

**TERMS OF REFERENCE FOR THE
INDEPENDENT RESERVES COMMITTEE**

I. PURPOSE

The purpose of the Independent Reserves Committee (the “Committee”) is to provide the Board with a mechanism to review the oil and gas reserves of Vermilion Energy Trust (“Vermilion” or the “Trust”).

II. COMPOSITION AND OPERATIONS

- A.** The Committee shall be composed of not fewer than two directors and not more than five directors, majority of whom are independent directors.
- B.** The Committee shall operate in a manner that is consistent with the Committee Guidelines outlined in Tab 8 of the Board Manual.
- C.** The Committee shall meet at least two times each year.

III. DUTIES AND RESPONSIBILITIES

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

- A.** Review the selection and qualifications of the independent engineering firm responsible for estimation of reserve quantities (“the independent engineering firm”), the scope of its work and ensure the consistency of its practices, standards and definitions.
- B.** Review directly with the independent engineering firm, the evaluation report and corporate summary of the reserves and future cash flows of the oil and gas properties owned by Vermilion. This review should include, but not be restricted to, the following items:
 - i) Does the independent engineering firm understand the significance of the reserves on the public and financial reporting of the Trust?
 - ii) Ensure the independent engineering firm’s independence.
 - iii) Was a contract for the evaluation made and adhered to?

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- iv) Did the independent engineering firm meet best practice and industry guidelines?
 - v) What data was available for review, and were there any restrictions of data?
 - vi) Reasons for reserve revisions.
 - vii) Examine the source and methodology for major assumptions (price forecasts, operating costs, capital expenditure estimates).
 - viii) How were risk factors incorporated into reserve determinations?
 - ix) Were there any areas of disagreement between the independent engineering firm and Vermilion? If yes, was there a satisfactory resolution to any disagreement?
 - x) Has any significant information come to light since the latest report was done?
- C.** Review externally disclosed oil and gas reserve estimates and ensure they meet the requirements of the Alberta Securities Commission and/or any other relevant regulatory body.
- D.** Review the Trust's practices against applicable engineering standards and any relevant "best practice" guidelines and make recommendations to the Board as required.
- E.** Periodically review the Trust's relationship with the independent engineering firm.
- F.** Maintain direct communication with the independent engineering firm and the Trust's senior reserve personnel.
- G.** Assist the Board in respect of matters related to evaluations of petroleum and natural gas reserves.

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IV. ACCOUNTABILITY

- A.** The Committee Chair has the responsibility to make periodic reports to the Board, as requested, on matters relative to independent reserves.
- B.** The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.

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CHECKLIST	COMMENTS
A. Review selection and qualifications of the independent engineering firm, the scope of its work and ensure the consistency of its practices, standards and definitions.	
B. Review with independent engineering firm the evaluation report and corporate summary of the reserves and future cash flows of the oil and gas properties owned by the Corporation.	
C. Review externally disclosed oil and gas reserve estimates.	
D. Review the Corporation's practices and ensure they meet industry best practices and standards.	
E. Review relationship with the independent engineering firm.	
F. Maintain direct communication with independent engineering firm and senior reserve personnel.	
G. Complete reserves due diligence questionnaire.	