VERMILION
ENERGY TRUST

Third Quarter Report
For the nine months ended September 30, 2003

Vermilion Energy Trust ("Vermilion") (TSX – VET.UN) is pleased to report unaudited interim operating and financial results for the period ended September 30, 2003. These results include the consolidated results of Aventura Energy Inc. ("Aventura"), a 72.2% owned subsidiary. Where applicable, the results have been segregated to reflect Aventura operations and those related to the Trust (the "Trust"), as Aventura does not currently contribute any cash flow or production to the generation of the Trust distributions.

Vermilion achieved the following highlights:

Third Quarter Highlights

- Achieved consolidated production of 24,661 boe/d, compared to 26,288 boe/d in the second quarter of 2003. Third quarter production was affected by normal production declines, by the temporary shut-in of the Shane Kiskatinaw 'D' Pool, and by operational interruptions and delays in France due to a windstorm in July 2003.

- Participated in the successful efforts to resume production from the Shane Kiskatinaw 'D' Pool, and transferred operatorship of the pool to Clear Energy Inc.

- Maintained consistent distributions of $0.17 per unit per month. Vermilion anticipates that it will be able to maintain its monthly distribution at $0.17 per unit through 2003.

- The Trust generated cash flow of $34.0 million ($0.59 per unit) from production of 22,091 boe/d, consisting of 12,222 bbls/d of oil and NGL's and 59.2 mmcf/d of natural gas(1). This compares to a second quarter cash flow of $38.5 million from production of 24,073 boe/d. Current production for the Trust, excluding Aventura, is approximately 22,500 boe/d.

- Continued to experience active trading, with over 15.5 million units changing hands in the third quarter. Since Vermilion began trading as a trust on January 24, 2003 almost 61 million units have been traded, representing a 115% turnover of the market float. Through September 30th, 2003, the Trust provided a total return of 37% to its unitholders since inception, comprised of 27% in capital appreciation and 10% in distributions.

- Initiated a modest drilling program in Canada and France. Vermilion began drilling Champotran 24, the first of three planned wells in France, in September 2003. Drilling and completion of the Trust's Canadian wells is ongoing with three wells remaining to be drilled in the fourth quarter.

- Announced that Vermilion was in negotiations with a potential acquirer of the outstanding shares of Aventura. The completion of the proposed transaction is dependent upon the parties reaching agreement on all terms as well as satisfying a number of conditions precedent, including obtaining government and other approvals in Trinidad. These negotiations are ongoing.

(1) Although Aventura's production and financial results are consolidated in the financial tables, these are not included as part of distributable funds for the Trust's unitholders.

Highlights

(Unaudited)	Three Months Ended Trust Financial Information	Aventura Energy Inc[3]	Consolidated Sept 30, 2003	Nine Months Ended Trust Financial Information	Aventura Energy Inc.[3]	Consolidated Sept 30, 2003
Financial ($000 Cdn. except unit and per unit amounts)						
Petroleum and natural gas revenues	$ 70,131	$ 3,048	**$ 73,179**	$ 233,339	$ 8,767	**$ 242,106**
Cash flow from operations	34,000	1,779	**35,779**	110,887	4,012	**114,899**
Per unit, basic [1]	0.59		**0.61**	1.91		**1.98**
Distributions [2]	27,429		**27,429**	70,986		**70,986**
Per unit	0.51		**0.51**	1.36		**1.36**
% cash flow distributed	81%		**77%**	64%		**62%**
Capital expenditures	17,884	1,014	**18,898**	39,650	13,415	**53,065**
Acquisitions (dispositions)	-	(159)	**(159)**	5,761	(7,055)	**(1,294)**
Debt, net of working capital (surplus)				200,060	(8,323)	**191,737**
Trust units outstanding [1]						
Basic						**58,236,936**
Diluted						**62,714,536**
Weighted average trust units outstanding [1]						
Basic						**57,989,679**
Diluted						**58,376,951**
Unit trading						
High						**$ 15.40**
Low						**$ 11.12**
Close						**$ 14.95**
Operations						
Production						
Crude oil (bbls/d)	10,355	359	**10,714**	10,891	335	**11,226**
Natural gas liquids (bbls/d)	1,867	-	**1,867**	1,978	-	**1,978**
Natural gas (mcf/d)	59,215	13,266	**72,481**	63,334	12,125	**75,459**
Boe/d (6:1)	22,091	2,570	**24,661**	23,425	2,356	**25,781**
Average selling price						
Crude oil (per bbl, including hedging)	$ 35.54	$ 36.07	**$ 35.55**	$ 36.37	$ 38.82	**$ 36.44**
Crude oil (per bbl, not including hedging)	39.57	36.07	**39.45**	40.80	38.82	**40.74**
Natural gas liquids (per bbl)	32.38	-	**32.38**	36.17	-	**36.17**
Natural gas (per mcf, including hedging)	5.64	1.52	**4.89**	6.11	1.55	**5.38**
Natural gas (per mcf, not including hedging)	5.64	1.52	**4.89**	6.25	1.55	**5.50**
Netbacks per boe (6:1)						
Operations netback	19.62	8.54	**18.47**	21.49	9.32	**20.37**
Cash flow netback	16.73	7.53	**15.77**	17.34	6.24	**16.33**
Cash flow netback excluding reorganization costs				18.72		**17.58**
Operating costs	6.38	2.89	**6.02**	5.86	2.82	**5.59**
General and administrative	$ 1.18	$ 1.66	**$ 1.23**	$ 1.21	$ 1.37	**$ 1.23**

(1) Includes trust units issuable for outstanding exchangeable shares based on the period end exchange ratio

(2) Distributions are paid on issued trust units at each record date

(3) The Trust owns 72.2% of the outstanding shares of Aventura, necessitating the consolidation of the results of the Trust and Aventura

Operational Activities

The Trust's activities in the third quarter included the drilling of nine wells (5.1 net) of which five (3.1 net) have been cased and four (2.0 net) have been abandoned. Of the cased wells, two have been completed and are currently on production while the balance are pending completion and tie-in. The production impact from the third quarter drilling program will materialize in the fourth quarter. In mid-September the Trust began drilling the first of three scheduled wells in France. Vermilion will drill the target zones using an underbalanced drilling system, the first time this technique has been used on the Trust's properties in France. Underbalanced drilling technology has proven very effective for reservoirs that are sensitive to water damage induced by traditional drilling methods.

Production Summary (6:1)

	Three Months Ended Sept 30, 2003			Nine Months Ended Sept 30, 2003			
	Oil & NGLs (bbls/d)	Natural Gas (mmcf/d)	**Total (boe/d)**	Oil & NGLs (bbls/d)	Natural Gas (mmcf/d)	**Total (boe/d)**	%
Vermilion Energy Trust							
Canada	6,397	57.62	16,001	6,897	61.87	17,210	67
France	5,825	1.59	6,090	5,972	1.46	6,215	24
Total	12,222	59.21	22,091	12,869	63.33	23,425	91
Aventura Energy Inc.							
Trinidad	359	13.27	2,570	335	12.13	2,356	9
Consolidated	12,581	72.48	24,661	13,204	75.46	25,781	100

Third quarter production in Canada averaged 6,397 bbls/d of oil and NGL's and 57.6 mmcf/d of natural gas compared to 7,296 bbls/d and 62.7 mmcf/d in the second quarter. Vermilion also produced 6,090 boe/d from its properties in France, compared to 6,334 boe/d in the second quarter.

In France, production gains from workovers and production optimization programs have largely offset normal declines. Since the beginning of the year these workovers have added approximately 400 boe/d of stabilized production. Currently, our France properties are producing approximately 6,200 boe/d. Depending on the results of the drilling program in the fourth quarter, the Trust's production volumes in France should end the year well above 2002 exit rates of approximately 6,400 boe/d.

Drilling Activity (# of wells)

	Three months ended Sept 30, 2003		Nine months ended Sept 30, 2003	
	Gross	(Net)	Gross	(Net)
Canada				
Oil	0	(0.0)	0	(0.0)
Gas	5	(3.1)	8	(4.7)
D&A	4	(2.0)	4	(2.0)
Total	**9**	**(5.1)**	**12**	**(6.7)**
France				
Oil	0	(0.0)	0	(0.0)
Gas	0	(0.0)	0	(0.0)
D&A	0	(0.0)	0	(0.0)
Total	**0**	**(0.0)**	**0**	**(0.0)**
Combined				
Oil	0	(0.0)	0	(0.0)
Gas	5	(3.1)	8	(4.7)
D&A	4	(2.0)	4	(2.0)
Total	**9**	**(5.1)**	**12**	**(6.7)**

In addition to its operational activity, Vermilion had 15 wells drilled on its lands in Canada to date in 2003 (five wells in the third quarter) through farm-out arrangements in which Vermilion maintained either a small working interest or a gross overriding interest. The Trust will continue to pursue activity on its undeveloped land base by third parties as a means of drilling locations that are not compatible with Vermilion's capital development strategy and creating economic value in the form of overriding royalty income.

Financial

The Trust generated cash flow of $34.0 million in the third quarter ($0.59 per unit), compared to $38.5 million ($0.67 per unit) in the second quarter. The Trust's distributions in the third quarter totalled $27.4 million or $0.51 per unit. The Trust's year-to-date payout ratio is approximately 64% of total cash flow. Vermilion's earnings for the third quarter were $13.3 million, bringing year-to-date earnings to $45.2 million. Capital expenditures for the Trust in the third quarter totalled $17.9 million. The Trust's total debt, net of working capital (assignable to the Trust) at the end of the period was $200 million.

Capital Expenditures ($000's)

	Three Months Ended Sept 30, 2003			Nine Months Ended Sept 30, 2003		
	Trust Assets	Aventura Energy Inc.	Consolidated	Trust Assets	Aventura Energy Inc.	Consolidated
Land	$ 226	$ 0	$ 226	$ 879	$ -	$ 879
Seismic	(83)	0	(83)	1,037	-	1,037
Drilling and completion	8,683	0	8,683	12,990	-	12,990
Production equipment and facilities	2,330	0	2,330	7,675	-	7,675
Workovers	5,439	0	5,439	12,004	-	12,004
Trinidad	0	1,014	1,014	1,804	13,415	15,219
Other	1,289	0	1,289	3,261	-	3,261
	17,884	1,014	18,898	39,650	13,415	53,065
Property acquisitions (dispositions)	0	(159)	(159)	5,761	(7,055)	(1,294)
	$17,884	$855	$18,739	$45,411	$ 6,360	$51,771

Aventura Energy Inc.

Production from Carapal Ridge remained stable in the quarter at market-restricted rates. The Baraka-1 well is shut-in pending tie-in and testing in 2004. Aventura has received a certificate of environmental clearance to tie-in the Baraka-1 well to the Carapal Ridge production facilities. The Baraka-1 well will be tested through these facilities in 2004. Simultaneously, the Carapal Ridge-1 well will be shut-in for pressure build-up testing, which will enable further evaluation of this reservoir.

Aventura holds a well-developed prospect inventory on its Central Block properties in Trinidad. The Company believes the ultimate potential recoverable reserves from these properties could exceed 1.0 TCF of natural gas. Aventura is developing a capital program for 2004 that would include the drilling of an additional three exploration wells. The Company is currently surveying the proposed well sites for 2004 and will subsequently apply for environmental clearance. Negotiations are underway with several drilling contractors and a tender for drilling services will be issued in the next few weeks. Aventura is maintaining its capital planning schedule to provide a contingency plan in the event the proposed disposition is not consummated.

Outlook

Vermilion's third quarter was negatively impacted by production interruptions in Canada and France that have since been resolved. The total third quarter loss in production due to the shut-in of the Shane Pool in Canada and storm related workover delays in France was approximately 900 boe/d. Current production is approximately 22,400 boe/d, which should remain stable to year-end. The balance of the year should benefit from ongoing drilling and tie-in activity in Canada and France. The Trust is advancing its farm out activity, which could add further to the value of its existing asset base. The Trust is also evaluating several domestic and international acquisition opportunities.

In France, Vermilion was awarded 100% of the Aquitaine Maritime exploration concession that lies in shallow offshore waters on trend with the firm's operations in the Aquitaine Basin. Vermilion will be reviewing avenues to capitalize on this tremendous exploration opportunity while minimizing the risk exposure to our unitholders. The Aquitaine Maritime prospect is believed to encompass a 200-600 million barrel structure, however, will require full seismic coverage and the drilling of at least one well over the next two to three years. Vermilion plans to bring in third party participants and outside sources of capital to limit the Trust's capital exposure to this project, and believes this prospect will eventually provide unitholders with significant capital appreciation potential without impairing the Trust's ability to maintain its stable distribution policy.

Vermilion has established that non-residents own approximately 33% of its issued and outstanding units (not including exchangeables) and 30% if the exchangeable shares are included. This compares to 39% and 35%, respectively, at the end of the second quarter 2003. Pursuant to Vermilion's Trust Indenture, non-resident unitholders may not own more than 50% of total outstanding trust units. The Trust will continue to ensure that it complies with all requirements under its Trust Indenture, including Canadian ownership requirements.

Lorenzo Donadeo
President and Chief Executive Officer
November 17, 2003

Management's Discussion and Analysis

The nine months ended September 30, 2003 represents the first three quarters of Vermilion's operation as a trust. As Vermilion Energy Trust was created through the re-organization of Vermilion Resources Ltd., the historical results of Vermilion Resources Ltd. will represent the historical results of the Trust for comparative purposes.

Oil and gas prices for the first three quarters of 2003 were strong in comparison with the first three quarters of 2002. The WTI reference price for oil averaged $30.99 US per bbl for the nine month period, Dated Brent was $28.65 US per bbl and AECO reference price for gas was $7.01 Cdn per mcf. This compares to $25.39 per bbl for WTI, $24.38 per bbl for Brent and $3.53 per mcf, Cdn AECO for the first nine months of 2002. These year over year price increases are the main drivers behind the increase in netbacks in 2003 as compared to 2002. In 2003, Vermilion's operating netback equalled $20.37 per boe, up 8% over the $18.91 reported for the first nine months of 2002. The cash flow netback of $16.33 per boe for the first nine months was up 11% over the $14.77 recorded in 2002. The 2003 third quarter operating and cash flow netbacks totalled $18.47 and $15.77 per boe, respectively. These compare to 2002 third quarter operating and cash flow netbacks equal to $19.61 and $15.43 per boe, respectively. In addition, the 2003 cash flow netbacks were reduced by $1.25 per boe for the year as a result of the impact of the cash costs incurred in the re-organization of Vermilion into a trust.

Total revenues for the first three quarters of 2003 were $242.1 million compared to $204.2 million for the first three quarters of 2002 and $73.2 million in the third quarter of 2003 compared to $70.7 million for the corresponding reporting period in 2002. Vermilion's combined crude oil & NGL price was $40.06 per bbl for the first three quarters of 2003, an increase of 14% over the $35.01 per bbl reported for the first three quarters of 2002. The third quarter price was $38.40 per bbl compared to $39.35 per bbl a year ago. The natural gas price realized in the first three quarters of 2003 was $5.50 per mcf compared to $3.91 per mcf realized a year ago, a 41% year-over-year increase. The third quarter price of $4.89 per mcf was 37% greater than the $3.56 per mcf for the same period of 2002. Tempering these increases was the impact of Vermilion's hedging program, whereby prices were reduced by $2.22 per boe on a combined basis for the nine month period ended September 30, 2003, compared to a hedging loss of $0.16 per boe in the first three quarters of 2002. Gas prices were reduced on average by $0.12 per mcf over the first three quarters of 2003, with third quarter prices not impacted by the Trust's natural gas collar.

Vermilion continues to manage its risk exposure through prudent commodity and currency hedging strategies. Physical and financial natural gas contracts for 19,071 GJ/d remain in place for the calendar year of 2003 with various price structures resulting in an average floor price of $4.80/GJ. Currently, the Trust has hedged 10,198 GJ/d of its 2004 natural gas production with various price structures, resulting in an average floor price of $4.71/GJ. Vermilion has WTI hedges covering 2,950 bbls/d at US$24.74/bbl for the remainder of 2003; 2,250 bbls/d in 2004 at US$24.35/bbl; and 1,500 bbls/d in 2005 at US$24.80/bbl. Vermilion has Brent hedges covering 2,600 bbls/d at US$23.24/bbl for the remainder of 2003; 2,250 bbls/d in 2004 at US$22.93/bbl; and 1,500 bbls/d in 2005 at US$23.37/bbl.

Vermilion has Canadian/US dollar currency swaps in place covering its oil hedge positions for 2003 at approximately US$0.63 per CDN dollar. For 2004 US$38.0 million in currency hedges average approximately US$0.71 per CDN dollar.

Total royalties, net of ARTC, increased to $8.44 per boe or 23.0% of sales in the first three quarters of 2003, compared with $6.21 per boe, or 21.0% of sales in the first three quarters of 2002. The quarter over quarter amounts were $7.77 per boe in 2003 and $5.90 per boe for the same period in 2002. The increase is due directly to the increase in prices explained above as royalties are price sensitive in Canada and calculated as a percentage of revenue. In France, royalties for the most part are calculated on a unit of production basis and do not react to price changes.

Operating costs increased to $5.59 per boe in 2003 from $4.35 per boe in the first three quarters of 2002. Operating costs for the third quarter of the year were $6.02 per boe in comparison to $4.39 for the third quarter of 2002. In Canada, processing costs in the Peace River Arch area, workovers designed to increase production and increased power costs resulting from the strong gas prices in the year have contributed to the year over year increase. Adding to this was the shut in wells at Shane which increased the per unit costs. In addition to these factors, per unit operating costs are higher in 2003 due to the impact of the reorganization into a Trust and the impact of lower cost production allocated to Clear Energy Inc.

In France, power costs continue to rise and the strengthening Euro also contributed to the increase in operating costs when converted to Canadian dollars.

General and administrative expenses for the year increased to $1.23 per boe from $1.06 per boe in the first three quarters of 2002. The third quarter number for 2003 of $1.23 is increased over the third quarter 2002 number of $0.99 by $0.24. The increase is due to the increased costs of operating a Trust.

Reorganization costs of $25.6 million relate to Vermilion's decision to convert to a trust. Included in this amount are $8.8 million in transaction costs, which include investment banking fees as well as all accounting and legal fees, related to the conversion. Also included in this amount is the value of trust units issued in exchange for the cancellation of all outstanding employee options. The value of the trust units issued totalled $16.8 million. All of these costs were incurred in the first quarter of 2003.

Interest expense increased to $0.92 per boe for the first three quarters of 2003 from $0.57 per boe for the corresponding period in 2002 as a result of higher average debt levels. The quarter over quarter increase was $0.27 per boe from $0.77 per boe in the third quarter of 2002 to $1.04 in 2003.

Depletion and depreciation expenses increased from $10.02 per boe in the first three quarters of 2002 to $10.27 per boe in 2003. The quarter over quarter numbers were $10.80 in the third quarter of 2003 as compared to $10.92 a year ago. Included in depletion and depreciation is a $1.4 million charge representing the loss on the sale of Aventura's interest in assets in Argentina. Aventura's assets are now focused exclusively in Trinidad.

The Trust's current tax provision has decreased to $0.64 per boe in the first three quarters of 2003 and $0.43 in the third quarter from $2.51 per boe in the first nine months of 2002 and $2.45 in the third quarter. The current provision is based on an estimated $6 million tax liability in France for the year, while in Canada, it is anticipated that there will be no current taxes due. A reduction in tax rates for Canadian resource activities resulted in a recovery of future income taxes, which was recorded in the second quarter pushing earnings to $45.2 million for the first three quarters of 2003. Adding to this recovery is the taxable portion of distribution payments made to unitholders. In the Trust's structure, payments are made between the operating company and the Trust transferring both income and future income tax liability to the unitholder. Therefore it is the opinion of management that no cash income taxes in Canada are expected to be paid by the operating company in the future, and as such, the future income tax liability recorded on the balance sheet related to Canadian operations will be recovered through earnings over time.

Foreign exchange loss increased to $0.32 per boe with a gain of $0.36 per boe in the first three quarters of 2003 and third quarter respectively from NIL in the nine months ended 2002 and a gain of $0.03 per boe in the third quarter 2002. The increased loss relates to a loss on working capital held in a foreign currency in our France operations combined with Aventura's loss on its working capital related to its operations in Trinidad.

Capital spending for the first nine months totalled $51.8 million including $39.7 million invested on the Trust's asset base with the balance being Aventura's capital program in Trinidad. This compares to $199.5 million spent in the first three quarters of 2002, $31.0 million of which was for the corporate acquisition of Artemis Energy Limited and $66.3 million of which was for the purchase of a 40% participating interest in, and operatorship of the Central Block onshore Trinidad. The capital for the first three quarters of 2003 was funded entirely through cash flow and was primarily spent on facilities, tie-ins and workovers.

Vermilion's debt (net of working capital) on September 30, 2003 was $191.7 million. During the third quarter, Vermilion's credit facility with its banking syndicate was amended to provide a $240 million credit facility effective September 30, 2003. The amended loan facility remains with the same syndicate of lenders with no change to the terms and security provisions. The facility structure is comprised of a one year revolving period with a one year term to follow with a final settlement payment required at the end of the second year.

Netbacks (6:1)

	Three Months Ended Sept 30, 2003			Nine Months Ended Sept 30, 2003			Three Months Ended Sept 30/02	Nine Months Ended Sept 30/02
	Oil & NGLs $/bbl	Natural Gas $/mcf	**Total $/boe**	Oil & NGLs $/bbl	Natural Gas $/mcf	**Total $/boe**	Total $/boe	Total $/boe
Trust Financial Information								
Canada								
Price	$43.07	$5.66	**$37.59**	$44.37	$6.28	**$40.37**	$28.56	$27.94
Hedging gain (loss)	(3.56)	-	**(1.42)**	(3.95)	(0.15)	**(2.11)**	(1.06)	(0.23)
Royalties (net)	(8.51)	(1.86)	**(10.09)**	(9.62)	(1.95)	**(10.85)**	(6.35)	(6.85)
Lifting costs	(7.19)	(0.91)	**(6.13)**	(6.28)	(0.81)	**(5.44)**	(3.89)	(3.71)
Operating netback	$23.81	$2.89	**$19.95**	$24.52	$3.37	**$21.97**	$17.26	$17.15
France								
Price(1)	$33.42	$4.92	**$33.25**	$35.14	$5.09	**$34.97**	$38.71	$34.82
Hedging gain (loss)	(3.26)	-	**(3.12)**	(3.51)	-	**(3.38)**	(1.50)	0.08
Royalties (net)	(4.47)	(0.25)	**(4.34)**	(4.49)	(0.24)	**(4.38)**	(4.54)	(4.21)
Lifting costs	(6.57)	(2.87)	**(7.04)**	(6.69)	(2.64)	**(7.05)**	(5.89)	(6.34)
Operating netback	$19.12	$1.80	**$18.75**	$20.45	$2.21	**$20.16**	$26.78	$24.35
Total Trust								
Price	$38.47	$5.64	**$36.40**	$40.09	$6.25	**$38.93**	$31.07	$29.63
Hedging gain (loss)	(3.42)	-	**(1.89)**	(3.75)	(0.14)	**(2.44)**	(1.17)	(0.16)
Royalties (net)	(6.58)	(1.81)	**(8.51)**	(7.24)	(1.91)	**(9.14)**	(5.90)	(6.21)
Lifting costs	(6.90)	(0.96)	**(6.38)**	(6.47)	(0.85)	**(5.86)**	(4.39)	(4.35)
Operating netback	$21.57	$2.87	**$19.62**	$22.63	$3.35	**$21.49**	$19.61	$18.91
Aventura Financial Information								
Price	$36.07	$1.52	**$12.89**	$38.82	$1.55	**$13.63**	-	-
Hedging gain (loss)	-	-	**-**	-	-	**-**	-	-
Royalties (net)	(5.50)	(0.13)	**(1.46)**	(4.70)	(0.14)	**(1.49)**	-	-
Lifting costs	-	(0.56)	**(2.89)**	-	(0.55)	**(2.82)**	-	-
Operating netback	$30.57	$0.83	**$ 8.54**	$34.12	$0.86	**$ 9.32**	-	-
Consolidated								
Price	$38.40	$4.89	**$33.95**	$40.06	$5.50	**$36.62**	-	-
Hedging gain (loss)	(3.32)	-	**(1.69)**	(3.66)	(0.12)	**(2.22)**	-	-
Royalties (net)	(6.55)	(1.51)	**(7.77)**	(7.18)	(1.63)	**(8.44)**	-	-
Lifting costs	(6.70)	(0.89)	**(6.02)**	(6.31)	(0.80)	**(5.59)**	-	-
Operating netback	$21.83	$2.49	**$18.47**	$22.91	$2.95	**$20.37**	-	-
General and administrative			**(1.23)**			**(1.23)**	(0.99)	(1.06)
Reorganization costs			**-**			**(1.25)**	-	-
Interest			**(1.04)**			**(0.92)**	(0.77)	(0.57)
Foreign exchange			**-**			**-**	0.03	-
Current and capital taxes			**(0.43)**			**(0.64)**	(2.45)	(2.51)
Cash flow netback			**$15.77**			**$16.33**	$15.43	$14.77
Depletion and depreciation			**(10.80)**			**(10.27)**	(10.92)	(10.02)
Future income taxes			**0.48**			**3.12**	(1.16)	(0.71)
Deferred financing charges			**(0.03)**			**(0.05)**	(0.08)	(0.08)
Foreign exchange			**0.36**			**(0.32)**	0.03	-
Non-controlling interest			**0.07**			**-**	(0.01)	0.01
Trust units issued			**-**			**(2.39)**	-	-
Earnings netback			**$ 5.85**			**$ 6.42**	$ 3.29	$ 3.97

(1) Price includes a $0.41 Q3 decrease, $0.26 year to date increase due to inventory valuation at cost (GAAP) versus market

Consolidated Balance Sheets
($000's, unaudited)

	September 30, 2003	December 31, 2002
Assets		
Current		
Cash and cash equivalents	**$ 33,530**	$ 32,562
Accounts receivable	**37,021**	56,582
Crude oil inventory	**4,486**	3,207
Prepaid expenses and other	**3,241**	4,699
	78,278	97,050
Deferred financing costs	**257**	435
Deferred reorganization costs	**-**	2,324
Reclamation fund (Note 2)	**555**	-
Capital assets	**681,775**	711,902
	$760,865	$811,711
Liabilities and Unitholders' Equity		
Current		
Accounts payable and accrued liabilities	**$ 61,728**	$ 79,817
Distributions payable to unitholders	**8,921**	-
Income taxes payable	**4,517**	10,977
	75,166	90,794
Long-term debt (Note 5)	**194,849**	193,025
Provision for future site restoration	**12,480**	11,169
Future income taxes	**154,047**	171,094
	436,542	466,082
Non-controlling interest	**29,307**	21,321
Unitholders' Equity		
Unitholders' capital (Note 7)	**124,784**	140,557
Exchangeable shares (Note 7)	**12,261**	-
Accumulated earnings	**228,957**	183,751
Accumulated cash distributions	**(70,986)**	-
	295,016	324,308
	$760,865	$811,711

Consolidated Statements of Earnings and Accumulated Earnings
($000's, except unit and per unit amounts, unaudited)

	Three Months Ended		Nine Months Ended	
	Sept 30 2003	Sept 30 2002	**Sept 30 2003**	Sept 30 2002
Revenue:				
Petroleum and natural gas revenue	**$ 73,179**	$70,719	**$242,106**	$204,186
Royalties (net)	**17,631**	14,428	**59,381**	43,024
	55,548	56,291	**182,725**	161,162
Expenses:				
Production	**13,658**	10,289	**39,313**	30,172
Interest	**2,450**	1,997	**6,848**	4,466
General and administrative	**2,793**	2,313	**8,650**	7,354
Reorganization costs (Note 3)	**-**	-	**25,628**	-
Foreign exchange loss (gain)	**(827)**	(151)	**2,269**	7
Depletion and depreciation	**24,497**	25,614	**72,285**	69,468
	42,571	40,062	**154,993**	111,467
Earnings before income taxes and other item	**12,977**	16,229	**27,732**	49,695
Income taxes (recovery):				
Future (Note 6)	**(1,090)**	2,728	**(21,990)**	4,902
Current	**641**	5,409	**3,960**	16,631
Capital	**303**	330	**557**	747
	(146)	8,467	**(17,473)**	22,280
Other item:				
Non-controlling interest	**(154)**	21	**(1)**	(99)
Net earnings	**13,277**	7,741	**45,206**	27,514
Excess of consideration paid over stated value of shares purchased		(340)		(340)
Accumulated earnings, beginning of period	**215,680**	162,670	**183,751**	142,897
Accumulated earnings, end of period	**$228,957**	$170,071	**$228,957**	$170,071
Net earnings per trust unit (Note 9):				
Basic	**$ 0.23**	$ 0.14	**$ 0.78**	$ 0.49
Diluted	**$ 0.22**	$ 0.14	**$ 0.77**	$ 0.49
Weighted average trust units outstanding				
Basic	**58,147,919**	55,890,865	**57,989,679**	55,771,851
Diluted	**59,060,674**	56,519,277	**58,376,951**	56,711,190

Consolidated Statements of Cash Flows
(000's, unaudited)

	Three Months Ended		Nine Months Ended	
	Sept 30 2003	Sept 30 2002	**Sept 30 2003**	Sept 30 2002
Cash and cash equivalents provided by (used in):				
Operating				
Net earnings	**$ 13,277**	$ 7,741	**$ 45,206**	$ 27,514
Items not affecting cash and cash equivalents:				
Depletion and depreciation	**24,497**	25,614	**72,285**	69,468
Unrealized foreign exchange loss (gain)	**(827)**	(75)	**2,249**	17
Amortized deferred financing costs	**76**	181	**333**	529
Non-controlling interest	**(154)**	21	**(1)**	(99)
Trust units issued on cancellation of employee stock options	**-**	-	**16,817**	-
Future income taxes	**(1,090)**	2,728	**(21,990)**	4,902
Cash flow from operations	**35,779**	36,210	**114,899**	102,331
Site restoration costs incurred	**(1,058)**	(407)	**(1,303)**	(565)
Changes in non-cash working capital	**22,132**	17,247	**(4,182)**	744
	56,853	53,050	**109,414**	102,510
Investing				
Disposition (acquisition) of capital assets	**159**	(19,703)	**1,294**	(23,433)
Drilling and development of petroleum and natural gas properties	**(18,898)**	(34,387)	**(53,065)**	(78,695)
Corporate acquisition	**-**	(65,686)	**-**	(87,601)
Restricted cash held for acquisition	**-**	66,348	**-**	-
Contributions to reclamation fund, net	**-**	-	**(555)**	-
	(18,739)	(53,428)	**(52,326)**	(189,729)
Financing				
Increase (decrease) in long-term debt	**(9,341)**	14,741	**1,824**	100,362
Increase in deferred charges	**(130)**	(61)	**(155)**	(136)
Issue (repurchase) of Common shares for cash, net of share issue costs	**-**	(365)	**1,201**	3,887
Distribution reinvestment plan	**2,380**	-	**3,351**	-
Cash acquired on shares issued by subsidiary, net of share issue costs	**91**	3	**294**	2,830
Cash distributions	**(26,671)**	-	**(62,065)**	-
	(33,671)	14,318	**(55,550)**	106,943
Foreign exchange gain (loss) on cash held in a foreign currency	**206**	(910)	**(570)**	(734)
Net change in cash and cash equivalents	**4,649**	13,030	**968**	18,990
Cash and cash equivalents, beginning of period	**28,881**	12,676	**32,562**	6,716
Cash and cash equivalents, end of period	**$ 33,530**	$25,706	**$33,530**	$25,706
Cash payments:				
Interest	**$ 1,790**	$ 2,336	**$ 7,295**	$ 4,522
Taxes	**$ (12,470)**	$ 361	**$ 9,852**	$ 7,520

Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2003 and 2002, unaudited
(000's, except unit and per unit amounts)

1. Basis of Presentation

Vermilion Energy Trust (the "Trust" or "Vermilion") was established on January 22, 2003, under a Plan of Arrangement entered into by the Trust, Vermilion Resources Ltd., Clear Energy Inc., and Vermilion Acquisition Ltd. The Trust is an open-end unincorporated investment trust governed by the laws of the Province of Alberta and created pursuant to a trust indenture. Vermilion Resources Ltd. (the "Company") is a wholly owned subsidiary of the Trust.

Prior to the Plan of Arrangement on January 22, 2003, the consolidated financial statements included the accounts of the Company and its subsidiaries. After giving effect to the Plan of Arrangement, the consolidated financial statements have been prepared on a continuity of interests basis which recognizes the Trust as the successor entity to Vermilion Resources Ltd. The consolidated financial statements include the accounts of the Trust and its subsidiaries and have been prepared by management in accordance with Canadian generally accepted accounting principles on a consistent basis with the audited consolidated financial statements for the year ended December 31, 2002. The interim consolidated financial statements should be read in conjunction with the Trust's 2002 Annual Information Form.

2. Significant Accounting Policies

a) Unit Rights Incentive Plan

The Trust has a unit-based long-term compensation plan for employees, directors and consultants of the Trust and its subsidiaries. Compensation cost is measured based on the intrinsic value of the award at the date of the grant and is recognized over the vesting period. Consideration received by the Trust on exercise of the units rights is credited to unitholders' capital. See Note 8 for a description of the plan and pro-forma disclosure of the associated compensation cost.

b) Per Unit Amounts

Net earnings per unit are calculated using the weighted average number of units outstanding during the period, including the weighted average number of exchangeable shares outstanding converted at the exchange ratio at the end of each month. Diluted net earnings per unit are calculated using the treasury stock method to determine the dilutive effect of unit based compensation. The treasury stock method assumes that the proceeds received from the exercise of "in the money" trust unit rights are used to repurchase units at the average market rate during the period.

c) Reclamation Fund

A reclamation fund has been set up by the Trust to ensure that cash is available to carry out future abandonment and reclamation work on wells, plants and facilities. The contributions are currently made on the basis of $0.20 per barrel of oil equivalent of production in Canada and France. Actual abandonment and reclamation work undertaken in the period was funded from the fund balance.

2. Significant Accounting Policies (Continued)

d) Income Taxes

Income taxes are calculated using the liability method of accounting for income taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the consolidated financial statements of the Trust and their respective tax base, using enacted income tax rates. The effect of a change in income tax rates on future tax liabilities and assets is recognized in income in the period in which the change occurs.

The Trust is a taxable entity under the Income Tax Act (Canada) and is taxable only on income that is not distributed or distributable to the Unitholders. As the Trust allocates all of its Canadian taxable income to the Unitholders in accordance with the Trust Indenture, and meets the requirements of the Income Tax Act (Canada) applicable to the Trust, no provision for Canadian income tax expense has been made in the Trust.

In the Trust structure, payments are made between the Company and the Trust which result in the transferring of taxable income from the Company to individual Unitholders. These payments may reduce future income tax liabilities previously recorded by the Company which would be recognized as a recovery of income tax in the period incurred.

e) Distributions

The Trust makes monthly distributions of its distributable cash to Unitholders of record on the last day of each calendar month. Pursuant to the Trust's policy, it will pay distributions to its unitholders subject to retaining an appropriate distribution reserve, satisfying its financing covenants, making loan repayments and, if applicable, funding future removal and site restoration reserves.

3. Transfer of Assets and Liabilities Pursuant to the Plan of Arrangement

Under the Plan of Arrangement, the Company transferred to Clear Energy Inc. a portion of the Company's existing lands and exploration assets. As this was a related party transaction, assets and liabilities were transferred at book value. Details are as follows:

Petroleum and natural gas assets and equipment	$19,509
Future income tax asset	5,461
Total assets transferred	$24,970
Provision for site restoration and abandonment	89
Net assets transferred and reduction in share capital	$24,881

Associated with the Plan of Arrangement, the Company recorded transaction costs of $25.6 million, with $16.8 million related to the issue of Trust units in exchange for cancellation of stock options and $8.8 million in advisory and other costs.

4. Business Disposition and Investment

Effective January 22, 2003, the Company sold its existing 40% working interest in the Central Block in Trinidad to Aventura Energy Inc. ("Aventura") for consideration of 212,059,512 common shares. As this was a related party transaction, assets and liabilities were transferred at book value. The sale increases the Company's equity holding in Aventura to approximately 72% from approximately 47% held prior to the sale.

5. Long-Term Debt

At September 30, 2003, the Trust had a line of credit of $240 million with a banking syndicate, which has a one year revolving period with a one year term to follow with a final settlement payment required at the end of the second year. A working capital tranche of $1 million included in the $240 million facility has been placed in France to assist cash-management practices.

6. Future Income Taxes

During the period ended September 30, 2003, reductions in corporate income tax rates were substantially enacted. The enacted rates are to be phased in over five years starting in 2003. As a result, the Trust's future income tax rate decreased to approximately 37 percent compared to 42 percent in prior periods. The future income taxes recovery recorded in the second quarter of 2003 includes the impact of this reduction in future income taxes of $13.7 million.

7. Unitholders' Capital and Exchangeable Shares

Pursuant to the Plan of Arrangement, 51,480,467 units of the Trust and 6,000,000 exchangeable shares of the Company were issued in exchange for all of the outstanding shares of the Company, a wholly owned subsidiary of the Trust on a one for one basis.

The exchangeable shares are convertible into trust units based on the exchange ratio, which is adjusted monthly to reflect the distribution paid on the trust units. Cash distributions are not paid on the exchangeable shares. During the period, a total of 728,364 exchangeable shares were converted into 739,738 trust units based on the exchange ratio at the time of conversion. At September 30, 2003, the exchange ratio was 1.09317 trust units per exchangeable share.

	Number of Shares	Amount
Common Shares of Vermilion Resources Ltd.		
Balance as at December 31, 2002	55,866,918	$140,557
Issued upon exercise of stock options	267,100	1,201
Balance January 21, 2003, prior to Plan of Arrangement	56,134,018	$141,758
Trust units issued on cancellation of employee stock options (Note 3)	1,346,449	$ 16,817
Transfer of assets and liabilities to Clear Energy Inc. (Note 3)	-	(24,881)
Trust units issued	(51,480,467)	(119,739)
Exchangeable shares issued	(6,000,000)	(13,955)
	NIL	NIL

	Number of Units	Amount
Trust Units		
Unlimited number of trust units authorized to be issued		
Issued pursuant to Plan of Arrangement January 22, 2003	51,480,467	$119,739
Distribution reinvestment plan	253,937	3,351
Issued on conversion of exchangeable shares	739,738	1,694
Balance as at September 30, 2003	52,474,142	124,784
Trust units issuable on conversion of exchangeable shares	5,762,794	12,261
Trust unitholders' capital as at September 30, 2003	58,236,936	$137,045

7. Unitholders' Capital and Exchangeable Shares (Continued)

	Number of Shares	Consideration
Exchangeable Shares		
Issued pursuant to Plan of Arrangement January 22, 2003	6,000,000	$13,955
Exchanged for trust units	(728,364)	(1,694)
Balance as at September 30, 2003	5,271,636	12,261

As per the Plan of Arrangement, shareholders of the Company received one unit or one exchangeable share in the Trust for each common share held. In addition, Vermilion shareholders received one share in a separate publicly listed oil and gas company, Clear Energy Inc. for each three common shares held (Note 3).

8. Trust Unit Rights Incentive Plan

The Trust has a unit rights incentive plan that allows the Trust to issue rights to acquire trust units to directors, officers, employees and service providers. The Trust is authorized to issue up to 6,000,000 unit rights, however, the number of trust units reserved for issuance upon exercise of the rights shall not at any time exceed 10% of the aggregate number of issued and outstanding trust units of the Trust. Unit right exercise prices are equal to the market price for the trust units on the date the unit rights are issued. If certain conditions are met, the exercise price per unit may be calculated by deducting from the grant price the aggregate of all distributions, on a per unit basis, made by the Trust after the grant date. Rights granted under the plan vest over a three year period and expire five years after the grant date.

The Trust accounts for its unit rights incentive plan using the intrinsic-value of the unit rights. Using intrinsic-values, compensation costs are not recognized in the consolidated financial statements for unit rights granted to employees and directors when issued at prevailing market prices.

Since the fair value of the unit rights can not be determined due to the nature of the reducing exercise price feature, pro-forma compensation cost has been determined using the excess of the unit price as at the date of the consolidated financial statements, over the exercise price for unit rights issued since January 22, 2003 as at the date of the consolidated interim financial statements. For the nine months ended September 30, 2003, net earnings would be reduced by $5,220,000. The effect on net earnings would be a decrease of $0.09 per unit. For the three months ended September 30, 2003, net earnings would be reduced by $3,113,000. The effect on net earnings would be a decrease of $0.05 per unit.

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

	Three Months Ended Sept 30, 2003		Nine Months Ended Sept 30, 2003	
	Number of Unit Rights	Weighted Average Exercise Price	Number of Unit Rights	Weighted Average Exercise Price
Opening balance	4,425,700	$11.50	-	$ -
Granted	69,000	14.19	4,756,000	11.54
Cancelled	(17,100)	11.45	(278,400)	11.45
Closing balance	4,477,600	$11.54	4,477,600	$11.54

9. Per Unit Amounts

Basic per unit calculations are based on the weighted average number of trust units outstanding. Diluted calculations include additional trust units for the dilutive impact of unit rights outstanding pursuant to the unit rights incentive plan.

Net earnings from operations per unit are as follows:

	Three Months Ended		Nine Months Ended	
	Sept 30 2003	Sept 30 2002	**Sept 30 2003**	Sept 30 2002
Net earnings				
Basic [(1)]	**$0.23**	$0.14	**$0.78**	$0.49
Diluted [(2)]	**$0.22**	$0.14	**$0.77**	$0.49

(1) Basic per unit calculations are based on the weighted average number of trust units outstanding in 2003 of 57,989,679 for the period (55,771,851 common shares in 2002) which includes outstanding exchangeable shares converted at the period end exchange ratio.

(2) Diluted calculations include additional trust units in 2003 of 387,272 for the period (939,339 additional shares in 2002) for the dilutive impact of the unit rights incentive plan (stock option plan in 2002). Calculations of diluted shares exclude 75,000 of unit rights in 2003 which would have been anti-dilutive. There were no adjustments to net earnings from operations in calculating dilutive per unit amounts.

10. Segmented Information

	Three Months Ended		Nine Months Ended	
	Sept 30 2003	Sept 30 2002	**Sept 30 2003**	Sept 30 2002
Petroleum and natural gas revenues:				
Canada	**$53,252**	$ 49,106	**$179,343**	$145,218
France	**16,879**	21,613	**53,593**	58,968
Trinidad	**3,048**	-	**9,170**	-
	$73,179	$ 70,719	**$242,106**	$204,186
Net earnings:				
Canada	**$11,785**	$2,572	**$ 36,638**	$14,134
France	**1,907**	5,169	**8,235**	13,380
Trinidad	**(415)**	-	**333**	-
	$13,277	$ 7,741	**$ 45,206**	$27,514
Cash flow from operations:				
Canada	**$25,150**	$ 22,084	**$ 79,705**	$64,772
France	**8,850**	14,126	**30,173**	37,559
Trinidad	**1,779**	-	**5,021**	-
	$35,779	$ 36,210	**$114,899**	$102,331
Capital expenditures:				
Canada	**$ 8,910**	$ 44,387	**$ 20,927**	$110,755
France	**8,941**	7,232	**15,785**	19,141
Trinidad/Argentina	**888**	68,819	**15,059**	69,567
	$18,739	$120,438	**$ 51,771**	$199,463

	Sept 30 2003	Dec 31 2002
Identifiable assets:		
Canada	**$443,043**	$497,512
France	**205,609**	199,385
Trinidad/Argentina	**112,213**	114,814
	$760,865	$811,711

11. Contingencies

On September 25, 2001, Vermilion received a tax notice from the Direction Générale des Impots regarding the Company's wholly owned subsidiary in France, Vermilion REP S.A. The notice advises that the Company is liable for a registration fee that was owed at the time of the purchase of the French properties in 1997 in the amount of 4.5 million Euro, including interest charges for late filing. The Company disagrees with the tax authorities position and is in the process of challenging the notice. At the present time the Company is unable to determine the likelihood that it will be required to pay the registration fee, and as such, no amount has been accrued in the consolidated financial statements at September 30, 2003.

12. Commitments

The Trust realized a financial hedging loss of $10.7 million during the first nine months of 2003 (2002 - $1.6 million gain) related to its hedging activities. Physical and financial hedging contracts currently in place are as follows:

Oil Hedging	**WTI**		**Brent**	
Fixed Price Swaps	**bbls/d**	**US$/bbl**	**bbls/d**	**US$/bbl**
Q4 2003	2,950	$24.74	2,600	$23.24
2004 Average	2,250	$24.35	2,250	$22.93
2005 Average	1,500	$24.80	1,500	$23.37

Gas Hedging		**Floor**	**Ceiling**
Costless Collars	**Gj/d**	**C$/Gj**	**C$/Gj**
Q4 2003	19,071	$4.80	$6.66
Q1 2004	17,500	$4.90	$8.53
Q2 2004	10,000	$4.56	$6.65
Q3 2004	10,000	$4.56	$6.65
Q4 2004	3,370	$4.56	$6.65
2004 Average	10,198	$4.71	$7.46
2005 Average	-	-	-

Currency Hedging	**US$/Mo (000's)**	**Exchange Rate**
Q4 2003	$4,080	$0.63
2004	$3,170	$0.71

13. Comparative Figures

Certain of the prior period numbers have been reclassified to conform with the current period presentation.

NON-GAAP MEASURES:

Included in this quarter are references to terms commonly used in the oil and gas industry, such as cash flow and cash flow per share. These terms are not defined by Generally Accepted Accounting Principles. Consequently, these are referred to as non-GAAP measures. Cash flow, as discussed in this quarter, appears as a separate caption on the Company's cash flow statement and is reconciled to both net income and cash flow from operations.

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Calgary, Alberta

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Lorenzo Donadeo
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Claudio A. Ghersinich
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Joseph F. Killi [2, 3]
President, Rosebridge Capital Corp.
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James D. McFarland [4, 5]
Managing Director, SPP/CPM
Brisbane, Australia

1 Lead Director
2 Audit Committee
3 Governance and Human Resources Committee
4 Health, Safety and Environment Committee
5 Independent Reserves Committee

OFFICERS & KEY PERSONNEL

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President & Chief Executive Officer

Claudio A. Ghersinich, P.Eng.
Executive Vice President,
Business Development

Curtis W. Hicks, C.A.
Vice President, Finance & Chief Financial Officer

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

Douglas W. Reynolds, P. Land
Vice President, Land

Martin E. Robert, P.Eng.
Vice President, Engineering and International Operations; President Directeur Général Vermilion REP S.A.

Paul J. Weevers, P. Eng.
Vice President, Production

Charles W. Berard, L.LL, LL.B
Partner, Macleod Dixon
Corporate Secretary

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FORWARD-LOOKING INFORMATION

This report contains forward-looking financial and operational information including earnings, cash flow, production and capital expenditure projections. These projections are based on the Trust's expectations and are subject to a number of risks and uncertainties that could materially affect the results. These risks include, but are not limited to, future commodity prices, exchange rates, interest rates, geological risk, reserves risk, political risk, product demand and transportation restrictions.