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 December	$	2.28
2010 – January to March	$	0.57
Total cash distributions since January 22, 2003 (1)	$	15.18

Note:

(1) On March 15, 2010, 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, 2010. 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 qu oted 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 m ay 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 2012. In 2012, the Unitholders shall, at the annual meeting of Unitholders, re-appoint or appoint a successor to the Trustee for an additional three year term, and thereafter, the Unitholders shall appoint or re-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 matt ers 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 p ossession 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

The Trust has established the DRIP Plan. The DRIP Plan is only available to registered Unitholders who are residents of Canada.

Under the DRIP Plan, registered Unitholders may, at their option, reinvest their cash distributions to purchase additional Trust Units (the "DRIP Units") by directing the Plan Agent (as defined below) to apply distributions on their existing Trust Units to the purchase of DRIP Units. Computershare Trust Company of Canada in its capacity as plan agent (the "Plan Agent") will apply cash distributions towards the purchase of DRIP Units from the Trust, subject to certain limitations either from treasury or at the discretion of Vermilion through the facilities of the TSX. DRIP Units will be acquired either at the average market price at which DRIP Units are acquired through the facilities of the TSX or from treasury based on the weighted average of the previous 10 days of trading prior to the applicable distributi on. Participants in the DRIP Plan will also receive additional distributions of Trust Units equal to 5% of the DRIP Units purchased with their distributions. Participants will not have to pay any brokerage fees or service charges in connection with the purchase of DRIP Units.

Registered Unitholders may, after electing to participate in the DRIP Plan, terminate their participation in the DRIP Plan by written notice to the Plan Agent. That notice, if actually received no later than five (5) business days prior to a Distribution Record Date, will have effect for the distribution to be made on the following Distribution Payment Date. Thereafter, distributions to those Unitholders will be in cash. The Trust may amend, suspend or terminate the DRIP Plan in its sole discretion provided that any amendment to the DRIP Plan must be approved by the TSX and that any amendment, modification or suspension shall have no retroactive effect if it would prejudice the interests of the participants. The Trust is not required to issue Trust Units into any jurisdiction where the issuan ce would be illegal.

Unitholder Rights Plan

The Trust first implemented a unitholder rights plan (the "Rights Plan") in 2003 in conjunction with the Arrangement. At each of the annual and special meetings of Unitholders held in 2006 and 2009, the Rights Plan was renewed and approved by Unitholders. 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 t akeover 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 right s 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 2012 unless the term of the Unitholder Rights Plan Agreement is extended beyond such date by resolution of Unitholders.

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 b id 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 T ime, 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 resp ect 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 seven 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 15, 2010, the directors and officers of Vermilion, as a group, beneficially owned, or controlled or directed, directly or indirectly, 1,045,011 Trust Units representing approximately 1.3% 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 1.83134, the directors and executive officers would hold 4,718,820 Trust Units, representing 5.4% of then issued and outstanding Trust Units.

The following table sets forth certain information respecting the current 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
W. Kenneth Davidson (2)(3) Oakville, Ontario, Canada	Director	2005	Since 2000, Director of Millar Western Forest Products Ltd. Since 2009, Director of Realex Properties Corp., a public real estate company
Claudio A. Ghersinich (2)(4)(5) Calgary, Alberta, Canada	Director	1994	Since 2005, President of Carrera Investments Corp., a private investment company
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, Executive 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
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 Since 2007, Director of Canadian Oil Recovery and Remediation Enterprise, Inc., a public oil recovery and remediation company
Timothy R. Marchant (3)(4)(5) Calgary, Alberta, Canada	Director	2010	2009 to present, adjunct professor, Haskayne School 2007 to 2009, Vice President, Middle East Business Development for BP International 2004 to 2007, President, BP Kuwait

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
Curtis W. Hicks Calgary, Alberta, Canada	Executive Vice President and Chief Financial Officer	Since 2004, Executive Vice President 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
Paul Beique Calgary, Alberta, Canada	Vice President Capital Markets	Since 2008, Vice President Capital Markets of Vermilion 2003 to 2008, Director Investor Relations of Vermilion
Mona Jasinski Calgary, Alberta, Canada	Vice President People	Since 2009, Vice President People of Vermilion 2004 to 2009, HR Manager, Shell Onshore Production, North America
Raj C. Patel Calgary, Alberta, Canada	Vice President Marketing	Since 2001, Vice President, Marketing of Vermilion
Peter Sider Biscarrosse, France	Vice President European Operations	Since July 2009, Vice President European Operations March 2008 to July 2009, Regional General Manager, European Operations 2006 to March 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
Robert J. Engbloom, Q.C. Calgary, Alberta, Canada	Corporate Secretary	Since 1999, partner with Macleod Dixon LLP, a law firm

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 a nd 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, 2009 and 2008, Deloitte & Touche LLP, the auditors of the Trust, received the following fees from the Trust:

Item	2009	2008
Audit fees[(1)]	$ 1,693,659	$ 1,665,004
All other fees[(2)]	$ 12,296	$ 49,835

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, 2009 and 2008, fees for the review of the quarterly financial statements and services provided in connection with statutory and regulatory filings or engagements.

(2) For 2009, the amount reported relates to income tax compliance work and the 2008 figure relates to property tax consulting services.

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, dissolutio n, 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 f or 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 rede mption 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 tim e 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 Agr eement-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 R edemption 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 presen t 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 Exch ange 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 inst ructions 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 t hat 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 o ther 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 b y 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) gene ral 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:

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
March	$	28.92	$	22.22	$	26.90	4,817
April	$	29.93	$	26.15	$	27.00	2,847
May	$	32.78	$	26.97	$	32.30	4,855
June	$	34.00	$	26.78	$	29.23	4,771
July	$	30.87	$	27.51	$	29.72	3,523
August	$	31.89	$	28.70	$	29.14	3,755
September	$	31.00	$	27.74	$	29.58	5,003
October	$	32.33	$	28.53	$	29.13	5,401
November	$	30.68	$	28.75	$	30.63	5,223
December	$	32.71	$	30.01	$	32.42	4,305

2010		High		Low		Close	Volume (000's)
January	$	34.60	$	31.57	$	32.32	4,498
February	$	34.82	$	31.68	$	34.82	3,944

The outstanding exchangeable shares are not listed or quoted on a marketplace. There were no exchangeable shares issued in 2009.

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, 2009, 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 19, 2010.

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 and Exchangeable Shares 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, 2009. 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 ot her 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.

Government Regulations

Vermilion's operations are governed by many levels of government, including municipal, state, provincial and federal governments, in Canada, France, the Netherlands, Australia and Ireland. Vermilion is subject to laws and regulations regarding health and safety issues, lease interests, taxes and royalties, among others. Failure to comply with the applicable laws can result in significant increases in costs, penalties and even losses of operating licences. The regulatory process involved in each of the countries in which Vermilion operates is not uniform and regulatory regimes vary as to complexity, timeliness of access to, and response from, regulatory bodies and other matters specific to each jurisdiction. If regulatory approvals or permits are delayed or not obtained, there can also be dela ys or abandonment of projects, decreases in production and increases in costs, and Vermilion may not be able to fully execute its strategy. Governments may also amend or create new legislation and regulatory bodies may also amend regulations or impose additional requirements which could result in increased capital, operating and compliance costs.

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 o bligations 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

Australia, Canada, France, Ireland and the Netherlands are signatories to the United Nations Framework Convention on Climate Change and all have ratified the Kyoto Protocol established thereunder. Australia, Canada, France, Ireland and the Netherlands, 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 Australia, Canada, France, Ireland and the Netherlands 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 Australia, Canada, France, Ireland and the Netherlands.

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 V ermilion, 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.

Failure to Realize Anticipated Benefits of Prior Acquisitions

Vermilion has completed several acquisitions since December 31, 2008, which acquisitions were completed to strengthen its position in the oil and natural gas industry and to create the opportunity to realize certain benefits, including, among other things, potential cost savings. In order to achieve the benefits of these and future acquisitions, Vermilion will be dependent upon its ability to successfully consolidate functions and integrate operations, procedures and personnel in a timely and efficient manner and to realize the anticipated growth opportunities and synergies from combining the acquired assets and operations with those of the Trust. The integration of acquired assets and operations requires the dedication of management effort, time and resources, which may divert management's focus and resources fro m other strategic opportunities and from operational matters during the process. The integration process may result in the disruption of ongoing business and customer relationships that may adversely affect Vermilion's ability to achieve the anticipated benefits of such prior acquisitions.

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.

International Financial Reporting Standards

Vermilion's future adoption of International Financial Reporting Standards ("IFRS") may adversely impact the Trust's reported financial results. The requirement for Vermilion to implement IFRS to replace Canadian GAAP effective January 1, 2011 may materially affect the Trust's financial results as reported in its financial statements and may require Vermilion to amend its Credit Facilities to address the changes in accounting principles. As of the date of this Annual Information Form, Vermilion has to yet determine its accounting policies and is unable to quantify the impact IFRS will have on its Financial Statements. For additional information, see "International Financial Reporting Standards Transition" in the Trust's management's discussion and analysis for the year en ded December 31, 2009.

Potential Future Conversion to a Corporation

As a result of the changes to the taxation of income trusts, the Trust may determine to convert from an income trust structure to a corporate structure, prior to the Trust becoming subject to the SIFT Tax for the financial year beginning January 1, 2011. When the Trust does complete a conversion to a corporate structure, the nature of a Unitholder's investment will change, and although at this time Vermilion believes that such a conversion may be completed without creating a taxable event for most Unitholders for Canadian and U.S. federal income tax purposes, no assurance can be given that such a conversion will not give rise to income tax liability. However, going forward, there can be no assurance that the taxation of future payments received from Vermilion in a corporate form will not give rise to tax consequences that are mor e adverse to securityholders than the current treatment of distributions to the Trust's Unitholders, and may differ depending on the Unitholder's tax jurisdiction and whether the Unitholder is holding its investment in a taxable or tax-deferred account.

Achieving the anticipated benefits of a conversion will require the approval of the Unitholders and will, if approved, depend in part on the Trust's ability to realize the anticipated growth opportunities from reorganizing the Trust into a corporate structure. Management expects that, if adopted, a corporate structure will provide incentives for reinvestment into the Trust, allowing the Trust to make additional capital expenditures and property acquisitions. In addition, a conversion is expected to simplify the operations of the continuing entity. The realization of the anticipated benefits of a conversion will require the approval of the Unitholders and dedication of substantial management effort, time and resources. There can be no assurance that management will be successful in refocusing the continuing entity into a growth-oriented entity.

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 authorizec 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, 2009.

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, 2009. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2009, 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, 2009, 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 8, 2010	Australia	- $	693,310	- $	693,310
GLJ Petroleum Consultants	February 8, 2010	Canada	- $	636,690	- $	636,690
GLJ Petroleum Consultants	February 8, 2010	France	- $	1,117,348	- $	1,117,348
GLJ Petroleum Consultants	February 8, 2010	Ireland	$	355,319	$	355,319
GLJ Petroleum Consultants	February 8, 2010	Netherlands	- $	381,953	- $	381,953
TOTAL			**$**	**3,184,620**	**$**	**3,184,620**

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 8, 2010

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

GLJ Petroleum Consultants

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, 2009, 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, 2009.

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

"Claudio A. Ghersinich"
Claudio A. Ghersinich, Director

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;

---

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

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 financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can 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.

PAGE LEFT INTENTIONALLY BLANK

PAGE LEFT INTENTIONALLY BLANK



2800, 400 – 4th Avenue S.W.
Calgary, Alberta
T2P 0J3
403.269.4884 tel - 403.264.6306 fax
1.866.895.8101 TOLL FREE
investor_relations@vermilionenergy.com



EXHIBIT 99.2

2009 MANAGEMENT'S DISCUSSION AND ANALYSIS

DISCLAIMER

Certain statements included or incorporated by reference in this document 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 document 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;
- royalty rates;
- Vermilion's additional future payment in connection with the Corrib acquisition;
- the timing of first commercial gas from the Corrib field;
- the decision of the Corrib joint venture consortium to drill an exploratory well at the Corrib field and the timing thereof; and
- estimate of Vermilion's share of the expected gas rates from the Corrib field.

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 document, 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;

DISCLAIMER (Continued)

- 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 document or in the Trust's other filings with Canadian securities authorities.

The forward-looking statements or information contained in this document 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.

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 15, 2010 of Vermilion's operating and financial results for the years ended December 31, 2009 and 2008. This discussion should be read in conjunction with the Trust's audited consolidated financial statements for the years ended December 31, 2009 and 2008, together with accompanying notes.

A discussion of Vermilion's operating and financial results for the fourth quarter of 2009 is contained in Vermilion's press release dated March 3, 2010 filed on The System for Electronic Document Analysis and Retrieval (SEDAR - www.sedar.com).

The financial data contained within this MD&A has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP" or "Canadian GAAP") and are reported in Canadian dollars, unless otherwise stated.

NON-GAAP MEASURES

This report 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.

"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 f rom 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	
($000's)	**2009**	**2008**
Cash flows from operating activities	**$ 230,316**	$ 660,135
Changes in non-cash operating working capital	**76,782**	(96,369)
Asset retirement costs incurred	**10,139**	10,200
Fund flows from operations	**$ 317,237**	$ 573,966

"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	
($000's)	**2009**	**2008**
Acquisition of petroleum and natural gas properties from consolidated statements of cash flows	**$ 159,536**	$ 46,466
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)	**57,507**	-
Acquisitions, including acquired working capital deficiency	**$ 217,043**	$ 48,230

"Net debt" is the sum of long-term debt and working capital but excluding the amount due pursuant to acquisition as presented in the Trust's consolidated balance sheets 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	
($000's)	**2009**	**2008**
Long-term debt	**$ 159,723**	$ 197,651
Current liabilities	**217,563**	250,275
Current assets	**(256,886)**	(240,173)
Net debt	**$ 120,400**	$ 207,753

"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	
($000's)	**2009**	**2008**
Distributions declared	**$ 166,385**	$ 158,674
Issue of trust units pursuant to the DRIP	**-**	(18,453)
Net distributions	**$ 166,385**	$ 140,221

"Total net distributions, capital expenditures, reclamation fund contributions and asset retirement costs incurred" is calculated as 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	
($000's)	**2009**	**2008**
Distributions declared	**$ 166,385**	$ 158,674
Issue of trust units pursuant to the DRIP	**-**	(18,453)
Drilling and development of petroleum and natural gas properties	**194,666**	186,836
Contributions to reclamation fund	**-**	10,378
Asset retirement costs incurred	**10,139**	10,200
	$ 371,190	$ 347,635

"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 Ince ntive Plan, based on current performance factor estimates.

These measures are reconciled to the relevant GAAP measures below:

	As at December 31	
	2009	**2008**
Trust units outstanding	**79,523,028**	70,212,769
Trust units issuable pursuant to exchangeable shares outstanding	**7,219,261**	6,790,112
Adjusted basic trust units outstanding	**86,742,289**	77,002,881
Potential trust units issuable pursuant to unit compensation plans	**1,497,422**	1,917,278
Diluted trust units outstanding	**88,239,711**	78,920,159

	As at December 31	
	2009	**2008**
Basic weighted average trust units outstanding	**72,405,606**	69,548,183
Trust units issuable pursuant to exchangeable shares outstanding	**7,279,431**	7,108,202
Adjusted basic weighted average trust units outstanding	**79,685,037**	76,656,385

HIGHLIGHTS

($000's except per unit amounts)	**2009**	**2008**	**2007**
Revenues	**$ 639,751**	$ 1,001,905	$ 707,334
Net earnings	**185,498**	229,189	164,286
Per unit, basic	**2.56**	3.30	2.48
Per unit, diluted	**2.53**	3.23	2.39
Fund flows from operations	**317,237**	573,966	385,911
Per unit, adjusted basic	**3.98**	7.49	5.28
Return on equity (%)	**20.7**	33.2	28.2
Total assets	**2,084,676**	1,798,359	1,668,123
WTI (US $/bbl)	**61.80**	99.65	72.34
AECO ($/mcf)	**3.95**	8.13	6.45
Realized price ($/boe)	**55.83**	83.61	61.86
Fund flows netback ($/boe)	**$ 27.69**	$ 47.91	$ 33.75

2009 Summary of Quarterly Results

($000's except per unit amounts)	**Q1**	**Q2**	**Q3**	**Q4**
Revenue	$ 146,236	$ 162,788	$ 150,183	$ 180,544
Net earnings	19,884	24,880	17,834	122,900
Per unit, basic	0.28	0.35	0.25	1.60
Per unit, diluted	$ 0.28	$ 0.35	$ 0.25	$ 1.59

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

VERMILION ENERGY TRUST OVERVIEW

Vermilion aims to provide superior rewards and stability to its stakeholders though the execution of a successful strategy based on quality assets and proven leadership.

Stability
From the Trust's inception in January 2003 through November 2007 Vermilion 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. During 2008 and 2009 Vermilion was one of only three conventional energy trusts that did not reduce its monthly distribution and this achievement was a result of the Trust's conservative fiscal practices. This element of financial stability is further demonstrated by the Trust's strong balance sheet which gives Vermilion significant financial flexibility to pursue opportunities as they arise.

Adherence to strong core values at all levels of the Trust has contributed to Vermilion's success. 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 has historically focused on the development and optimization of mature producing properties in Western Canada, Western Europe and Australia and in 2009 Vermilion expanded on this strategy through its acquisition of an 18.5% non-operated interest in the offshore Corrib gas field in Ireland. Vermilion has provided its unitholders with 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 acquisition properties that deliver strong cash netbacks and have an abundance of low risk opportunities. In executing its strategy, Vermilion has acquired quality assets in five different countries.

Canada
Vermilion has an interest in over 600 net wells in three core areas, all in Alberta. The properties include a significant light oil field at Utikuma, multiple level, and liquids-rich tight gas reservoirs and Cardium oil opportunities in the Drayton Valley region and a CBM and shallow gas development in Central Alberta. Vermilion controls approximately 271,856 net acres of developed land, 159,821 net acres of undeveloped land and operates significant oil and natural gas processing facilities with combined throughput of 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 certain reservoirs in the area. The Trust employs reservoir optimization techniques t o improve recoveries from the Utikuma reservoir and will continue to manage the long-term development of its CBM 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 large 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. In February 2010, the Trust announced it had achieved 100% success from its recent four-well drilling program with combined estimated initial production volumes in excess of 4,000 boe/d net to Vermilion that will be brought on production over the next 18 months. Vermilion believes that there are numerous potential prospects in this region and has plans to continue drilling in the Netherlands in 2011.

Australia
Vermilion initially acquired a 60% interest in the Wandoo field located 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 has plans to drill additional wells in 2010.

Ireland
Vermilion acquired an 18.5% non-operated interest in the Corrib field located approximately 83 kilometres off the northwest coast of Ireland. Net production to Vermilion is initially anticipated at approximately 9,000 boe/d when the field is put on production. The Corrib asset will further enhance Vermilion's global asset base and is anticipated to deliver strong, accretive returns. The Corrib acquisition is consistent with Vermilion's focus on Western Europe and provides the Trust with another strong foothold in an attractive European energy market and a path of identifiable growth over the next few years.

Proven Leadership

The members of Vermilion's executive management team average more than 25 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 unitholders.

2009 REVIEW AND 2010 GUIDANCE

The following table summarizes the Trust's 2009 actual results as compared to guidance and the Trust's 2010 guidance:

($000's except production amounts)	Date	Capital Expenditures	Production (boe/d)
2009 Guidance	November 2008	$175,000 - $250,000	31,500 – 33,000
Updated	March 2, 2009	$120,000	30,000 – 31,000
Updated	August 6, 2009	$235,000	30,000 – 31,000
2009 Actual		$194,666	31,395
2010 Guidance	November 2009	$285,000 - $330,000	29,000 – 31,000
Updated	March 3, 2010	$350,000	31,000

Vermilion provided broad preliminary guidance for its expected 2009 development capital expenditure program and production forecast in November 2008. A sharp deterioration of commodity prices led to a significant reduction in both capital spending and production guidance, which were communicated to the market on March 2, 2009. Following the acquisition of the Corrib assets, Vermilion provided further revisions to its capital program on August 6, 2009, but left production guidance unchanged. The primary difference between the $235 million guidance figure and the $195 million actual capital expenditure at year end was due to the inclusion of some first half expenditures related to Corrib that were included in the acquisition cost rather than in development capital spending.

OPERATIONAL ACTIVITIES

Canada

In Canada, Vermilion participated in the drilling of 39 wells (25.8 net) during 2009, resulting in five gas wells (2.9 net), two oil wells (1.4 net), two abandoned wells (1.0 net) and 30 standing wells (20.6 net) awaiting further evaluation and tie-in. The total standing well count includes 27 CBM and shallow gas wells (18.6 net). The Canadian wells included one Vermilion operated horizontal multistage fracture completion of a tight gas well, a partner operated Cardium oil completion, and a partner operated tight gas completion. Vermilion is planning to significantly expand its domestic development program in 2010.

France

In France, Vermilion participated in the drilling of three wells (3.0 net) at Champotran in the Paris Basin resulting in one producing oil well, one standing well awaiting evaluation of uphole zones and one standing well that is being used to evaluate the Lias fractured shale potential. An active workover and recompletion program across Vermilion's properties in France was instrumental in holding production declines to minimal levels in 2009, despite the low drilling activity.

Netherlands

In the Netherlands, Vermilion drilled and completed four wells including two development wells (1.9 net) and two exploration wells (0.85 net). These wells are expected to effectively double Vermilion's production from the Netherlands over the next 18 months. Vermilion will work on production, pipeline and environmental permits for the De Hoeve and Vinkega wells and is applying for drilling permits for up to six additional wells in 2011.

Australia

Vermilion did not drill or workover any wells in Australia in 2009, but the strong performance of the two wells drilled in December 2008 provided a good incentive to extend the development drilling program, which will see three wells completed in the second half of 2010.

PRODUCTION

Average production in Canada during 2009 was 3,654 bbls/d of oil and NGLs and 47.9 mmcf/d of natural gas (11,629 boe/d) compared to 4,172 bbls/d of oil and NGLs and 51.2 mmcf/d of natural gas (12,696 boe/d) in 2008, representing a year-over-year decrease of 8.4%. Fourth quarter 2009 production averaged 11,021 boe/d, compared to 12,448 boe/d in the fourth quarter of 2008. In 2009, production volumes were also slightly reduced by a voluntary reduction of natural gas sales from September to December due to low natural gas prices. The full year impact on average production amounted to approximately 150 boe/d. Canadian production is expected to increase in 2010 with the acceleration of resource play development.

Production in France averaged 8,421 boe/d in 2009, 3.3% lower than average 2008 production of 8,710 boe/d. The decrease was largely attributable to the limited 2009 drilling program. Fourth quarter 2009 production of 8,407 boe/d was 2.6% lower than fourth quarter 2008 production of 8,630 boe/d. France production is expected to be decrease in 2010 due to limited planned drilling activity.

Production in the Netherlands averaged 3,533 boe/d in 2009, well below the 4,562 boe/d recorded in 2008. The decrease reflects the full year impact of production shut-ins at Harlingen and some short-term drilling-related shut-ins during the fourth quarter. Production in the fourth quarter 2009 averaged 3,464 boe/d compared with 4,043 boe/d during the same period in 2008. Netherlands production is expected to increase sharply in 2010 with further gains in 2011 as production from the successful 2009 drilling program is brought on stream.

Australia production averaged 7,812 boe/d in 2009, compared to 6,773 boe/d in 2008 as production from two wells drilled in December 2008 provided significant incremental volumes throughout the year. Production during the fourth quarter 2009 averaged 7,124 boe/d, compared to 7,117 boe/d during the same period in 2008. Australian production is expected to decline during the first half of 2010, and then should rebound towards the end of the year following completion of the three wells scheduled during the third quarter of 2010.

	Year Ended December 31, 2009			Year Ended December 31, 2008			Year Ended December 31, 2007		
	Oil & NGLs (bbls/d)	Natural Gas (mmcf/d)	Total (boe/d)	Oil & NGL's (bbls/d)	Natural Gas (mmcf/d)	Total (boe/d)	Oil & NGLs (bbls/d)	Natural Gas (mmcf/d)	Total (boe/d)
Canada	3,654	47.85	11,629	4,172	51.15	12,696	4,081	47.74	12,038
France	8,246	1.05	8,421	8,514	1.17	8,710	8,621	1.13	8,809
Netherlands	23	21.06	3,533	24	27.23	4,562	40	26.24	4,413
Australia [1]	7,812	-	7,812	6,773	-	6,773	6,065	-	6,065
Total	19,735	69.96	31,395	19,483	79.55	32,741	18,807	75.11	31,325

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

2009 Quarterly Production (boe/d)	Q1	Q2	Q3	Q4
Canada	12,008	12,288	11,212	11,021
France	8,395	8,628	8,257	8,407
Netherlands	3,936	3,391	3,351	3,464
Australia	8,612	7,931	7,598	7,124
Total	32,951	32,238	30,418	30,016

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

FINANCIAL REVIEW

During the year ended December 31, 2009, the Trust generated fund flows from operations of $317.2 million compared to $574.0 million in 2008. The year over year decrease in fund flows from operations of $256.7 million is largely the result of lower average commodity prices in 2009 versus 2008. The GAAP measure, cash flows from operating activities, similarly decreased year over year to $230.3 million for the year ended December 31, 2009 from $660.1 million for 2008.

During the year ended December 31, 2009, the price of WTI crude oil averaged US $61.80 per bbl (2008 – US $99.65). The AECO price for gas averaged $3.95 per mcf (2008 – $8.13 per mcf). On a year over year basis, the average prices for both oil and gas were significantly lower in 2009 than 2008.

Despite the decrease year over year in fund flows from operations, Vermilion has strengthened its financial position and at December 31, 2009, the Trust's net debt was $120.4 million which represents a decrease of 42.0% from the net debt of $207.8 million at December 31, 2008. The Trust's long-term debt has decreased to $159.7 million at December 31, 2009 from $197.7 million at December 31, 2008. At December 31, 2009, Vermilion's net debt represented 32.0% of its fourth quarter annualized fund flows from operations. The year over year decrease in net debt is a function of Vermilion's fourth quarter trust unit issuance and the sale of the Trust's investment in Verenex.

For the year ended December 31, 2009, total net distributions, capital expenditures, reclamation fund contributions and asset retirement costs incurred as a percentage of fund flows from operations was 117.0% versus 60.6% for the corresponding period in the prior year. The year over year increase in this ratio is a function of the lower fund flows from operations recorded in 2009 versus the same period in 2008 which is a result of lower average commodity prices, combined with the impact of the Corrib project where Vermilion has significant ongoing capital commitments to achieve first gas.

CAPITAL EXPENDITURES

On July 30, 2009, the Trust completed its acquisition of an 18.5% non-operated interest in the Corrib gas field located off the northwest coast of Ireland for cash consideration of $136.8 million. The Corrib acquisition cost includes Vermilion's share of capital expenditures from January 1, 2009 through the date of acquisition. Pursuant to the terms of the acquisition agreement, the Trust will make an additional future payment to the vendor, the amount of which will be between US $135 million and US $300 million depending on the date when first commercial gas is achieved. Management currently expects that first commercial gas will be achieved by the end of 2012.

Production from Corrib is expected to increase Vermilion's volumes by approximately 9,000 boe/d once the field reaches peak production. The project includes both offshore and onshore pipeline segments as well as a significant natural gas processing facility and it is in the latter stages of development.

The acquisition of Corrib plus property acquisitions totalling $15.1 million and the purchase of a $4.5 million gross overriding royalty acquired from Verenex exceeded 2008 acquisition spending which included a $44.1 million acquisition of producing properties in the Drayton Valley area.

Non-acquisition related capital spending has increased largely as a result of post-acquisition capital spending on the Corrib project. Pursuant to the acquisition agreement, Vermilion assumed its share of future capital expenditure obligations in order to reach first gas. These capital costs are primarily related to the completion of the facilities necessary to bring this gas on-stream.

The development of the Corrib gas field is already more than 85% complete. The key remaining element of the project is the construction of the onshore pipeline. Shell E&P Ireland Ltd. ("SEPIL") submitted an application to An Bord Pleanala ("ABP") for the 9 kilometre long section of onshore pipeline in February 2009. In November 2009, the ABP suggested a further amendment to the onshore pipeline route. In January 2010, SEPIL wrote to ABP and indicated that it had made good progress in responding positively to ABP's request for further information. SEPIL intends to respond to ABP by May 31, 2010. However, given the nature of ABP's suggested modifications to the onshore pipeline route, we do not currently expect first gas production f rom Corrib before late 2012. Originally it was anticipated that first gas production would have been reached by December 2011.

Capital Expenditures ($000's)	**2009**	**2008**	**2007**
Land	**$ 15,868**	$ 5,183	$ 3,484
Seismic	**1,847**	10,989	491
Drilling and completion	**55,989**	78,542	89,081
Production equipment and facilities	**77,588**	56,974	61,586
Recompletions	**19,282**	19,789	11,021
Other	**24,092**	15,359	9,976
	194,666	186,836	175,639
Acquisitions (excluding acquired working capital deficiency)	**159,536**	48,230	121,294
	$ 354,202	$ 235,066	$ 296,933

Capital Expenditures by Country ($000's)	**2009**	**2008**	**2007**
Canada	**$ 75,973**	$ 103,725	$ 69,713
France	**62,457**	55,669	73,504
Netherlands	**26,338**	13,019	22,275
Australia	**6,739**	62,653	131,441
Ireland	**182,695**	-	-
	$ 354,202	$ 235,066	$ 296,933

FUND FLOWS NETBACKS

Fund flows from operations was $317.2 million in 2009, as compared to $574.0 million in 2008, largely due to lower average commodity prices during 2009.

2009 Fund Flows Netback ($/boe)	**Q1**	**Q2**	**Q3**	**Q4**	**2009**	**2008**	**2007**
Oil and gas revenues	$ 49.31	$ 55.49	$ 53.67	$ 65.38	**$ 55.83**	$ 83.61	$ 61.86
Realized hedging gain or (loss)	0.75	0.24	0.39	0.50	**0.47**	(0.89)	(0.25)
Royalties	(7.32)	(6.17)	(8.30)	(12.53)	**(8.52)**	(10.92)	(8.53)
Transportation	(1.47)	(1.51)	(1.33)	(2.33)	**(1.65)**	(1.96)	(2.01)
Operating costs	(11.52)	(11.70)	(12.24)	(13.35)	**(12.18)**	(11.98)	(10.45)
Operating netback	29.75	36.35	32.19	37.67	**33.95**	57.86	40.62
General and administration	(2.29)	(2.55)	(2.93)	(3.16)	**(2.72)**	(2.07)	(1.64)
Interest	(0.60)	(0.43)	(1.47)	(2.21)	**(1.16)**	(1.36)	(1.95)
Current taxes	(3.14)	(3.40)	(2.31)	(1.33)	**(2.57)**	(6.99)	(2.98)
Proceeds on sale of investments	-	-	-	0.97	**0.23**	0.01	0.11
Other income	-	-	(0.02)	0.01	**-**	-	-
Foreign exchange	(0.65)	(0.83)	(0.67)	2.09	**(0.04)**	0.46	(0.41)
Fund flows netback	$ 23.07	$ 29.14	$ 24.79	$ 34.04	**$ 27.69**	$ 47.91	$ 33.75

2008 Fund Flows Netback ($/boe)	Q1	Q2	Q3	Q4
Oil and gas revenues	$ 76.24	$ 111.19	$ 83.65	$ 62.49
Realized hedging (loss) or gain	(0.73)	(1.94)	(1.51)	0.66
Royalties	(12.18)	(18.35)	(12.03)	(0.83)
Transportation	(2.14)	(1.94)	(1.70)	(2.08)
Operating costs	(11.08)	(10.78)	(12.10)	(14.01)
Operating netback	50.11	78.18	56.31	46.23
General and administration	(1.64)	(2.33)	(2.57)	(1.76)
Interest	(2.04)	(1.67)	(0.91)	(0.80)
Current taxes	(6.94)	(13.58)	(6.77)	(0.46)
Proceeds on sale of investments	-	-	0.02	-
Foreign exchange	0.18	1.39	(1.22)	1.42
Fund flows netback	$ 39.67	$ 61.99	$ 44.86	$ 44.63

REVENUE

Revenue for the year ended December 31, 2009 was $639.8 million compared to $1.0 billion in 2008. Vermilion's combined crude oil and NGL price was $68.90 per boe in 2009, a decrease of 32.0% over the $101.32 per boe reported in 2008. The natural gas price realized was $5.62 per mcf in 2009 compared to $9.60 per mcf in 2008, a 41.5% decrease year over year. Vermilion's lower revenue year over year was primarily driven by lower average commodity prices in 2009 versus 2008.

	Years Ended December 31	
($000's except per boe and per mcf)	2009	2008
Crude oil & NGLs	**$ 496,331**	$ 722,512
Per boe	**$ 68.90**	$ 101.32
Natural gas	**143,420**	279,393
Per mcf	**$ 5.62**	$ 9.60
Petroleum and natural gas revenue	**$ 639,751**	$ 1,001,905
Per boe	**$ 55.83**	$ 83.61

The following table summarizes Vermilion's ending inventory positions for France and Australia for the most recent four quarters:

	As at Dec 31, 2009	As at Sep 30, 2009	As at Jun 30, 2009	As at Mar 31, 2008
France (bbls)	**167,962**	147,043	151,488	214,384
France ($000's)	**$ 5,068**	$ 4,459	$ 4,706	$ 7,097
Australia (bbls)	**5,387**	246,311	137,518	334,838
Australia ($000's)	**$ 167**	$ 7,499	$ 4,143	$ 9,402

Late in December 2009, Vermilion had a large oil lifting in Australia which resulted in a significant reduction to inventory as at December 31, 2009.

DERIVATIVE INSTRUMENTS

Vermilion manages a component of its risk exposure through prudent commodity and currency economic hedging strategies. Vermilion had the following financial derivatives in place at December 31, 2009:

Risk Management: Oil	Funded Cost	bbls/d	US $/bbl
Collar - WTI			
2010	US $0.00/bbl	1,500	$ 70.00 - $ 97.80
2010	US $1.00/bbl	1,500	$ 72.00 - $ 99.00
2010	US $1.00/bbl	1,500	$ 72.00 - $100.65
2010	US $1.50/bbl	750	$ 70.00 - $ 97.40
2010	US $1.50/bbl	750	$ 69.00 - $ 90.15
Call Spread - BRENT			
2010	US $4.94/bbl	1,100	$ 65.00 - $ 85.00
2011	US $6.08/bbl	960	$ 65.00 - $ 85.00
2010	US $5.64/bbl	700	$ 65.00 - $ 85.00
2011	US $5.15/bbl	600	$ 65.00 - $ 85.00

Risk Management: Natural Gas	Funded Cost	GJ/d	$/bbl
SWAP - AECO			
January 2010 to October 2011	$ 0.00/GJ	700	$ 5.13
Put – AECO			
January 2010 to March 2010	$ 0.17/GJ	10,000	$ 4.50
January 2010 to March 2010	$ 0.17/GJ	4,000	$ 4.50
April 2010 to October 2010	$ 0.35/GJ	10,000	$ 4.50
Collar – AECO			
April 2010 to October 2010	$ 0.25/GJ	2,000	$ 4.70 - $ 7.35

The impact of Vermilion's economic hedging program increased the fund flows netback by $0.47 per boe for the year ended December 31, 2009 as the price of oil was lower than the floor on the US $100.50 to US $200.00 collar the Trust held during the year. This compares to a hedging cost of $0.89 per boe in 2008.

ROYALTIES

Consolidated royalties for the year ended December 31, 2009 were $8.52 per boe as compared to $10.92 per boe in 2008. As a percent of revenue for the year ended December 31, 2009, royalties were 15% as compared to 13% in 2008.

In Australia, royalties, as a percentage of revenue for the year ended December 31, 2009, were 27% as compared to 20% in 2008. Royalties are reduced by capital investment in the country and as such, the year over year royalties as a percentage of revenue increased as compared to the prior year as a result of higher levels of capital spending in 2008 related to the Trust's active Australian capital program in the fourth quarter of that year.

In Canada, royalties as a percent of revenue for the year ended December 31, 2009, decreased to 15% as compared to 19% in the prior year. The year over year decrease is attributable to the impact of lower commodity prices in 2009 versus 2008 combined with additional gas cost allowance recoveries related to prior periods realized during 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, as the average commodity prices were lower in 2009 as compared to 2008, royalties as a percent of revenue increased to 8% versus 6% in the prior year.

Production in the Netherlands is not subject to royalties.

($000's except per boe and per mcf)	Years Ended December 31 2009	2008
Crude oil & NGLs	**$ 92,226**	$ 96,736
Per boe	**$ 12.80**	$ 13.57
Natural gas	**5,406**	34,092
Per mcf	**$ 0.21**	$ 1.17
Royalties	**$ 97,632**	$ 130,828
Per boe	**$ 8.52**	$ 10.92

OPERATING COSTS

Consolidated operating costs per boe for the year ended December 31, 2009 were $12.18 compared to $11.98 for 2008. Canadian operating costs have remained at a relatively consistent level on a per boe basis for 2009 at $10.13 compared to $10.48 in 2008.

Operating costs in France increased in 2009 to $12.40 per boe compared to $11.98 per boe in 2008. This increase is attributable to slightly lower production levels in 2009 versus 2008 resulting in higher per unit fixed costs.

Australian operating costs decreased to $13.82 per boe in 2009 from $14.64 per boe in 2008 as a result of lower costs associated with transporting staff to the offshore platforms as well as higher production levels in 2009 reflecting the full year impact of two wells drilled and placed on production late in 2008.

Operating costs in the Netherlands increased in 2009 to $14.78 per boe versus $12.19 per boe in 2008 due to lower production resulting from the temporary shut-in of production at Harlingen in mid-July 2008 as a result of subsidence concerns.

($000's except per boe and per mcf)	Years Ended December 31 2009	2008
Crude oil & NGLs	**$ 91,338**	$ 90,250
Per boe	**$ 12.68**	$ 12.66
Natural gas	**48,268**	53,288
Per mcf	**$ 1.89**	$ 1.83
Operating	**$ 139,606**	$ 143,538
Per boe	**$ 12.18**	$ 11.98

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 whereas the majority of Vermilion's Canadian oil production is sold at the wellhead. In France, the majority of Vermilion's transportation costs are made up of shipping charges incurred in the Aquitaine Basin 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 decreased in 2009 compared to the prior year as a resumption of terminal operations occurred during the second quarter of 2009 when two storage tanks were placed back into service. Long term plans for the terminal include an expanded level of operations utilizing four storage tanks.

($000's except per boe)	Years Ended December 31 2009	2008
Transportation	**$ 18,939**	$ 23,545
Per boe	**$ 1.65**	$ 1.96

GENERAL AND ADMINISTRATION EXPENSE

General and administration expenses per boe for the year ended December 31, 2009 were $2.72 as compared to $2.07 in 2008. The increase per boe from 2008 is associated with an overall increase in employee related costs and a decrease in third-party marketing fee recoveries combined with higher legal and advisory fees associated with a restructuring of Vermilion's international holding companies that will result in a more efficient corporate structure.

	Years Ended December 31	
($000's except per boe)	**2009**	**2008**
General and administration	**$ 31,192**	$ 24,837
Per boe	**$ 2.72**	$ 2.07

UNIT BASED COMPENSATION EXPENSE

Non-cash unit based compensation expense for the year ended December 31, 2009 was $18.2 million as compared to $18.4 million in 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 as well as units issued pursuant to the Trust's bonus plan.

Total unit based compensation expense has remained consistent on a year over year basis.

	Years Ended December 31	
($000's except per boe)	**2009**	**2008**
Unit based compensation expense	**$ 18,196**	$ 18,388
Per boe	**$ 1.59**	$ 1.53

INTEREST EXPENSE

Interest expense for the year ended December 31, 2009 was $13.3 million as compared to $16.3 million in 2008. The decrease in interest expense in 2009 versus 2008 is a result of lower average debt levels.

	Years Ended December 31	
($000's except per boe)	**2009**	**2008**
Interest	**$ 13,268**	$ 16,331
Per boe	**$ 1.16**	$ 1.36

DEPLETION, DEPRECIATION AND ACCRETION EXPENSE

Depletion, depreciation and accretion expenses per boe for the year ended December 31, 2009 were $21.71 as compared to $21.32 in 2008. Depletion, depreciation and accretion rates in 2009 have remained consistent from the prior year.

	Years Ended December 31	
($000's except per boe)	**2009**	**2008**
Depletion, depreciation and accretion	**$ 248,726**	$ 255,473
Per boe	**$ 21.71**	$ 21.32

TAXES

Vermilion is subject to current taxes in France, the Netherlands and Australia. Current taxes for the year ended December 31, 2009 decreased to $29.4 million compared to $83.8 million in the prior year. This decrease is mainly attributable to the significantly lower average commodity prices in 2009 compared to 2008.

	Years Ended December 31	
($000's except per boe)	**2009**	**2008**
Current taxes	**$ 29,429**	$ 83,804
Per boe	**$ 2.57**	$ 6.99

As at December 31, 2009, Vermilion had the following tax pools:

($000's)	Oil & Gas Assets		Tax Losses[5]	Other	Total
Canada	$ 363,931	(1)	$ 228,086	$ 1,600	**$ 593,617**
France	43,729	(3)	53,550	-	**97,279**
Australia	177,768	(1)	-	-	**177,768**
Netherlands	51,915	(2)	-	-	**51,915**
Ireland	540,520	(4)	78,429	-	**618,949**
Total	$ 1,177,863		$ 360,065	$ 1,600	**$ 1,539,528**

(1) Deduction calculated by various declining balance rates
(2) Deduction calculated by unit of production method
(3) Deduction calculated by combination of straight-line over the assets life and unit of production method
(4) Deduction for development expenditures at 100%
(5) Losses are deductible at 100% against taxable income

Publicly traded income and royalty trusts will be subject to a new taxation structure (the "SIFT Rules") starting in 2011. The applicable tax rate under the SIFT Rules has a federal and provincial tax rate component. As at the end of December 31, 2008, the provincial component was deemed to be 13%. In March 2009, the related income tax regulations for calculating the provincial SIFT tax rate were enacted. As substantially all of Vermilion's Canadian operations are in Alberta, we expect the provincial SIFT tax rate to be 10%.

After an extensive review of available alternatives, Vermilion has determined that overall it is more beneficial to operate as a corporation than as a trust being subject to the SIFT Rules. As a result, it is the intention of Vermilion to convert from a trust into a corporation effective September 1, 2010, subject to approval of the unitholders. Management is undertaking the analysis to determine the final conversion plan and does not expect any adverse tax implications from the transaction to Vermilion or its unitholders.

After the conversion, Vermilion will be subject to normal corporate tax rates on its taxable income in Canada. There will be no impact on the international operations of Vermilion as a result of the conversion. As at the end of December 31, 2009, there is approximately $593.6 million of tax pools available to reduce Canadian taxable income deductible at various rates and Vermilion currently does not expect to pay taxes in Canada in the immediate future, subject to changes in the business model or significant increases in commodity prices.

FOREIGN EXCHANGE

For the year ended December 31, 2009, a combined realized and unrealized foreign exchange gain of $39.9 million was recorded compared to a loss of $47.1 million in 2008. The combined gain through December 31, 2009 is comprised of a realized loss of $0.5 million and an unrealized, non-cash gain of $40.4 million. The year to date unrealized gain is largely related to the translation to Canadian dollars of foreign currency denominated future income taxes and asset retirement obligations. Since December 31, 2008, the Canadian dollar has strengthened against the Euro resulting in this unrealized gain.

($000's except per boe)	Years Ended December 31 2009	2008
Foreign exchange (gain) loss	**$ (39,894)**	$ 47,110
Per boe	**$ (3.48)**	$ 3.93

EARNINGS

Net earnings for the year ended December 31, 2009 were $185.5 million or $2.56 per unit as compared to $229.2 million or $3.30 per unit in 2008. The decrease in earnings for 2009 versus 2008 is largely associated with lower average commodity price levels in 2009 as compared to the prior year.

LIQUIDITY AND CAPITAL RESOURCES

Vermilion's net debt as at December 31, 2009 was $120.4 million compared to $207.8 million as at December 31, 2008.

As at December 31, 2009, the Trust had syndicated credit facilities allowing for maximum borrowings of $675 million comprised of a revolving facility and an acquisition facility. The revolving period under the revolving credit facility is expected to expire in June 2010 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. The acquisition facility is a non-revolving, non-extendible facility permitting maximum borrowings of $100 million and is expected to mature in June 2010. Various borrowing options are available under the facilities including prime rate base d advances and bankers' acceptance loans.

The credit facilities are secured by various fixed and floating charges against subsidiaries of the Trust. Under the terms of the revolving credit facility, the Trust must maintain a ratio of total borrowings under the facility to consolidated earnings before interest, income taxes, depreciation, accretion and other certain non-cash items of not greater than 3.0. Borrowings under the acquisition facility are subject to certain conditions including unanimous approval of all banks in the syndicate.

The amount available to the Trust under these facilities is reduced by outstanding letters of credit totalling $85.1 million as at December 31, 2009 associated with the Trust's operations. Through December 31, 2009, the Trust had not drawn on the acquisition facility. Subsequent to December 31, 2009, the Trust obtained a financial guarantee from a third party to backstop a substantial portion of the Trust's letters of credit. This allows Vermilion to maintain access to substantially all of its available credit facility.

On October 30, 2009, the Trust completed the sale of 7,282,000 trust units at $30.90 per trust unit which resulted in net proceeds of $213.8 million after deducting the underwriters' fee. The underwriters subsequently exercised the over-allotment option associated with the offering resulting in the issuance of an additional 809,000 trust units for $23.8 million in net proceeds.

On December 21, 2009, Vermilion completed the previously announced sale of its 18.8 million shares of Verenex, representing the Trust's entire investment in that entity, at $7.29 per share resulting in net proceeds of $136.5 million. The gain associated with this sale transaction was $80.5 million and is reflected as a gain related to equity method investment on the consolidated statement of earnings. Also included within the gain related to equity method investment on the consolidated statement of earnings is the equity method loss for the period prior to the sale transaction.

Effective June 2008, Vermilion suspended its DRIP as a 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. In December 2009, Vermilion announced it was reinstating the DRIP effective January 15, 2010. Cash flows from financing activities for the year ended December 31, 2008 included cash flows related to the issuance of trust units pursuant to the DRIP of $18.5 million and there were no proceeds related to the program in 2009.

On July 30, 2009, the Trust completed its previously announced acquisition of an 18.5% non-operated interest in the Corrib gas field located off the northwest coast of Ireland for cash consideration of $136.8 million. Pursuant to the terms of the acquisition agreement, the Trust will make an additional future payment to the vendor, the amount of which will be between US $135 million and US $300 million depending on the date when first commercial gas is achieved. Management currently expects that first commercial gas will be achieved by the end of 2012.

To reflect the future payment due to the vendor, the Trust has recognized a non-current liability which was determined by calculating the expected value of the payment based on management's initial estimate at the date of acquisition that first commercial gas would occur at the end of 2011 and then discounting the resulting amount. The discount rate used to present value this obligation was 8%, which is the Trust's best estimate of the interest rate that would result from an arm's length borrowing transaction associated with the purchase of these assets. During the year ended December 31, 2009, $3.2 million of interest expense associated with the unwinding of the discount on this obligation was capitalized. The cost of this acquisition, which is not a business combination for accountin g purposes, was allocated as follows:

Capital assets	$	304,564
Future income tax assets		67,299
Asset retirement obligation		(9,788)
Working capital		(57,507)
Total consideration	$	304,568

Comprised of:	
Cash	$ 136,832
Present value of estimated future payment due to vendor	167,736
Total consideration	$ 304,568

As a result of revised estimates associated with the timing of first commercial gas subsequent to the compilation of the purchase price allocation above, management prospectively adjusted the discounted amount of consideration due to the vendor. This adjustment resulted in a decrease in the discounted amount due to the vendor of $56.3 million, a decrease in the value of capital assets of $75.7 million and an increase in associated future income tax assets of $18.8 million. These adjustments are reflected in the Trust's consolidated balance sheet at December 31, 2009.

Liquidity and Capital Resources	**2009**	**2008**	**2007**
Net debt ($m)	**$ 120,400**	$ 207,753	$ 416,858
Bank facilities ($m)	**$ 675,000**	$ 675,000	$ 625,000
Unused bank facilities ($m)	**$ 554,600**	$ 467,247	$ 208,142
Net debt to annual fund flows from operations ratio [1]	**0.38**	0.36	1.08
Net debt to equity ratio [1]	**0.12**	0.28	0.66

[1] These are non-GAAP measures and may not be comparable to similar measures for other entities. See "Non-GAAP Measures" for further detail.

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.

Payments due by period ($000's)

	Total	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Long-term debt obligations [1]	$ 161,400	$ -	$ 161,400	$ -	$ -
Amount due pursuant to acquisition	141,291	-	141,291	-	-
Operating lease obligations	83,204	4,439	19,554	13,690	45,521
Total	$ 385,895	$ 4,439	$ 322,245	$ 13,690	$ 45,521

[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 in relation to the Trust's financial position.

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, 2009, the fair value of the reclamation fund was $69.0 million and the fund was comprised of $22.0 million in cash and short-term investments and $47.0 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 OBLIGATIONS

At December 31, 2009, Vermilion's asset retirement obligations were $237.1 million compared to $265.1 million as at December 31, 2008. The decrease 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, 2009 and 2008, the Trust completed reviews of its estimates of the expected costs to reclaim the net interest in its wells and facilities. 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, 2009 and declared distributions totalling $166.4 million compared to $158.7 million for the same period in 2008.

Since inception, the Trust has declared $939.8 million in distributions to unitholders as compared to unitholders' capital of $711.7 million at December 31, 2009.

There were no proceeds from the Trust's DRIP in 2009 (2008 - $18.5 million) as the program was suspended effective June 2008. In December 2009, Vermilion reinstated its DRIP beginning with the January 15, 2010 distribution. As an incentive, Vermilion offers eligible holders of trust units to receive additional trust units equal to 5% of cash distributions by reinvesting the distribution.

Sustainability of Distributions

($000's)	Three Months Ended Dec 31, 2009	Year Ended Dec 31, 2009	Year Ended Dec 31, 2008	Year Ended Dec 31, 2007
Cash flows from operating activities	**$ 84,184**	**$ 230,316**	$ 660,135	$ 349,890
Net earnings	**$ 122,900**	**$ 185,498**	$ 229,189	$ 164,286
Distributions declared	**$ 45,019**	**$ 166,385**	$ 158,674	$ 136,389
Excess of cash flows from operating activities over cash distributions declared	**$ 39,165**	**$ 63,931**	$ 501,461	$ 213,501
Excess of net earnings over cash distributions declared	**$ 77,881**	**$ 19,113**	$ 70,515	$ 27,897

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 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 distributions, 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, 2009, 1.2 million trust units were issued pursuant to the conversion of exchangeable shares and the Trust's unit based compensation programs.

On October 30, 2009, the Trust completed the sale of 7,282,000 trust units at $30.90 per trust unit which resulted in net proceeds of $213.8 million after deducting the underwriters' fee. The underwriters subsequently exercised the over-allotment option associated with the offering resulting in the issuance of an additional 809,000 trust units for $23.8 million in net proceeds.

Unitholders' capital increased in 2009 by $250.5 million as a result of the issuance of those units and $16.8 million as a result of contributed surplus transfer related to unit based compensation plans.

In October 2008, the Trust acquired and then cancelled 45,600 of its own trust units pursuant to a normal course issuer bid. The cost to acquire these trust 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.

As at March 15, 2010 there were 79,657,564 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, 2009, there were 4.0 million exchangeable shares outstanding at an exchange ratio of 1.80065 whereby 7.2 million trust units would be issuable upon conversion. The exchangeable shares can be 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. Upon converting to a corporation, it is expected that the outstanding exchangeable shares will be converted to common shares of Vermilion at the exchange ratio prevailing at the time of conversi on.

RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

Risks and Uncertainties

Crude oil and natural gas exploration, production, acquisition and marketing operations involve a number of risks and uncertainties. These include fluctuations in commodity prices, exchange rates and interest rates as well as uncertainties associated with reserve volumes, production and sales volumes and governmental regulatory and income tax regime changes. These risks and uncertainties, as well as other important risks and uncertainties are discussed in additional detail below.

Commodity 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.

Exchange Rates

Much of the Trust's revenue stream is earned in U.S. dollars and as such an increase in the strength of the Canadian dollar relative to the U.S. dollar may result in the receipt of fewer Canadian dollars by Vermilion in respect of its production. In addition, the Trust incurs expenses and capital costs in U.S. dollars, Euros and Australian dollars and accordingly, the Canadian dollar equivalent of these expenditures as reported by the Trust in its financial results is impacted by the prevailing foreign currency exchange rates at the time the transaction occurs. The Trust monitors and, when appropriate, uses derivative financial instruments to manage its exposure to these risks.

Production and Sales Volumes

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 maintains 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 materially impact Vermilion's financial r esults.

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 negatively affect Vermilion's financial results.

An increase in operating costs or a decline in Vermilion's production level could have an adverse effect on Vermilion's financial results. 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

Interest Rates

An increase in interest rates could result in a significant increase in the amount the Trust pays to service debt.

Reserve Volumes

The Trust's reserve volumes and related reserve values support the carrying value of Vermilion's oil and gas assets on the consolidated balance sheets and provide the basis to calculate the depletion of those costs. There are numerous uncertainties inherent in estimating quantities of reserves and future net revenues to be derived therefrom, including many factors beyond the Trust's control. These 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 estimated prices in use at the date the evaluation was prepared, and many of these assumptions are subject to change and are beyond the Trust's control. Actual production and income derived therefrom will vary from these evaluations, and such variations could be material.

Asset Retirement Obligations

The Trust's asset retirement obligations are based on environmental regulations and estimates of future costs and the timing of expenditures. Changes in environmental regulations, the estimated costs associated with reclamation activities and the related timing may impact the Trust's financial position and results of operations.

Corrib Project

The Trust is exposed to uncertainties associated with the timing of first gas resulting from the permitting process for a section of the onshore pipeline relating to the Corrib project. The ultimate timing of first gas impacts the final payment due to the vendor and is the main determinant as to when the Trust will begin to realize its investment in the project.

Governmental Regulatory and Income Tax Regime

Vermilion's operations are governed by many levels of government, including municipal, state, provincial and federal governments, in Canada, France, the Netherlands, Australia and Ireland. Vermilion is subject to laws and regulations regarding health and safety issues, lease interests, taxes and royalties, among others. Failure to comply with the applicable laws can result in significant increases in costs, penalties and even losses of operating licences. The regulatory process involved in each of the countries in which Vermilion operates is not uniform and regulatory regimes vary as to complexity, timeliness of access to, and response from, regulatory bodies and other matters specific to each jurisdiction. If regulatory approvals or permits are delayed or not obtained, there can also be dela ys or abandonment of projects, decreases in production and increases in costs, and Vermilion may not be able to fully execute its strategy. Governments may also amend or create new legislation and regulatory bodies may also amend regulations or impose additional requirements which could result in increased capital, operating and compliance costs.

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 Vermilion's results of operations.

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.

Risk Management

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 financial instruments encompassing 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. For additional information associated with Vermilion's use of financial instruments, please see note 20 of the Trust's consolidated financial statements for the years ended December 31, 2009 and 2008.

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;
vii. Unit compensation expense is determined using accepted fair value approaches which rely on historical data and certain estimates made by management; and
viii. The amount recorded as due to the vendor pursuant to the Corrib acquisition is dependent on management's estimate of the timing of first gas.

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, 2009.

	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	$ 0.07	$ 5.8 million
Change in natural gas price by $0.10/mcf	$ 0.02	$ 1.7 million
Change in interest rate by one point	$ 0.02	$ 2.2 million
Change in Cdn/US foreign exchange rate by one point	$ 0.03	$ 3.3 million
Change in Cdn/Euro foreign exchange rate by one point	$ 0.01	$ 0.2 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, 2009.

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 2009, 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 2009. 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 ("IFRS")

Background

Publicly accountable enterprises such as Vermilion must begin to report their financial results under IFRS in 2011. Accordingly, in 2008 Vermilion formed an internal IFRS transition team and retained the services of a large international public accounting firm to advise the Trust in its conversion program. Initially, the transition team focused on completing a scoping diagnostic to determine the areas of significant difference between Canadian GAAP and IFRS and the related reporting and information system issues. Since completing the scoping diagnostic, Vermilion's transition team has continued to draft accounting research and policy papers which are reviewed by the advising public accounting firm.

Project Status

Vermilion has not yet finalized all of its accounting policies under IFRS as the Trust is actively working with peer entities to select, when appropriate and practicable, consistent accounting policies in an effort to preserve comparability. Vermilion remains focused on the transition to IFRS and the Trust will be ready to prepare financial statements under both Canadian GAAP and IFRS for 2010 to provide for comparative financial statements after the official changeover in 2011. Vermilion is targeting to complete its draft opening IFRS balance sheet by June 2010, however as noted above, it is likely that certain issues will not be ultimately concluded upon by that time.

Areas of Focus

The following discussion provides additional information on the key areas of focus; however, as certain aspects of the adoption of IFRS in Canada remain uncertain, Vermilion cannot guarantee that this information will not change as the date of transition approaches. The Trust will continue to communicate information in relation to its conversion process as it becomes available.

Accounting for Capital Assets Including Impairment

Vermilion's transition team is currently determining the Trust's accounting policies associated with capital assets under IFRS. When appropriate, the Trust is electing to make policy choices that minimize the differences between Vermilion's capital asset accounting under current Canadian GAAP and IFRS and also that reflect policies which are consistent with our peer entities.

There are still a number of significant differences associated with accounting for capital assets under IFRS versus Canadian GAAP which will impact Vermilion. Under Canadian GAAP's full-cost accounting, expenditures related to oil and gas assets are aggregated on a country-by-country basis for depletion and impairment testing purposes. Under IFRS, the unit of account for both depletion and impairment testing is significantly smaller and accordingly, non-cash impairments are more likely under IFRS than under Canadian GAAP full-cost accounting.

On July 23, 2009, the International Accounting Standards Board ("IASB") issued amendments to IFRS 1, "First-time Adoption of International Financial Reporting Standards" that greatly reduced the amount of effort required upon transition to IFRS for entities, such as Vermilion, that have historically applied the full-cost method of accounting. Under the amendment, Canadian GAAP full cost pools are allocated to smaller units of account at the transition date of January 1, 2010 based on either reserve volumes or values and currently Vermilion's intends to rely on this exemption and perform this allocation based on reserve values.

Vermilion's current accounting systems and processes are capable of accounting for capital assets at the more detailed level required under IFRS.

Functional Currency

Under Canadian GAAP, Vermilion concluded that the functional currency of its foreign operating subsidiaries is the Canadian dollar. As a result of differences in the requirements for functional currency determination, Vermilion has concluded that under IFRS the functional currency of its foreign operating subsidiaries will be their local currencies. As a consequence of this change, gains and losses related to the translation of the financial statements of these subsidiaries will be recorded through the balance sheet and will not impact net income. In addition, the capital asset accounts of Vermilion's foreign operating subsidiaries will be translated to Canadian dollars at the foreign exchange rates in effect at the balance sheet date whereas presently, these capital asset accounts are translated at historical rates of exchange.

Deferred Income Taxes

Vermilion has been closely monitoring the progress associated with the IASB's exposure draft to replace IAS 12 "Income Taxes." In October 2009, the IASB decided it would not proceed with the exposure draft and instead would consider a limited scope project to amend IAS 12. Accordingly, Vermilion is evaluating the differences between the current version of IAS 12 and the relevant Canadian GAAP requirements.

Accounting for Trust Units and Exchangeable Shares

In Canada, units issued by investment trusts such as Vermilion are redeemable by unitholders and under IFRS, unless certain specific criteria are met, redeemable securities cannot be classified as permanent equity. Although Vermilion plans to convert to a corporation prior to the end of 2010, non-equity presentation of Vermilion's trust units prior to conversion could result in a large increase to the value of Vermilion's resulting share capital with a corresponding decrease in retained earnings.

Vermilion is currently working with its advising public accounting firm to determine whether or not Vermilion's trust units qualify for the exemption which would allow the Trust to continue to present its trust units as equity.

Unit Based Compensation

Vermilion is currently assessing the impact of the redemption feature associated with its trust units and the intended corporate conversion on the Trust's unit based compensation plans.

Asset Retirement Obligations

The basic fundamental premise underlying the accounting for asset retirement obligations is consistent between Canadian GAAP and IFRS, however under the latter, the liability is remeasured at each reporting date using the current risk free interest rate. As the Trust is electing to use the IFRS 1 deemed cost accounting exemption noted above, upon transition Vermilion will recognize its asset retirement obligations at the amounts required under IFRS and will record the difference between those amounts, and the Canadian GAAP values, against retained earnings.

Issues Associated with the Initial Adoption of IFRS

Aside from the IFRS 1 deemed cost accounting exemption, Vermilion has not yet ultimately concluded on what other available exemptions it will take upon transition to IFRS. Presently however, the Trust believes it will apply the IFRS 1 exemptions associated with business combinations and cumulative translation differences related to the change in the functional currency of Vermilion's operating subsidiaries as described above.

As noted previously, Vermilion has conducted a review of its accounting systems and processes and, as a result of a various upgrades that have been completed over recent years, the Trust's current systems and processes will accommodate the transition to IFRS.

Vermilion has established internal controls associated with the IFRS transition which include approvals at various stages of the project and the Trust continues to work closely with its advising public accounting firm in relation to the IFRS conversion.

NEW ACCOUNTING POLICIES

On January 1, 2009, the Trust adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets" which replaced Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". Section 3064 incorporates guidance addressing when an internally developed intangible asset meets the criteria for recognition as an asset. The adoption of this standard did not impact the Trust's consolidated financial statements.

Effective January 1, 2009, the Trust adopted EIC 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". This abstract concludes that for all financial assets and liabilities measured at fair value, including derivative instruments, an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining fair value. The adoption of this abstract did not impact the Trust's consolidated financial statements.

On July 1, 2009, the Trust adopted the amendments to Section 3855 "Financial Instruments – Recognition and Measurement". The amendments clarify that reclassification out of the held for trading category of an embedded derivative in a contract that can not be measured separately is prohibited. The adoption of this amendment did not have an impact on the Trust's consolidated financial statements.

In June 2009, the CICA amended Section 3862, “Financial Instruments – Disclosures” to require certain additional disclosures relating to the determination of fair values. The amendments require that an entity disclose a fair value hierarchy classification for each class of financial instruments. The amendments are effective for annual financial statements ending on or after September 30, 2009 and these financial statements reflect the additional disclosure requirements. As the amendments relate strictly to disclosure, they did not have a material impact on the financial statements of the Trust.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

On February 13, 2008, the Accounting Standards Board (“AcSB”) confirmed that the transition date to IFRS from Canadian GAAP will be January 1, 2011 for publicly accountable enterprises such as Vermilion. Please see “International Financial Reporting Standards Transition” for additional information.

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, acquis ition 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 currently 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 Canadian Securities Administrators and 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 provid ed in our Management Proxy Circular, which will be filed on SEDAR (www.sedar.com) and mailed to all unitholders on April 6, 2010.

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, 2009, 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 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 dire ctors 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, 2009. The effectiveness of the Trust's internal control over financial reporting as of December 31, 2009 has been audited by Deloitte & Touche LLP, as reflected in their report for 2009. No changes were made to the Trust's internal control over financial reporting during the year ending December 31, 2009, that have materially affected, or are reasonably likely to materia lly affect, the internal controls over financial reporting.

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

Timothy R. Marchant [3, 4, 5]
Calgary, Alberta

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 GENERAL MEETING

May 7, 2010 at 10:00 a.m.
The Ballroom
Metropolitan Centre
333 – 4th Avenue S.W.
Calgary, Alberta

OFFICERS AND KEY PERSONNEL

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

Cameron A. Hercus, MSc
Director Exploitation and New Growth

Dean N. Morrison, CFA
Director Investor Relations

Robert (Bob) J. Engbloom, LL.B
Corporate Secretary

EUROPE
Peter Sider, P.Eng.
Vice President European Operations

David Burghardt, P.Eng.
Director Exploitation

Scott Ferguson, P.Eng.
Director European Operations

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

Royal Bank of Canada
Calgary, Alberta

The Bank of Nova Scotia
Calgary, Alberta

Alberta Treasury Branches
Calgary, Alberta

Canadian Imperial Bank of Commerce
Calgary, Alberta

Citibank N.A., Canadian Branch
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

VERMILION ENERGY





EXHIBIT 99.3

2009 AUDITED ANNUAL FINANCIAL STATEMENTS

DISCLAIMER

Certain statements included or incorporated by reference in this document 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 document 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;
- royalty rates;
- Vermilion's additional future payment in connection with the Corrib acquisition;
- the timing of first commercial gas from the Corrib field;
- the decision of the Corrib joint venture consortium to drill an exploratory well at the Corrib field and the timing thereof; and
- estimate of Vermilion's share of the expected gas rates from the Corrib field.

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 document, 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;

DISCLAIMER (Continued)

- 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 document or in the Trust's other filings with Canadian securities authorities.

The forward-looking statements or information contained in this document 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.

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, 2009.

Deloitte & Touche LLP audited our consolidated financial statements as stated in their report which is on page 5 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 12, 2010

("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 consolidated balance sheets of Vermilion Energy Trust and subsidiaries (the "Trust") as at December 31, 2009 and 2008 and the 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). Those standards require that we plan and perform an audit to obtain reasonable assurance 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, 2009 and 2008 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, 2009, 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 12, 2010 expressed an unqualified opinion on the Trust's internal control over financial reporting.

("Deloitte & Touche LLP")

Independent Registered Chartered Accountants
Calgary, Canada
March 12, 2010

COMMENTS BY INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS ON CANADA-UNITED STATES OF AMERICA REPORTING DIFFERENCE

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 Notes 3 and 22 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 12, 2010, is expressed in accordance with Canadian reporting standards which do not require a reference to such ch anges 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 12, 2010

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, 2009, 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, 2009, 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 at and for the year ended December 31, 2009 of the Trust and our report dated March 12, 2010 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 12, 2010

Consolidated Balance Sheets
December 31
(Thousands of Canadian dollars)

	2009	2008
ASSETS		
Current		
Cash and cash equivalents (Notes 2 and 18)	**$ 99,066**	$ 67,231
Short-term investments (Note 2)	**15,895**	9,491
Accounts receivable	**117,051**	123,794
Crude oil inventory	**5,235**	12,167
Derivative instruments (Note 13)	**8,217**	11,638
Prepaid expenses and other	**11,422**	15,852
	256,886	240,173
Derivative instruments (Note 13)	**7,896**	3,566
Future income taxes (Note 8)	**119,714**	-
Long-term investments (Notes 4 and 16)	**4,342**	63,752
Goodwill	**19,840**	19,840
Reclamation fund (Note 6)	**69,003**	63,399
Capital assets (Notes 4 and 5)	**1,606,995**	1,407,629
	$ 2,084,676	$ 1,798,359
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 197,633**	$ 179,312
Distributions payable to unitholders	**15,109**	13,340
Derivative instruments (Note 13)	**1,772**	-
Income taxes payable	**2,366**	57,623
Future income taxes (Note 8)	**683**	-
	217,563	250,275
Long-term debt (Note 7)	**159,723**	197,651
Amount due pursuant to acquisition (Note 4)	**111,402**	-
Asset retirement obligations (Note 6)	**237,110**	265,101
Future income taxes (Note 8)	**218,764**	245,799
	944,562	958,826
Non-controlling interest - exchangeable shares (Note 10)	**100,824**	84,523
UNITHOLDERS' EQUITY		
Unitholders' capital (Note 9)	**711,667**	444,353
Contributed surplus (Note 9)	**30,413**	29,698
Retained earnings	**297,210**	280,959
	1,039,290	755,010
	$ 2,084,676	$ 1,798,359

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)

	2009	2008
REVENUE		
Petroleum and natural gas revenue	**$ 639,751**	$ 1,001,905
Royalties	**(97,632)**	(130,828)
	542,119	871,077
EXPENSES AND OTHER (INCOME) EXPENSE		
Operating	**139,606**	143,538
Transportation	**18,939**	23,545
Unit based compensation (Note 11)	**18,196**	18,388
(Gain) on derivative instruments (Note 13)	**(4,526)**	(2,477)
Interest	**13,268**	16,331
General and administration	**31,192**	24,837
Foreign exchange (gain) loss	**(39,894)**	47,110
Other (income) expense	**(8,021)**	5,261
Depletion, depreciation and accretion	**248,726**	255,473
	417,486	532,006
EARNINGS BEFORE INCOME TAXES AND OTHER ITEMS	**124,633**	339,071
INCOME TAXES (NOTE 8)		
Future	**(30,963)**	4,003
Current	**29,429**	83,804
	(1,534)	87,807
OTHER ITEMS		
Non-controlling interest - exchangeable shares (Note 10)	**17,977**	22,526
(Gain) related to equity method investment (Note 4)	**(77,308)**	(451)
	(59,331)	22,075
NET EARNINGS AND COMPREHENSIVE INCOME	**185,498**	229,189
Retained earnings, beginning of year	**280,959**	217,209
Distributions declared (Note 9)	**(166,385)**	(158,674)
Repurchase of units (Note 9)	**-**	(931)
Unit-settled distributions on vested unit based awards (Note 9)	**(2,862)**	(5,834)
RETAINED EARNINGS, END OF YEAR	**$ 297,210**	$ 280,959
NET EARNINGS PER TRUST UNIT (NOTE 12)		
Basic	**$ 2.56**	$ 3.30
Diluted	**$ 2.53**	$ 3.23
WEIGHTED AVERAGE TRUST UNITS OUTSTANDING (NOTE 12)		
Basic	**72,405,606**	69,548,183
Diluted	**80,569,607**	78,018,769

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

	2009	2008
OPERATING		
Net earnings	**$ 185,498**	$ 229,189
Adjustments:		
Depletion, depreciation and accretion	**248,726**	255,473
Change in unrealized gains and losses and accruals relating to derivative contracts (Note 13)	**863**	(13,102)
Unit based compensation	**18,196**	18,388
(Gain) related to equity method investment	**(77,308)**	(451)
Unrealized foreign exchange (gain) loss	**(40,374)**	52,579
Non-controlling interest - exchangeable shares	**17,977**	22,526
Change in unrealized gains and losses and accruals included in other (income) expense relating to investments	**(8,052)**	5,361
Proceeds from held for trading investments	**2,674**	-
Future income taxes	**(30,963)**	4,003
	317,237	573,966
Asset retirement costs incurred (Note 6)	**(10,139)**	(10,200)
Changes in non-cash operating working capital (Note 14)	**(76,782)**	96,369
Cash flows from operating activities	**230,316**	660,135
INVESTING		
Drilling and development of petroleum and natural gas properties	**(194,666)**	(186,836)
Acquisition of petroleum and natural gas properties	**(159,536)**	(46,466)
Corporate acquisition, net of cash acquired	**-**	(1,764)
Purchase of short-term investments	**(6,404)**	(9,491)
Long-term investment (Note 4)	**136,479**	(627)
Contributions to reclamation fund (Note 6)	**-**	(10,378)
Changes in non-cash investing working capital (Note 14)	**(1,631)**	(179)
Cash flows used in investing activities	**(225,758)**	(255,741)
FINANCING		
Decrease in long-term debt	**(37,053)**	(258,836)
Issue of trust units for cash (Note 9)	**240,178**	3,740
Issue of trust units pursuant to the distribution reinvestment plan	**-**	18,453
Cash distributions	**(164,616)**	(158,128)
Repurchase of units	**-**	(1,213)
Cash flows from (used in) financing activities	**38,509**	(395,984)
Foreign exchange (loss) gain on cash held in foreign currencies	**(11,232)**	10,953
Net change in cash and cash equivalents	**31,835**	19,363
Cash and cash equivalents, beginning of year	**67,231**	47,868
Cash and cash equivalents, end of year (Note 18)	**$ 99,066**	$ 67,231
Supplementary information - cash payments		
Interest paid	**$ 12,301**	$ 14,905
Income taxes paid	**$ 84,686**	$ 27,699

1. BASIS OF PRESENTATION

Vermilion Energy Trust (the "Trust" or "Vermilion") is an open-end unincorporated investment trust governed by the laws of the Province of Alberta and created in 2003 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 a Plan of Arrangement, former holders of common shares of Vermilion Resources Ltd. ("Resources" or 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. 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.

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 upo n 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 2009 and 2008 only the Trust's investment in Verenex Energy Inc. ("Verenex") was subject to the equity basis of accounting. On December 21, 2009, the Trust sold its investment in Verenex (see Note 4) and accordingly, as at December 31, 2009, the Trust did not have any investments which were 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 Trust's 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)

Financial Instruments
Cash and cash equivalents and short-term investments are classified as held for trading and are measured at fair value. 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 are then 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, long-term debt and amount due pursuant to acquisition, have been classified as other financial liabilities and are initially recognized at fair value and subsequently are measured at amortized cost. Transaction costs and discounts are recorded against 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) expense in the consolidated statements of earnings.

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 and instead 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Capitalized Interest
Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of that asset.

3. NEW ACCOUNTING POLICIES

On January 1, 2009, the Trust adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, "Goodwill and Intangible Assets" which replaced Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". Section 3064 incorporates guidance addressing when an internally developed intangible asset meets the criteria for recognition as an asset. The adoption of this standard did not impact the Trust's consolidated financial statements.

Effective January 1, 2009, the Trust adopted EIC 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". This abstract concludes that for all financial assets and liabilities measured at fair value, including derivative instruments, an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining fair value. The adoption of this abstract did not impact the Trust's consolidated financial statements.

On July 1, 2009, the Trust adopted the amendments to Section 3855 "Financial Instruments – Recognition and Measurement". The amendments clarify that reclassification out of the held for trading category of an embedded derivative in a contract that can not be measured separately is prohibited. The adoption of this amendment did not have an impact on the Trust's consolidated financial statements.

In June 2009, the CICA amended Section 3862, "Financial Instruments – Disclosures" to require certain additional disclosures relating to the determination of fair values. The amendments require that an entity disclose a fair value hierarchy classification for each class of financial instruments. The amendments are effective for annual financial statements ending on or after September 30, 2009 and these financial statements reflect the additional disclosure requirements. As the amendments relate strictly to disclosure, they did not have a material impact on the financial statements of the Trust.

4. ACQUISITIONS AND DISPOSITIONS

a) Corrib Acquisition

On July 30, 2009, the Trust completed its previously announced acquisition of an 18.5% non-operated interest in the Corrib gas field located off the northwest coast of Ireland for cash consideration of $136.8 million. Pursuant to the terms of the acquisition agreement, the Trust will make an additional future payment to the vendor, the amount of which will be between US $135 million and US $300 million depending on the date when first commercial gas is achieved. Management currently expects that first commercial gas will be achieved by the end of 2012.

To reflect the future payment due to the vendor, the Trust has recognized a non-current liability which was determined by calculating the expected value of the payment based on management's initial estimate at the date of acquisition that first commercial gas would occur at the end of 2011 and then discounting the resulting amount. The discount rate used to present value this obligation was 8%, which is the Trust's best estimate of the interest rate that would result from an arm's length borrowing transaction associated with the purchase of these assets. During the year ended December 31, 2009, $3.2 million of interest expense associated with the unwinding of the discount on this obligation was capitalized. The cost of this acquisition, which is not a business combination for accounti ng purposes, was allocated as follows:

Capital assets	$	304,564
Future income tax assets		67,299
Asset retirement obligation		(9,788)
Working capital		(57,507)
Total consideration	$	304,568

Comprised of:

Cash	$	136,832
Present value of estimated future payment due to vendor		167,736
Total consideration	$	304,568

As a result of revised estimates associated with the timing of first commercial gas subsequent to the compilation of the purchase price allocation above, management prospectively adjusted the discounted amount of consideration due to the vendor. This adjustment resulted in a decrease in the discounted amount due to the vendor of $56.3 million, a decrease in the value of capital assets of $75.7 million and an increase in associated future income tax assets of $18.8 million. These adjustments are reflected in the Trust's consolidated balance sheet at December 31, 2009.

b) Disposition of Verenex and Related Party Transaction

On December 21, 2009, Vermilion completed the previously announced sale of its 18.8 million shares of Verenex, representing the Trust's entire investment in that entity, at $7.29 per share resulting in net proceeds of $136.5 million. The gain associated with this sale transaction was $80.5 million and is reflected as a gain related to equity method investment on the consolidated statement of earnings. Also included within the gain related to equity method investment on the consolidated statement of earnings is the equity method loss of $3.2 million for the period prior to the sale transaction.

During the first quarter of 2009, the Trust acquired a gross overriding royalty ("GORR") from Verenex for cash consideration of $4.5 million. At the time, the Trust owned 42% of Verenex. The transaction was accounted for at the exchange amount and is recorded as acquisition of petroleum and natural gas properties on the consolidated statement of cash flows.

c) Canada Acquisition

On January 31, 2008, the Trust completed a Canadian acquisition of natural 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 acquisition was allocated as follows:

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

5. CAPITAL ASSETS

2009	Cost	Accumulated Depletion, Depreciation and Amortization	Net Book Value
Petroleum and natural gas properties and equipment	$ 2,929,311	$ 1,325,568	$ 1,603,743
Furniture and equipment	12,450	9,198	3,252
	$ 2,941,761	$ 1,334,766	$ 1,606,995

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

As at December 31, 2009, the Trust excluded $20.4 million (2008 - $nil) of undeveloped properties from the depletion and depreciation calculation. During the year, the Trust capitalized $4.2 million (2008 - $4.4 million) of overhead costs related to exploration and development activities.

The Trust performed ceiling tests at December 31, 2009 and 2008 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, 2009 and 2008 and therefore, the carrying values are considered recoverable.

The benchmark prices used in the December 31, 2009 calculations are as follows:

CDN$/BOE	Canada	France	Netherlands	Australia	Ireland
2010	$ 48.68	$ 73.17	$ 52.22	$ 82.63	$ -
2011	$ 52.92	$ 75.98	$ 61.65	$ 85.79	$ -
2012	$ 54.35	$ 78.81	$ 60.57	$ 88.95	$ -
2013	$ 55.15	$ 81.64	$ 60.99	$ 92.11	$ 61.16
2014	$ 56.31	$ 84.35	$ 63.08	$ 95.27	$ 63.17
2015	$ 57.46	$ 85.87	$ 64.36	$ 97.20	$ 64.41
2016	$ 59.56	$ 87.40	$ 65.67	$ 99.18	$ 65.67
2017	$ 62.61	$ 89.01	$ 67.00	$ 101.19	$ 66.95
2018	$ 65.77	$ 90.68	$ 68.37	$ 103.25	$ 68.27
2019	$ 67.65	$ 92.36	$ 69.75	$ 105.35	$ 69.60
Average increase thereafter	2.0%	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 $237.1 million as at December 31, 2009 (2008 - $265.1 million) based on a total undiscounted future liability after inflation adjustment of $857.2 million (2008 - $948.2 million). These payments are expected to be made over the next 46 years with the majority of the costs being incurred between 2010 and 2041. The Trust used a credit adjusted risk free rate of 8% and inflation rates between 1.5% and 1.8% to calculate the present value of the asset retirement obligations.

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

		2009		2008
Carrying amount, beginning of year	$	**265,101**	$	163,374
Increase in liabilities in the period		**10,173**		2,487
Disposition of liabilities in the period		**(10,139)**		(10,200)
Change in estimate		**(24,456)**		66,576
Accretion expense		**20,255**		14,468
Foreign exchange		**(23,824)**		28,396
Carrying amount, end of year	$	**237,110**	$	265,101

During the years ended December 31, 2009 and 2008, the Trust reviewed its estimates of the expected costs to reclaim the net interest in its wells and facilities. Accordingly, Vermilion adjusted its asset retirement obligations to reflect these revised estimates and the resulting change is categorized as change in estimate in the table above.

The Trust has set aside funds for the future payment of its estimated asset retirement obligations. In 2009, the Trust did not contribute funds to the reclamation fund (2008 – contribution of $10.4 million).

The Trust's reclamation fund investments consist of:

		2009		2008
Cash and short term investments, at fair value	$	**22,028**	$	21,700
Equity and debt securities, at fair value		**46,975**		41,699
	$	**69,003**	$	63,399

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

7. LONG-TERM DEBT

As at December 31, 2009, the Trust had syndicated credit facilities allowing for maximum borrowings of $675 million comprised of a revolving facility and an acquisition facility. The revolving period under the revolving credit facility is expected to expire in June 2010 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. The acquisition facility is a non-revolving, non-extendible facility permitting maximum borrowings of $100 million and is expected to mature in June 2010. Various borrowing options are available under the facilities including prime rate bas ed advances and bankers' acceptance loans.

The credit facilities are secured by various fixed and floating charges against subsidiaries of the Trust. Under the terms of the revolving credit facility, the Trust must maintain a ratio of total borrowings under the facility to consolidated earnings before interest, income taxes, depreciation, accretion and other certain non-cash items of not greater than 3.0. Borrowings under the acquisition facility are subject to certain conditions including unanimous approval of all banks in the syndicate.

The amount available to the Trust under these facilities is reduced by outstanding letters of credit totalling $85.1 million as at December 31, 2009 associated with the Trust's operations. Through December 31, 2009, the Trust had not drawn on the acquisition facility. Subsequent to December 31, 2009, the Trust obtained a financial guarantee from a third party to backstop a substantial portion of the Trust's letters of credit. This allows Vermilion to maintain access to substantially all of its available credit facility.

8. INCOME TAXES

The net future income tax liability at December 31, 2009 and 2008 is comprised of the following:

		2009		2008
Future income tax liabilities:				
Capital assets	**$**	**(223,918)**	$	(264,189)
Derivative contracts		**(4,346)**		(4,672)
Partnership income deferral		**-**		(18,120)
Asset retirement obligation		**(41,602)**		(4,630)
Basis difference of investments		**(1,090)**		-
Other		**-**		(3,678)
Unrealized foreign exchange		**(11,305)**		(193)
Future income tax assets:				
Capital assets		**67,403**		-
Non-capital losses		**66,145**		49,491
Partnership loss deferral		**12,449**		-
Basis difference of investments		**-**		62
Other		**1,298**		-
Share issue costs		**2,011**		130
Asset retirement obligation		**33,222**		-
Net future income tax (liability)	**$**	**(99,733)**	$	(245,799)
Comprised of:				
Non-current future income tax asset	**$**	**119,714**	$	-
Current future income tax liability		**(683)**		-
Non-current future income tax liability		**(218,764)**		(245,799)
Net future income tax (liability)	**$**	**(99,733)**	$	(245,799)

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 29.00% (2008 – 29.50%), as follows:

		2009		2008
Earnings before income taxes and non-controlling interest	**$**	**201,941**	$	339,522
Canadian corporate tax rate		**29.00%**		29.50%
Expected tax expense		**58,563**		100,159
Increase (decrease) in taxes resulting from:				
Income attributable to the unitholders		**(48,252)**		(46,809)
Tax incentive programs		**(5,645)**		-
Foreign tax rate differentials [1]		**4,390**		2,735
Unit compensation expense		**5,277**		5,425
Amended returns and pool estimate variances		**137**		1,722
Foreign exchange		**(11,624)**		12,525
Statutory rate changes		**791**		-
Other		**1,526**		6,226
Adjustment for capitalized interest		**800**		-
Adjustment to provisions for tax positions taken		**3,340**		5,824
Non-taxable portion of capital gains		**(10,837)**		-
Provision for income taxes	**$**	**(1,534)**	$	87,807

[1] The corporate tax rate is 34.4% in France, 43.2% in the Netherlands, 30.0% in Australia and 25.0% in Ireland.

9. UNITHOLDERS' CAPITAL AND CONTRIBUTED SURPLUS

	Number of Units		Amount
Trust Units			
Unlimited number of trust units authorized to be issued			
Balance as at December 31, 2007	67,335,427	$	380,941
Distribution reinvestment plan	521,839		18,453
Issued on conversion of exchangeable shares (Note 10)	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
Issued on conversion of exchangeable shares (Note 10)	132,569		4,048
Unit rights exercised and issuance of units on vesting of trust unit award plan grants	945,982		2,817
Transfer from contributed surplus for unit based awards	-		16,846
Trust units issued for bonus plan	23,790		635
Unit-settled distributions on vested unit based awards	116,918		2,862
Unit issuance	8,091,000		240,106
Balance as at December 31, 2009	79,523,028	$	711,667

		2009		2008
Contributed Surplus				
Opening balance	**$**	**29,698**	$	29,211
Unit compensation expense (excluding bonus plan)		**17,561**		17,791
Transfer to unitholders' capital for unit based awards		**(16,846)**		(17,304)
Ending balance	**$**	**30,413**	$	29,698

On October 30, 2009, the Trust completed the sale of 7,282,000 trust units at $30.90 per trust unit which resulted in net proceeds of $213.8 million after deducting the underwriters' fee. The underwriters subsequently exercised the over-allotment option associated with the offering resulting in the issuance of an additional 809,000 trust units for $23.8 million in net proceeds.

Cash distributions declared to unitholders for the year ended December 31, 2009 were $166.4 million (2008 - $158.7 million). Distributions are determined by the Board of Directors in accordance with the Trust Indenture and are paid monthly.

In December 2009, Vermilion reinstated its distribution reinvestment plan beginning with the January 15, 2010 distribution. The plan allows eligible holders of trust units to purchase additional trust units at a 5% discount to market by reinvesting their cash distributions. The plan had previously been suspended in May 2008.

In October 2008, the Trust acquired and then cancelled 45,600 of its own trust units pursuant to a normal course issuer bid. The cost to acquire these trust 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.

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.

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:

	2009	2008
Exchangeable Shares		
Opening number of exchangeable shares	**4,085,605**	4,457,473
Exchanged for trust units	**(76,352)**	(371,868)
Ending balance	**4,009,253**	4,085,605
Ending exchange ratio	**1.80065**	1.66196
Trust units issuable upon conversion	**7,219,261**	6,790,112

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

	2009	2008
Non-controlling interest, beginning of year	**84,523**	$ 68,576
Reduction of book value for conversion to trust units	**(1,676)**	(6,579)
Current period net earnings attributable to non-controlling interest	**17,977**	22,526
Non-controlling interest, end of year	**100,824**	$ 84,523

11. UNIT COMPENSATION PLANS

Trust Unit Rights Incentive Plan
In 2009, the remaining Trust Unit Rights Incentive Plan awards were exercised and as a result, no awards relating to this plan were outstanding as at December 31, 2009. No awards had been issued under this plan since March 2005 when it was replaced by the Trust Unit Award Incentive Plan.

During the years ended December 31, 2009 and 2008, no compensation expense was recorded related to the Trust Unit Rights Incentive Plan as all awards were fully vested. The following table summarizes information about the Trust's outstanding unit rights:

	2009		2008	
	Number of Unit Rights	**Grant Date Weighted Average Exercise Price**	**Number of Unit Rights**	**Grant Date Weighted Average Exercise Price**
Opening balance	**339,850**	**$ 18.40**	1,148,616	$ 14.55
Exercised	**(339,850)**	**$ 18.40**	(808,766)	$ 12.93
Closing balance	**-**	**$ -**	339,850	$ 18.40

11. UNIT COMPENSATION PLANS (Continued)

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 using a Monte Carlo simulation and the resulting expense is recognized over the vesting period. For the awards issued in 2009 and 2008, the following assumptions were used to estimate the fair value of the awards granted:

		2009		2008
Risk-free interest rate		**1.4%**		2.7%
Range of expected volatilities		**15.6% - 47.5%**		12.0% - 45.1%
Expected life of award (years)		**2.80**		2.64
Fair value per award	**$**	**30.72**	$	41.96

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

	2009	2008
Opening balance	**1,208,255**	1,102,495
Granted	**663,113**	533,493
Vested	**(382,239)**	(407,113)
Forfeited	**(71,815)**	(20,620)
Closing balance	**1,417,314**	1,208,255

Compensation expense of $17.6 million was recorded during the year ended December 31, 2009 (2008 - $17.8 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 $1.2 million has been recorded as general and administration expense during the year ended December 31, 2009 (2008 - $0.9 million).

12. PER UNIT AMOUNTS

Basic and diluted net earnings per trust unit have been determined based on the following:

	2009	2008
Net earnings	**$ 185,498**	$ 229,189
Non-controlling interest - exchangeable shares	**17,977**	22,526
Net earnings for diluted net earnings per trust unit calculation	**$ 203,475**	$ 251,715
Basic weighted average trust units outstanding	**72,405,606**	69,548,183
Dilutive impact of trust units issuable on conversion of exchangeable shares	**7,279,431**	7,108,202
Dilutive impact of unit rights incentive and trust unit award plans	**884,570**	1,362,384
Diluted weighted average trust units outstanding	**80,569,607**	78,018,769

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 results 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. 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 Trust has elected to not designate any of its price risk management activities as accounting hedges and accounts for changes to fair value in net earnings for the period. During the normal course of business, the Trust enters into fixed price arrangements to sell a portion of its product ion. The Trust has elected to exempt these contracts from fair value accounting through the use of the normal purchase and sales exemption.

The Trust does not obtain collateral or other security to support its financial derivatives as Vermilion reviews the creditworthiness of the counterparty prior to entering into a derivative contract. The following table summarizes the Trust's outstanding financial derivative positions as at December 31, 2009.

Risk Management: Oil	**Funded Cost**	**bbls/d**	**US $/bbl**
Collar - WTI			
2010	US $0.00/bbl	1,500	$ 70.00 - $ 97.80
2010	US $1.00/bbl	1,500	$ 72.00 - $ 99.00
2010	US $1.00/bbl	1,500	$ 72.00 - $100.65
2010	US $1.50/bbl	750	$ 70.00 - $ 97.40
2010	US $1.50/bbl	750	$ 69.00 - $ 90.15
Call Spread - BRENT			
2010	US $4.94/bbl	1,100	$ 65.00 - $ 85.00
2011	US $6.08/bbl	960	$ 65.00 - $ 85.00
2010	US $5.64/bbl	700	$ 65.00 - $ 85.00
2011	US $5.15/bbl	600	$ 65.00 - $ 85.00

13. DERIVATIVE INSTRUMENTS (Continued)

Risk Management: Natural Gas	Funded Cost	GJ/d	$/bbl
SWAP - AECO			
January 2010 to October 2011	$ 0.00/GJ	700	$ 5.13
Put – AECO			
January 2010 to March 2010	$ 0.17/GJ	10,000	$ 4.50
January 2010 to March 2010	$ 0.17/GJ	4,000	$ 4.50
April 2010 to October 2010	$ 0.35/GJ	10,000	$ 4.50
Collar – AECO			
April 2010 to October 2010	$ 0.25/GJ	2,000	$ 4.70 - $ 7.35

The following table reconciles the change in the fair value of the Trust's derivative contracts:

	2009	2008
Fair value of contracts, beginning of year	**$ 15,204**	$ 2,102
Opening unrealized (gain) loss on contracts settled during the year	**(11,959)**	7,414
Realized gain (loss) on contracts settled during the year	**5,389**	(10,625)
Unrealized gain during the period on contracts outstanding at the end of the year	**11,096**	5,688
Net (receipt from) payment to counterparties on contract settlements during the year	**(5,389)**	10,625
Fair value of contracts, end of year	**14,341**	15,204
Comprised of:		
Current derivative asset	**8,217**	11,638
Current derivative liability	**(1,772)**	-
Non-current derivative asset	**7,896**	3,566
Fair value of contracts, end of year	**$ 14,341**	$ 15,204

The (gain) on derivative instruments for the periods is comprised of the following:

	2009	2008
Realized (gain) loss on contracts settled during the year	**$ (5,389)**	$ 10,625
Opening unrealized gain (loss) on contracts settled during the year	**11,959**	(7,414)
Unrealized (gain) during the period on contracts outstanding at the end of the year	**(11,096)**	(5,688)
(Gain) on derivative instruments for the year	**$ (4,526)**	$ (2,477)

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 associated derivative instruments are US $65.00 per barrel to US $85.00 per barrel dated Brent call spreads settling in 2010 and 2011.

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. For the year ended December 31, 2009, no amounts were due to the vendor pursuant to this arrangement.

14. CASH FLOW INFORMATION

The following details the changes in non-cash working capital:

		2009		2008
Accounts receivable	$	**6,743**	$	(3,901)
Crude oil inventory		**6,932**		(1,134)
Prepaid expenses and other		**3,555**		(4,182)
Accounts payable and accrued liabilities and income taxes payable		**(96,790)**		106,323
Foreign exchange		**1,147**		(916)
Changes in non-cash working capital		**(78,413)**		96,190
Changes in non-cash operating working capital	$	**(76,782)**	$	96,369
Changes in non-cash investing working capital		**(1,631)**		(179)
Changes in non-cash working capital	$	**(78,413)**	$	96,190

15. SEGMENTED INFORMATION

The Trust has operations principally in Canada, France, the Netherlands, Australia and Ireland. The Trust's entire operating activities are related to exploration, development and production of petroleum and natural gas.

		2009		2008
Petroleum and natural gas revenue				
Canada	$	**152,087**	$	307,793
France		**203,142**		318,320
Netherlands		**68,087**		114,656
Australia		**216,435**		261,136
Ireland		**-**		-
	$	**639,751**	$	1,001,905
Net earnings				
Canada	$	**25,635**	$	62,905
France		**69,497**		53,857
Netherlands		**21,319**		31,132
Australia		**73,380**		81,295
Ireland		**(4,333)**		-
	$	**185,498**	$	229,189
Capital expenditures				
Canada	$	**75,973**	$	103,725
France		**62,457**		53,905
Netherlands		**26,338**		13,019
Australia		**6,739**		62,653
Ireland		**182,695**		-
	$	**354,202**	$	233,302
Total assets				
Canada	$	**711,435**	$	779,634
France		**575,426**		587,979
Netherlands		**180,803**		136,403
Australia		**250,780**		294,343
Ireland		**366,232**		-
	$	**2,084,676**	$	1,798,359

16. LONG-TERM INVESTMENTS

The following table reconciles the Trust's total long-term investments as presented on the consolidated balance sheets:

		2009		2008
Portfolio investments, at fair value	**$**	**4,342**	$	4,579
Investment in Verenex, equity method (fair value - $nil, 2008 - $128.5 - million)		**-**		59,173
	$	**4,342**	$	63,752

In 2009, the Trust sold its equity ownership interest in Verenex (see Note 4).

17. COMMITMENTS

The Trust has the following future commitments associated with its operating leases as at December 31, 2009:

		2010		2011		2012		2013		2014		Thereafter		Total
Payments by period	$	4,439	$	5,864	$	6,845	$	6,845	$	6,845	$	52,366	$	83,204

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

18. COMPONENTS OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2009 and December 31, 2008 was comprised solely of monies on deposit with banks.

19. 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 in relation to these expenditures, the Trust will evaluate its ability to finance any excess with debt, an issuance of equity or by reducing some or all categories of expenditures to ensure that total expenditures do not exceed available funds.

As a part of the management of capital which the Trust defines as net debt and unitholders' capital, Vermilion 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, an issuance of equity and the utilization of excess fund flows from operations to reduce outstanding indebtedness.

19. CAPITAL DISCLOSURES (Continued)

The following table calculates the Trust's ratio of net debt to fund flows from operations:

	2009	2008
Long-term debt	**$ 159,723**	$ 197,651
Current liabilities	**217,563**	250,275
Current assets	**(256,886)**	(240,173)
Net debt [1]	**$ 120,400**	$ 207,753
Cash flows from operating activities	**$ 230,316**	$ 660,135
Changes in non-cash operating working capital	**76,782**	(96,369)
Asset retirement costs incurred	**10,139**	10,200
Fund flows from operations [2]	**$ 317,237**	$ 573,966
Ratio of net debt to fund flows from operations ([1] ÷ [2])	**0.4**	0.4

For the periods presented here, the ratio of net debt to fund flows from operations was 0.4. The 2009 year end figure of 0.4 reflects the sale of Verenex and the equity offering which closed in the fourth quarter of 2009. As a result of expected capital spending associated with the acquisition of Corrib (see note 4), the Trust expects that its ratio of net debt to fund flows from operations will increase to within Vermilion's target range.

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.

20. FINANCIAL INSTRUMENTS

The following table summarizes information relating to Vermilion's financial instruments as at December 31, 2009 and December 31, 2008:

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: Dec 31, 2009	Dec 31, 2008	Fair Value Measurement Hierarchy
Cash	Cash and cash equivalents	HFT-B	Gains and losses on foreign exchange are included in foreign exchange loss (gain)	**$ 99,066**	$ 67,231	Level 1
Short-term investments	Short-term investments	HFT-A	Gains and losses on foreign exchange are included in foreign exchange loss (gain)	**$ 15,895**	$ 9,491	Level 1
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	**$ 117,051**	$ 123,794	Not applicable
Derivative assets	Derivative instruments	HFT-B	Loss (gain) on derivative instruments	**$ 16,113**	$ 15,204	Level 2
Derivative liabilities	Derivative instruments	HFT-B	Loss (gain) on derivative instruments	**$ (1,772)**	$ -	Level 2
Reclamation fund investments	Reclamation fund	HFT-A	Other income or expense	**$ 69,003**	$ 63,399	Level 1
Portfolio investments	Long-term investments [1]	HFT-A	Other income or expense	**$ 4,342**	$ 4,579	Level 1
Payables	Accounts payable and accrued liabilities. Distributions payable to unitholders	OTH	Gains and losses on foreign exchange are included in foreign exchange loss (gain)	**$ (212,742)**	$ (192,652)	Not applicable
Long-term debt	Long-term debt	OTH	Interest	**$ (159,723)**	$ (197,651)	Not applicable
Long-term debt	Amount due pursuant to acquisition	OTH	None	**$ (111,402)**	-	Not applicable

[1] See note 16 for a reconciliation of the long-term investments account

20. 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.

Level 1– Fair value measurement is determined by reference to unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2– Fair value measurement is determined based on inputs other than unadjusted quoted prices that are observable, either directly or indirectly.

Level 3– Fair value measurement is based on inputs for the asset or liability that are not based on observable market data.

Determination of Fair Values

The level in the fair value hierarchy into which the fair value measurements are categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Fair values for derivative assets and derivative liabilities are determined using option pricing models incorporating future prices 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 t o the use of short-term borrowing instruments at market rates of interest. The amount due pursuant to acquisition was determined by calculating the expected value of the future payment due to the vendor based on management's best estimates associated with the timing of first commercial gas and discounting the resulting amount. The discount rate used to present value this obligation was 8%, which is the Trust's best estimate of the interest rate that would result from an arm's length borrowing transaction associated with the purchase of these assets.

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.

20. FINANCIAL INSTRUMENTS (Continued)

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, 2009, the Trust held portfolio investments in equity securities with a fair value of $4.3 million (2008 - $4.6 million). The fair value of these instruments is exposed to changes in the prices of the underlying equities.

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 available 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, 2009, Vermilion's maximum exposure to receivable credit risk was $133.2 million (2008 – $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. In addition, at December 31, 2009, Vermilion had $99.1 million in cash on deposit at banks and $15.9 million in short-term guaranteed investment certificates (2008 - $67.2 million and $9.5 million, respectively).

As at the balance sheet date, the amount of financial assets that were past due or impaired was not material and no amounts have been provided for as an allowance against potentially uncollectable amounts.

20. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk:
The following table summarizes Vermilion's undiscounted financial liabilities and their contractual maturities as at December 31, 2009 and 2008:

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
December 31, 2009:				
Non-derivative financial liabilities	117,911	84,911	9,920	302,691
December 31, 2008:				
Non-derivative financial liabilities	123,718	63,805	5,129	197,651

The Trust's derivative liabilities settle on a monthly basis.

Market risk:
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 years ended December 31, 2009 and 2008 given changes in the relevant risk variables that the Trust considered were reasonably possible at the balance sheet date. 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 inter dependencies between the relevant risk variables.

Year ended December 31, 2009:

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 5% over the relevant closing rates on December 31, 2009.	$ (3,283)
	Decrease in strength of the Canadian dollar against the Euro by 5% over the relevant closing rates on December 31, 2009.	$ 3,283
Currency risk – US $ to Canadian	**Increase** in strength of the Canadian dollar against the US $ by 5% over the relevant closing rates on December 31, 2009.	$ 1,495
	Decrease in strength of the Canadian dollar against the US $ by 5% over the relevant closing rates on December 31, 2009.	$ (1,495)
Currency risk – AUD to Canadian	**Increase** in strength of the Canadian dollar against the AUD $ by 5% over the relevant closing rates on December 31, 2009.	$ (1,190)
	Decrease in strength of the Canadian dollar against the AUD $ by 5% over the relevant closing rates on December 31, 2009.	$ 1,190
Commodity price risk	**Increase** in relevant oil reference price at December 31, 2009 by US $5.00/bbl within option pricing models used to determine the fair value of derivative positions.	$ 1,788
	Decrease in relevant oil reference price at December 31, 2009 by US $5.00/bbl within option pricing models used to determine the fair value of derivative positions.	$ (2,264)

20. FINANCIAL INSTRUMENTS (Continued)

Year ended December 31, 2008:

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 years ended December 31, 2009 and 2008.

21. ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

On February 13, 2008, the Accounting Standards Board (“AcSB”) confirmed that the transition date to IFRS from Canadian GAAP will be January 1, 2011 for publicly accountable enterprises such as Vermilion.

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 cost s 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 currently assessing the potential impact and whether or not it will elect to adopt these standards in advance of the transition to IFRS.

22. 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:

		2009		2008
Net earnings and comprehensive income as reported under Canadian GAAP	**$**	**185,498**	$	229,189
Differences having the effect of increasing (decreasing) net earnings				
Unit based compensation (a)		**(10,427)**		(9,715)
Non-controlling interest adjustment (c)		**17,977**		22,526
Depletion, depreciation and accretion (c and d)		**(284,736)**		(503,598)
Equity method accounting adjustments (e)		**(28,626)**		(8)
Deferred tax consequences of U.S. GAAP adjustments		**73,702**		144,372
Net (loss) and comprehensive (loss) under U.S. GAAP		**(46,612)**		(117,234)
Deficit, beginning of year, under U.S. GAAP		**(1,377,857)**		(1,697,655)
Distributions declared (Canadian and U.S. GAAP)		**(166,385)**		(158,674)
Temporary equity adjustment to deficit (b and f)		**(519,696)**		595,706
Deficit, end of year, under U.S. GAAP	**$**	**(2,110,550)**	$	(1,377,857)
Net (loss) per trust unit under U.S. GAAP				
Basic	**$**	**(0.58)**	$	(1.53)
Diluted	**$**	**(0.58)**	$	(1.53)
Weighted average trust units outstanding				
Basic (c)		**79,685,037**		76,656,385
Diluted (c)		**79,685,037**		76,656,385

The application of U.S. GAAP would have had the following effect on the consolidated balance sheets:

CONSOLIDATED BALANCE SHEETS		**2009 CDN GAAP**		**2009 U.S. GAAP**		**2008 CDN GAAP**		**2008 U.S. GAAP**
ASSETS								
Current								
Cash and cash equivalents	**$**	**99,066**	**$**	**99,066**	$	67,231	$	67,231
Short-term investments		**15,895**		**15,895**		9,491		9,491
Accounts receivable		**117,051**		**117,051**		123,794		123,794
Crude oil inventory		**5,235**		**5,235**		12,167		12,167
Derivative instruments		**8,217**		**8,217**		11,638		11,638
Prepaid expenses and other		**11,422**		**11,422**		15,852		15,852
		256,886		**256,886**		240,173		240,173
Derivative instruments		**7,896**		**7,896**		3,566		3,566
Future income taxes		**119,714**		**297,132**		-		-
Long-term investments (e)		**4,342**		**4,342**		63,752		92,378
Goodwill		**19,840**		**19,840**		19,840		19,840
Reclamation fund		**69,003**		**69,003**		63,399		63,399
Capital assets (c and d)		**1,606,995**		**780,868**		1,407,629		869,403
	$	**2,084,676**	**$**	**1,435,967**	$	1,798,359	$	1,288,759

22. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES OF AMERICA GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

CONSOLIDATED BALANCE SHEETS (Continued)	2009 CDN GAAP	2009 U.S. GAAP	2008 CDN GAAP	2008 U.S. GAAP
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$ 197,633**	**$ 197,633**	$ 179,312	$ 179,312
Unit based compensation liability (a)	**-**	**23,772**	-	17,756
Distributions payable to unitholders	**15,109**	**15,109**	13,340	13,340
Derivative instruments	**1,772**	**1,772**	-	-
Income taxes payable	**2,366**	**2,366**	57,623	57,623
Future income taxes	**683**	**683**	-	-
	217,563	**241,335**	250,275	268,031
Long-term debt	**159,723**	**159,723**	197,651	197,651
Amount due pursuant to acquisition	**111,402**	**111,402**	-	-
Asset retirement obligations	**237,110**	**237,110**	265,101	265,101
Unit based compensation liability (a)	**-**	**9,737**	-	9,210
Future income taxes	**218,764**	**174,586**	245,799	98,698
	944,562	**933,893**	958,826	838,691
Non-controlling interest - exchangeable shares (c)	**100,824**	**-**	84,523	-
Temporary equity (a, b and c)	**-**	**2,612,624**	-	1,827,925
UNITHOLDERS' EQUITY				
Unitholders' capital (b)	**711,667**	**-**	444,353	-
Contributed surplus	**30,413**	**-**	29,698	-
Retained earnings (deficit)	**297,210**	**(2,110,550)**	280,959	(1,377,857)
	1,039,290	**(2,110,550)**	755,010	(1,377,857)
	$ 2,084,676	**$ 1,435,967**	$ 1,798,359	$ 1,288,759

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. For both types of awards, the fair value of the award is reclassified to temporary equity upon settlement.

All remaining unit rights incentive plan awards were exercised in 2009 and accordingly, the fair value of the remaining liability associated with these awards was calculated using the intrinsic value method.

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:

	2009	2008
Risk free interest rate	**1.43%**	1.21%
Estimated annual forfeiture rate	**13.26%**	7.75%

22. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES OF AMERICA GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

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 and exchangeable shares 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, 2009 of $3.2 million (2008 - $14.8 million) 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.

d) 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 the average of the first of the month price for the 12-month period prior to the balance sheet date), plus the cost of properties not being amortized (for example, major development projects) net of the income tax effects related to the difference between book and tax basis. 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, 2009 resulted in a writedown of capitalized costs of $363.2 million on a before-tax basis which is reflected as additional depletion expense. 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.

e) Equity method accounting adjustments

On December 21, 2009, Vermilion completed the sale of its 18.8 million shares of Verenex at $7.29 per share resulting in net proceeds to the Trust of $136.5 million. The gain associated with this sale transaction was $80.5 million under Canadian GAAP. Due to differences in the carrying value of its investment in Verenex related to previous dilutions gains and historical depletion adjustments, the gain associated with this sale was $51.8 million under U.S. GAAP.

f) 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.

22. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES OF AMERICA GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continuted)

g) Effect on statements of cash flows

The Trust presents a subtotal before changes in non-cash operating working capital and asset retirement costs incurred in the consolidated statement of cash flows. This subtotal would not be presented in a cash flow statement prepared in accordance with U.S. GAAP.

h) Recently adopted U.S. Accounting Standards

- In June 2009, the Financial Accounting Standards Board ("FASB") issued authoritative accounting guidance which established the FASB Accounting Standards Codification ("Codification" or "ASC") as the source of authoritative accounting principles recognized by the FASB to be applied by non-governmental entities. All guidance contained in the Codification carries an equal level of authority. The authoritative accounting guidance recognized that rules and interpretive releases of the Securities and Exchange Commission ("SEC") under federal securities laws are also sources of authoritative GAAP for SEC registrants. The Trust adopted the provisions of the authoritative accounting guidance on July 1, 2009. The adoption did not have a material impact on the Trust's consolidated financ ial statements.

- On January 1, 2009 the Trust adopted FASB ASC 805, "Business Combinations". ASC 805 establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree. ASC 805 also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. ASC 805 also provides guidance for recognizing changes in an acquirer's existing income tax valuation allowances and tax uncertainty accruals that result from a business combination transaction as adjustments to income tax expense. ASC 805 h ad no material impact on the Trust's consolidated financial statements as the Trust did not enter into any business combinations during the year.

- In April 2009, the FASB issued updated guidance related to business combinations, which is included in ASC 805-20, Business Combinations, "Identifiable Assets, Liabilities and Any Non-controlling Interest". ASC 805-20 amends and clarifies ASC 805 to address application issues regarding initial recognition and measurement, subsequent measurement and accounting and disclosure of assets and liabilities arising from contingencies in a business combination. In circumstances where the acquisition date fair value for a contingency cannot be determined during the measurement period and it is concluded that it is probable that an asset or liability exists as of the acquisition date and the amount can be reasonably estimated, a contingency is recognized as of the acquisition date based on the estimated amount. ASC 805-20 became effective for the Trust on January 1, 2009. ASC 805-20 had no material impact on the Trust's consolidated financial statements as the Trust did not enter into any business combinations during the year.

- Effective January 1, 2009 the Trust prospectively adopted the new reserve requirements that arose 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 are reported using an average price based upon the prior 12-month period rather than year-end prices. The new rules affect the reserve estimate used in the calculation of DD&A and the ceiling test for U.S. GAAP purposes. The application of the ceiling test under U.S. GAAP at December 31, 2009 utilizing these revised requirements resulted in a writedown of capitalized c osts (See note (d), above).

22. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES OF AMERICA GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continuted)

- On January 1, 2009 the Trust adopted FASB ASC 810-10-65, "Transition Related to FASB Statements No. 160, Non-controlling Interests in Consolidated Financial Statements—an amendment of ARB No. 51, and No. 164, Not-for-Profit Entities: Mergers and Acquisitions" 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 ac counted for consistently. The adoption of this standard did not have a material impact on the Trust's consolidated financial statements.

- In 2009, the Trust adopted FASB ASC 855, "Subsequent Events". ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. The adoption of ASC 855 did not have a material impact on the Trust's consolidated financial statements.

i) Recently issued U.S. Accounting Standards

- On June 12 2009, the FASB issued SFAS 167 "Amendments to FASB Interpretation No. 46(R)". The statement amends the consolidation guidance that applies to variable interest entities, which is effective for fiscal years beginning after November 15, 2009. The amendments will significantly affect the overall consolidation analysis under ASC 810-10. The new guidance requires revised evaluations of whether entities represent variable interest entities, ongoing assessments of control over such entities, and additional disclosures for variable interests. The Trust is assessing the impact these new rules will have on its consolidated financial statements.

- In February 2010, the FASB issued Accounting Standards Update ("ASU") 2010-09 "Subsequent Events (Topic 855)". This ASU defines the term "SEC filer" and requires that SEC filers evaluate subsequent events through the date the financial statements are issued. The Trust does not anticipate that this ASU will have a material impact 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

Timothy R. Marchant [3, 4, 5]
Calgary, Alberta

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 GENERAL MEETING

May 7, 2010 at 10:00 a.m.
The Ballroom
Metropolitan Centre
333 – 4th Avenue S.W.
Calgary, Alberta

OFFICERS AND KEY PERSONNEL

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

Cameron A. Hercus, MSc
Director Exploitation and New Growth

Dean N. Morrison, CFA
Director Investor Relations

Robert (Bob) J. Engbloom, LL.B
Corporate Secretary

EUROPE
Peter Sider, P.Eng.
Vice President European Operations

David Burghardt, P.Eng.
Director Exploitation

Scott Ferguson, P.Eng.
Director European Operations

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

Royal Bank of Canada
Calgary, Alberta

The Bank of Nova Scotia
Calgary, Alberta

Alberta Treasury Branches
Calgary, Alberta

Canadian Imperial Bank of Commerce
Calgary, Alberta

Citibank N.A., Canadian Branch
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

VERMILION
ENERGY



EXHIBIT 99.4

CONSENT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

We consent to the use of our reports dated March 12, 2010 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, 2009.

"/s/ Deloitte & Touche LLP"

Independent Registered Chartered Accountants
Calgary, Canada
March 24, 2010

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, 2009, 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 24, 2010

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 24, 2010

("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 24, 2010

("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 ended December 31, 2009, 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 24th day of March 2010.

("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 ended December 31, 2009, 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 24th day of March 2010.

("Curtis W. Hicks")
CURTIS W. HICKS, CHIEF FINANCIAL OFFICER