

VERMILION
ENERGY TRUST



Notice of Meeting
and
Proxy Statement and Information Circular

in respect of the
ANNUAL AND SPECIAL MEETING
OF UNITHOLDERS

to be held on Friday, May 6, 2005

Dated March 21, 2005

VERMILION
ENERGY TRUST



NOTICE OF ANNUAL AND SPECIAL MEETING

NOTICE IS HEREBY GIVEN that an annual and special meeting (the "Meeting") of the holders ("Unitholders") of trust units ("Trust Units") of Vermilion Energy Trust (the "Trust") will be held at the Grand Lecture Theatre, Metropolitan Centre, 333 - 4th Avenue S.W., Calgary, Alberta on Friday, May 6, 2005 at 10:00 a.m. (Calgary time) for the following purposes, which are described in more detail in the Proxy Statement and Information Circular of the Trust (the "Circular") accompanying this Notice, namely:

1. to receive the consolidated financial statements of the Trust together with the Report of the Auditors thereon for the year ended December 31, 2004;
2. to appoint auditors of the Trust for the ensuing year;
3. to elect the directors of Vermilion Resources Ltd. to hold office until the next annual meeting of Unitholders or until their successors are elected or appointed;
4. to consider and, if deemed advisable, to pass an ordinary resolution approving an amendment to the Trust Unit Award Incentive Plan of the Trust to allow Trust Units deliverable pursuant to unit awards granted under the Trust Unit Award Incentive Plan to be issued from treasury, as more particularly described in the proxy statement and information circular of the Trust dated March 21, 2005; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

Only Unitholders of record at the close of business on March 29, 2005 will be entitled to notice of and to vote at the Meeting or any adjournment thereof, except that a transferee of Trust Units after such record date may, not later than 10 days before the Meeting, establish the right to vote by providing evidence of ownership of Trust Units and requesting that the transferee's name be placed on the voting list in place of the transferor.

If you are unable to attend the Meeting in person, please complete and sign the enclosed form of proxy and forward it in the enclosed self-addressed envelope, or otherwise deliver it to Computershare Trust Company of Canada at 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 Attention: Proxy Department, to reach the addressee no later than 3:00 p.m. (Toronto time) on May 4, 2005 or, if the Meeting is adjourned, by 3:00 p.m. (Toronto time) on the second business day prior to the date on which the Meeting is reconvened.

Holders of exchangeable shares in the capital of Vermilion Resources Ltd. ("Exchangeable Shares") of record at the close of business on March 29, 2005 will be entitled to notice of and to vote, through the mechanics for voting provided in the voting and exchange trust agreement dated January 16, 2003 among the Trust, Vermilion Acquisition Ltd. and Computershare Trust Company of Canada, in its capacity as the exchangeable shares trustee, or any adjournment thereof.

Holders of Exchangeable Shares may vote by signing the enclosed form of Voting Instruction Form and forwarding it in the enclosed self-addressed envelope, or otherwise deliver it to Computershare Trust Company of Canada, Suite 710, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8 Attention: Proxy Department. In order to be valid and acted upon at the Meeting, the Voting Instruction Form must be received no later than 3:00 p.m. (Calgary time) on May 4, 2005.

**By Order of the Board of Directors of
Vermilion Resources Ltd.**

(Signed)
Charles Berard
Corporate Secretary

Calgary, Alberta
March 21, 2005

VERMILION ENERGY TRUST
PROXY STATEMENT AND INFORMATION CIRCULAR
dated March 21, 2005¹

QUESTIONS AND ANSWERS ON VOTING AND PROXIES

Vermilion Energy Trust (the "Trust") is holding an Annual and Special Meeting (the "Meeting") of holders ("Unitholders") of trust units ("Trust Units") of the Trust to be held at 10:00 a.m. in the Grand Lecture Theatre, Metropolitan Centre, 333 - 4th Avenue S.W., Calgary, Alberta, on Friday, May 6, 2005.

The Trust has two types of securities that entitle holders to vote generally at meetings of Unitholders; Trust Units and a special voting unit (the "Special Voting Unit"). A Special Voting Unit was issued to Computershare Trust Company of Canada in its capacity as trustee (the "Exchangeable Shares Trustee") under a voting and exchange trust agreement dated January 16, 2003 among the Trust, Vermilion Acquisition Ltd. and the Exchangeable Shares Trustee (the "Voting and Exchange Trust Agreement") for the benefit of holders of Exchangeable Shares in connection with a plan of arrangement (the "Arrangement") involving the Trust, Vermilion Resources Ltd. ("VRL"), Clear Energy Inc. and Vermilion Acquisition Ltd.

The Trust Units and the Special Voting Unit vote together as a single class on all matters. However, the means by which Unitholders and holders of Exchangeable Shares vote their Trust Units and Exchangeable Shares, respectively, is different.

As it is important that your Trust Units or Exchangeable Shares, as the case may be, are represented at the Meeting, please refer to the following questions and answers which provide guidance on how to vote your securities.

If you are a Unitholder, the questions and answers from numbers 1 to 16 provide information respecting this solicitation of proxies and guidance on how to vote your Trust Units. In particular, if you are not a registered Unitholder, Q&A No. 16 describes the procedure to be followed to vote your Trust Units.

If you are a holder of Exchangeable Shares, the questions and answers in numbers 1 to 15 provide information respecting this solicitation of proxies and guidance on how holders of Exchangeable Shares vote.

1. Who is soliciting my proxy?

This Circular is furnished in connection with the solicitation by the management of VRL on behalf of the Trust of proxies to be used at the Meeting and at any adjournment or postponement thereof. The solicitation of proxies will be primarily by mail and may be supplemented by telephone or other contact by employees or agents of VRL at a nominal cost, and all costs thereof will be borne by VRL.

2. What am I voting on?

- The election of the directors to the board of directors of VRL (the "Board"). Although Unitholders are not shareholders of VRL, they are entitled to elect the directors of VRL as if they were shareholders of VRL. Holders of Exchangeable Shares are shareholders of VRL. However, the terms of the Exchangeable Shares do not provide the right to directly vote at meetings of Unitholders. Holders of Exchangeable Shares can indirectly vote for the election of directors by directing the Exchangeable Shares Trustee to exercise that number of votes equal to the number of Trust Units (rounded down to the nearest whole number) into which the Exchangeable Shares of such holder are exchangeable, as provided for in the Voting and Exchange Trust Agreement.
- The appointment of the auditors of the Trust for the ensuing year.
- An amendment to the Trust Unit Award Incentive Plan (the "TAP") of the Trust to allow Trust Units deliverable pursuant to unit awards granted under the TAP to be issued from treasury.

Trust Units and Exchangeable Shares may be voted for or withheld from voting on the election of directors and the appointment of auditors. Trust Units and Exchangeable Shares may be voted for or against the amendment to the TAP.

As indicated elsewhere in this Circular, the Board and management of VRL are recommending that

¹ The information set forth in this proxy statement and information circular is as of March 15, 2005, except as otherwise indicated.

Unitholders and holders of Exchangeable Shares vote FOR the above resolutions.

3. Who is entitled to vote?

Unitholders as of the close of business on March 29, 2005 or their duly appointed proxies will be entitled to attend the Meeting or to register a vote. If you have acquired Trust Units after March 29, 2005, please refer to Q&A No. 12 to determine whether and how you may vote such Trust Units.

Shareholders of Exchangeable Shares as of the close of business on March 29, 2005 will be entitled to attend the Meeting and to vote with respect to the matters to be considered at the Meeting in accordance with the terms and conditions of the Voting and Exchange Trust Agreement. Shareholders of Exchangeable Shares should refer to the voting direction which was provided to holders of Exchangeable Shares with this proxy statement and information circular.

4. How do I vote?

If you are a registered Unitholder there are two ways that you can vote your Trust Units. You may vote in person at the Meeting or you may complete and sign the enclosed proxy form appointing the named persons or some other person you choose to represent you and vote your Trust Units at the Meeting.

If you wish to vote in person at the Meeting, do not complete or return the proxy form. Your vote will be taken and counted at the Meeting. Completing, signing and returning your proxy form does not preclude you from attending the Meeting in person.

If you do not wish to attend the Meeting or do not wish to vote in person, your proxy will be voted for or against or withheld from voting in accordance with your wishes as specified thereon on any ballot that may be called at the Meeting. **A proxy must be in writing and must be executed by the Unitholder or by the Unitholder's attorney authorized in writing or, if the Unitholder is a corporation, by an officer or attorney thereof duly authorized.**

If your Trust Units are in your brokerage account and therefore registered in the name of a nominee, please see Q&A No. 16 for voting instructions.

If you are a holder of Exchangeable Shares, there are three ways holders of Exchangeable Shares can vote. A holder of Exchangeable Shares may: (i) direct the Exchangeable Shares Trustee to exercise that number of votes attached to the Special Voting Unit equal to

the number of Trust Units (rounded down to the nearest whole number) into which the Exchangeable Shares of such holder are exchangeable; (ii) direct the Exchangeable Shares Trustee to give a proxy to such holder or his designee to personally exercise such votes; or (iii) give a proxy to representatives of the management of the Trust to exercise such votes.

5. How do I attend the Meeting in person?

Unitholders and holders of Exchangeable Shares should present themselves to a representative of Computershare Trust Company of Canada, the Trust's registrar and transfer agent, at the Meeting. Persons who are not proxyholders, Unitholders or holders of Exchangeable Shares may be admitted subject to the discretion of the chairman of the Meeting and subject to any space constraints after addressing themselves to a representative of Computershare Trust Company of Canada. **Non-registered Unitholders wishing to attend the Meeting should refer to Q&A No. 16.**

6. What if I sign the proxy form/voting direction enclosed with this circular?

In the case of Unitholders, signing the enclosed proxy form gives authority to Lorenzo Donadeo or Curtis Hicks, both of whom are officers of VRL, to vote your Trust Units at the Meeting.

In the case of holders of Exchangeable Shares, signing the enclosed voting direction directs the Exchangeable Shares Trustee, Lorenzo Donadeo, Curtis Hicks or other designated proxy to vote or abstain from voting as directed in such voting direction.

7. Can I appoint someone other than these persons to vote my Trust Units or Exchangeable Shares, as the case may be?

Yes, you can appoint someone other than these persons to vote your Trust Units or Exchangeable Shares. Write the name of the person you wish to appoint, who need not be a Unitholder or holder of Exchangeable Shares, in the blank space provided in the proxy form or voting direction, as the case may be.

Please note that it is important to ensure that any other person you appoint is attending the Meeting and is aware that his or her appointment has been made to vote your securities. Persons who are appointed as such should, at the Meeting, present themselves to a representative of Computershare Trust Company of Canada.

8. What do I do with my completed proxy form/voting direction?

Return it to Computershare Trust Company of Canada, in the envelope provided so that it arrives **no later than 3:00 p.m. (Toronto time) on May 4, 2005 in the case of the proxy form and 3:00 p.m. (Calgary time) on May 4, 2005 in the case of the voting direction.** All Trust Units and Exchangeable Shares represented by properly executed proxy forms or voting directions, as the case may be, received by Computershare Trust Company of Canada prior to such time will be voted for or against or withheld from voting, in accordance with your instructions as specified in the proxy form or voting direction, as the case may be, on any matter dealt with at the Meeting.

9. How will my Trust Units or Exchangeable Shares be voted if I give my proxy?

The persons named in the proxy form or voting direction, as the case may be, must vote or withhold from voting your Trust Units or Exchangeable Shares, as the case may be, in accordance with your directions.

In the absence of such directions, your Trust Units will be voted FOR the matters specified in the proxy. In the absence of such directions the Exchangeable Shares Trustee will not vote with respect to those Exchangeable Shares.

10. If I change my mind, can I take back my proxy or voting direction once I have given it?

Yes. A Unitholder or holder of Exchangeable Shares who has given a proxy or voting direction, as the case may be, may revoke it by depositing an instrument in writing (which includes another proxy form or voting direction, as the case may be, with a later date) executed by the Unitholder or holder of Exchangeable Shares or by its attorney authorized in writing with the Corporate Secretary, c/o Vermilion Resources Ltd., Suite 2800, 400 - 4th Avenue S.W., Calgary, Alberta, T2P 0J4 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, or by depositing it with the chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof. A Unitholder or holder of Exchangeable Shares may also revoke a proxy in any other manner permitted by law.

It should be noted that the participation in person by a Unitholder in a vote by ballot at the Meeting

will automatically revoke any proxy which has been previously given by the Unitholder in respect of business covered by that vote.

11. What if amendments are made to these matters or if other matters are brought before the Meeting?

The person named in the proxy form will have discretionary authority with respect to amendments or variations to matters identified in the notice of the Meeting and to other matters which may properly come before the Meeting. As of March 15, 2005, management of VRL and the Trust know of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the proxy form will vote on them in accordance with their best judgment.

12. What if ownership of Trust Units or Exchangeable Shares is transferred after March 29, 2005?

If you are a Unitholder on March 29, 2005 you are entitled to receive notice and to vote at the Meeting, even though since that time you have disposed of your Trust Units. If you acquired your Trust Units after March 29, 2005, you are not entitled to receive notice of or to vote at the Meeting.

If you are a holder of Exchangeable Shares on March 29, 2005 you are entitled to receive notice of and to vote such Exchangeable Shares in accordance with the terms and conditions of the Voting and Exchange Trust Agreement and the voting direction. If you acquired your Exchangeable Shares after March 29, 2005 you are not entitled to receive notice of or to vote in accordance with the Voting and Exchange Trust Agreement.

13. How many votes are required to approve the matters to be considered at the meeting?

The election of directors and the appointment of auditors will each be determined by a majority of votes cast. The adoption of the amendment to the TAP must be approved by more than 50% of votes cast. In addition, the Toronto Stock Exchange requires this resolution be approved by a majority of the votes cast at the meeting other than votes attaching to Trust Units or Exchangeable Shares beneficially owned by insiders of the Trust and its subsidiaries and associates of such insiders.

14. Who counts the votes?

The Trust's registrar and transfer agent, Computershare Trust Company of Canada, counts and tabulates the votes. This is done independently of VRL to preserve the confidentiality of individual votes. Proxies and voting directions are referred to VRL only in cases where a Unitholder or Exchangeable Shareholder clearly intends to communicate with management (by making a written statement on the proxy form), in the event of a proxy contest or when it is necessary to do so to meet the requirements of applicable law.

15. How can I contact the Registrar and Transfer Agent or Exchangeable Shares Trustee?

You can contact the registrar and transfer agent or Exchangeable Shares Trustee at:

Computershare Trust Company of Canada
Suite 710, 530 – 8th Avenue S.W.
Calgary, Alberta T2P 3S8
Phone: 1-888-267-6555
Facsimile: 1-888-453-0330
Web site: www.computershare.com
E-mail: caregistryinfo@computershare.com

16. If my Trust Units are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my Trust Units?

If you are a non-registered Unitholder, there are, as discussed below, two ways that you can vote your Trust Units which are held by your nominee. Applicable securities laws require your nominee to seek voting instructions from you in advance of the meeting. Accordingly, you will receive or have already received from your nominee either a request for voting instructions or a proxy form for the number of Trust Units you hold. Every nominee has its own mailing procedures and provides its own signing and return instructions, which should be carefully followed by non-registered Unitholders to ensure that their Trust Units are voted at the Meeting. Accordingly, for your Trust Units to be voted by you, please follow the voting instructions provided by your nominee.

However, if you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions or proxy form to appoint yourself as proxyholder and follow the signing and return instructions of your nominee.

Non-registered Unitholders who appoint themselves as proxyholders should, at the Meeting, present themselves to a representative of Computershare Trust Company of Canada.

RELATIONSHIPS AMONG THE TRUSTEE, THE TRUST AND VRL

The Trust is an open-end unincorporated investment trust created under the laws of Alberta pursuant to an amended and restated trust indenture (the "Trust Indenture") dated as of January 15, 2003 between VRL and Computershare Trust Company of Canada (the "Trustee"), as trustee, as amended from time to time. The Trust was formed on December 16, 2002.

INTEREST OF THE TRUSTEE, VRL AND THE DIRECTORS AND OFFICERS OF VRL IN MATTERS TO BE ACTED UPON

Neither the Trustee, VRL nor any directors or officers of VRL, nor any proposed nominee for election as a director of VRL, nor any associate or affiliate of any one of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting, other than the participation by such directors and officers in the TAP.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Except as disclosed in this Proxy Statement and Information Circular, neither the Trustee, VRL nor any director or officer of VRL, nor any proposed nominee for election as a director of VRL, nor any other insider of the Trust, or VRL, nor any associate or affiliate of any one of them has or has had, at any time since the year ended December 31, 2004, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Trust or VRL.

INDEBTEDNESS OF THE TRUSTEE AND THE DIRECTORS AND OFFICERS OF VRL

Neither the Trustee nor any of the directors or officers of VRL, nor any proposed nominee for election as a director of VRL, nor any associate or affiliate of any one of them is, or was, indebted, directly or indirectly, to the Trust or VRL at any time since the beginning of the year ended December 31, 2004.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Trust Units

As at March 15, 2005, the Trust had 61,103,531 issued and outstanding Trust Units. Each Trust Unit entitles the holder thereof to one vote at all meetings of Unitholders for each Trust Unit held.

Exchangeable Shares

As at March 15, 2005, one Special Voting Unit has been issued to the Exchangeable Shares Trustee under the Voting and Exchange Trust Agreement in conjunction with the issuance of Exchangeable Shares pursuant to the Arrangement. The Special Voting Unit carries a number of votes equal to the number of Trust Units rounded down to the nearest whole number into which the Exchangeable Shares are then exchangeable. Each holder of Exchangeable Shares on March 29, 2005 is entitled to give the Exchangeable Shares Trustee voting instructions for a number of votes equal to the number of Trust Units rounded down to the nearest whole number into which that holder's Exchangeable Shares are then exchangeable. As of March 15, 2005, there are 4,663,589 Exchangeable Shares issued and outstanding and the exchange ratio is currently 1.29632 Trust Units for each Exchangeable Share.

PRINCIPAL HOLDERS

As at March 15, 2005, and to the knowledge of the directors and senior officers of VRL no person or company beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of the issued and outstanding Trust Units or Exchangeable Shares. As of March 15, 2005, the directors and senior officers of VRL beneficially owned, directly or indirectly, or exercised control or direction over, 1,131,941 Trust Units

representing approximately 2% of the issued and outstanding Trust Units and 4,406,951 Exchangeable Shares representing 95% of the issued and outstanding Exchangeable Shares. Each such Exchangeable Share held by such director or senior officer is exchangeable into Trust Units utilizing the exchange ratio as at March 15, 2005 of 1.29632.

REPORT ON EXECUTIVE COMPENSATION

The Governance, Human Resources and Nominating Committee determined the compensation to be provided to the executive officers of VRL. VRL recognizes the need to deliver a compensation package that recognizes top performance and the ability to attract and retain top performers. Compensation for all of the officers, including the Chief Executive Officer, is reviewed against prevailing industry compensation practices for oil and gas trusts, the Trust's performance in achieving certain goals and the Trust's performance in relation to the performance of the Trust's peers. Standard benefits are provided to all employees, including the executive officers. Executive compensation also includes participation in the trust unit rights incentive plan (the "Rights Incentive Plan") and the VRL employee trust unit ownership, RRSP savings plan (the "Savings Plan") and the Trust Unit Award Incentive Plan (the "TAP") such plan having been recently implemented by the Board.

Base Salary: The Governance, Human Resources and Nominating Committee strives to set all executive annual salaries at a level comparable to executive officers of comparable oil and gas trusts based upon a review of an independently prepared compensation survey by Mercer Human Resources Consulting Limited and information obtained through participation in the Calgary Exchange Group, an association of small to mid-size oil and gas companies established to exchange member information related to human resources practices.

Bonuses: The employee bonus plan (the "Employee Bonus Plan") approved by the Unitholders in January 2003, is a broad based plan available to all employees including the executive officers. The Employee Bonus Plan provides that an amount of up to 2.0% per month of net operating income calculated at the end of each calendar month is available to be paid in bonuses pursuant to the Employee Bonus Plan. In no event will the maximum bonus amount allocated pursuant to the Employee Bonus Plan exceed the 2% threshold. For 2004, bonus payments pursuant to the Employee Bonus Plan totalled approximately 1.6% of net operating income or 80% of the maximum allowable under such plan. See "Executive Compensation - Employee Bonus Plan" for more information in respect of the Employee Bonus Plan. As part of the Employee Bonus Plan, the Board established a key employee exemplary performance program (the "KEEP") in early 2003 primarily to retain VRL's key employees while reorganizing its structure from an equity company into an oil and gas trust. The KEEP award, which guaranteed a certain bonus payment, was granted to such key employees in lieu of the typical discretionary bonus. The value attributed to the KEEP award was determined based on the individual's ability to drive VRL forward into its conversion as a premier oil and gas trust. The KEEP was in effect for 2004 with certain employees, including the executive officers, eligible to participate, however, the guaranteed portion of such awards was reduced in 2004. The KEEP was discontinued in 2005.

Trust Unit Award Incentive Plan: In October, 2004 the Governance, Human Resources and Nominating Committee of the Board undertook an evaluation of the Trust's long term incentive program for employees, officers, directors and consultants of the Trust and its subsidiaries with the goal of developing an annual incentive plan tied to performance relative to predetermined corporate and individual performance objectives. Following the Governance, Human Resources and Nominating Committee's review and consideration of incentive plan principles, and in consultation with its compensation advisors, the Governance, Human Resources and Nominating Committee recommended that the Board implement the TAP. The terms of the TAP are described in more detail under "Special Meeting Matter - Approval of the Amendment to the Trust Unit Award Incentive Plan". The Board approved the implementation of the TAP effective January 31, 2005 and an aggregate of 521,375 Unit Awards (as defined below) have been granted as of March 15, 2005. The Board is proposing to amend the TAP to allow Trust Units deliverable pursuant to Unit Awards granted under the TAP to be issued from treasury, subject to receipt of regulatory approvals and the approval of Unitholders at the Meeting. The Trust's existing Rights Incentive Plan will remain in place and all outstanding trust unit incentive rights ("Rights") under the existing Rights Incentive Plan will continue to be available for exercise by the holders of the Rights.

Rights Incentive Plan: The Board may grant Rights to purchase Trust Units to directors, officers, employees and consultants of the Trust. The Rights Incentive Plan has been one of the instruments used in

attracting and retaining top performing employees with the entrepreneurial characteristics needed to further the Trust's objectives and prospects for further growth. It is anticipated that with the implementation of the TAP the granting of Rights under the Rights Incentive Plan will be utilized only in limited circumstances. For a description of the TAP see "Special Meeting Matter - Approval of the Amendment to the Trust Unit Award Incentive Plan".

Savings Plan: The Board approved the Savings Plan effective September 2003. As an integral part of the Trust's incentive program, the Savings Plan represents VRL's ongoing commitment to maintaining a value driven approach – employees who think like owners, invest the Trust's money that way. This is a voluntary plan that allows all eligible employees, including the executive officers, to contribute a percentage of their base salary earnings to the Savings Plan, of which VRL will match each dollar contributed by the employee, up to a maximum of 5%. Funds contributed up to the maximum combined contribution of 10% of the base salary are used to purchase Trust Units through the facilities of the Toronto Stock Exchange (the "TSX"). The Trust Units purchased through the employee and VRL contributions can be sold at any time, provided that any Trust Units purchased with VRL contributions must have been held for at least one year from the date of contribution.

The Governance, Human Resources and Nominating Committee believes that with the implementation of principles of its October 2004 evaluation, which includes the amendment to the TAP as contemplated herein, the compensation of VRL's executive officers will successfully combine reasonable base compensation with additional potential short-term and long-term financial rewards that are tied to positive operational and financial results and increases in Unitholder value.

The foregoing report is respectfully submitted to the Unitholders by the Governance, Human Resources and Nominating Committee.

Jeffrey S. Boyce
Joseph F. Killi
Larry J. Macdonald

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table provides a summary of compensation information for each of the chief executive officer, chief financial officer and three most highly compensated executive officers of VRL (collectively, the "Named Executive Officers") for the three years ended December 31, 2004.

Name and Position ⁽¹⁾	Annual Compensation				Long-Term Compensation			All Other Compensation (\$)
	Year	Salary (\$)	Bonus ⁽⁶⁾ (\$)	Other Annual Compensation (\$)	Awards	Shares or Units Subject to Resale Restrictions (\$)	Payout	
					Securities under Trust Unit Incentive Rights (#)		LTIP Payouts (\$)	
Lorenzo Donadeo ⁽²⁾ President and Chief Executive Officer	2004	295,833	500,000	-	75,000	-	-	32,584
	2003	275,000 ⁽⁴⁾	500,000 ⁽⁷⁾	-	450,000	-	-	31,358
	2002	245,000	-	-	75,000	-	-	27,039
Curtis Hicks Executive Vice-President and Chief Financial Officer	2004	208,333	220,000	-	75,000	-	-	20,523
	2003	166,667 ⁽⁵⁾	220,000	-	300,000	-	-	16,182

Name and Position ⁽¹⁾	Annual Compensation				Long-Term Compensation			All Other Compensation (\$)
	Year	Salary (\$)	Bonus ⁽⁶⁾ (\$)	Other Annual Compensation (\$)	Awards	Shares or Units Subject to Resale Restrictions (\$)	Payout	
					Securities under Trust Unit Incentive Rights (#)		LTIP Payouts (\$)	
Claudio Ghersinich ⁽³⁾ Executive Vice-President, Business Development	2004	265,833	450,000	-	37,000	-	-	31,004
	2003	255,000	450,000 ⁽⁷⁾	-	360,000	-	-	30,773
	2002	245,000	-	-	75,000	-	-	26,895
Raj Patel Vice-President, Marketing	2004	175,583	175,000	-	33,000	-	-	18,772
	2003	168,500	175,000	-	150,000	-	-	18,229
	2002	160,000	-	-	20,000	-	-	16,686
Doug Reynolds Vice-President, Land and New Ventures	2004	166,667	165,000	-	33,000	-	-	21,081
	2003	160,000	165,000	-	150,000	-	-	17,648
	2002	109,712 ⁽⁸⁾	-	-	100,000	-	-	7,166

Notes:

- (1) Each Named Executive Officer receives compensation in their role as an officer of VRL, a subsidiary of the Trust.
- (2) In his role as the Chief Executive Officer of Aventura Energy Inc. ("Aventura"), a subsidiary of the Trust, Mr. Donadeo received an aggregate of 200,000 stock options, of which 75,000 options had an exercise price of \$4.00 and 125,000 had an exercise price of \$4.05. All of the Aventura options held by Mr. Donadeo were exercised in May 2004. All of the shares of Aventura were acquired by BG Canada Ltd. in May 2004 in exchange for cash consideration of \$5.10 per share. In his role as a director of Verenex Energy Inc. ("Verenex"), a subsidiary of the Trust, Mr. Donadeo received an aggregate of 75,000 stock options of Verenex such options have an exercise price of \$2.50 and expire June 29, 2009.
- (3) In his role as a Managing Director of Aventura, Mr. Ghersinich received an aggregate of 150,000 stock options, of which 75,000 options had an exercise price of \$4.00 and 75,000 had an exercise price of \$4.05. All of the Aventura options held by Mr. Ghersinich were exercised in May 2004. All of the shares of Aventura were acquired by BG Canada Ltd. in May 2004 in exchange for cash consideration of \$5.10 per share. In his role as a director of Verenex, Mr. Ghersinich received an aggregate of 75,000 stock options of Verenex such options have an exercise price of \$2.50 and expire June 29, 2009.
- (4) Lorenzo Donadeo was appointed President and Chief Executive Officer on January 22, 2003. Prior to that time, Mr. Donadeo held the position of Chief Operating Officer of VRL.
- (5) Curtis Hicks was appointed Executive Vice-President and Chief Financial Officer on August 5, 2004. From March 3, 2003 until August 4, 2004 Curtis Hicks served as Vice President, Finance of VRL.
- (6) Bonuses for 2004 and 2003 were paid to the Named Executive Officers, net of required withholdings including income taxes, 50% in Trust Units and the balance in cash.
- (7) Messrs. Donadeo and Ghersinich each received a one-time payment of \$330,000 as determined by the Board, resulting from the key role that each of them played in initiating the transaction creating the Trust in 2003.
- (8) Doug Reynolds was appointed Vice President, Land and New Ventures on August 5, 2004. On April 8, 2002, Mr. Reynolds was appointed Vice-President, Land.

Rights Granted

The following table sets forth details with respect to Rights granted to the Named Executive Officers during 2004 pursuant to the Rights Incentive Plan. See "Rights Incentive Plan".

Rights Grants During the Most Recently Completed Financial Year

Name	Rights Granted (#)	% of Total Rights Granted to Employees in Financial Year	Initial Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Rights on the Date of Grant (\$/Security) ⁽¹⁾	Expiration Date
Lorenzo Donadeo ⁽²⁾	75,000	5.10%	\$18.27	\$18.27	August 19, 2009
Curtis W. Hicks	75,000	5.10%	\$18.27	\$18.27	August 19, 2009

Name	Rights Granted (#)	% of Total Rights Granted to Employees in Financial Year	Initial Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Rights on the Date of Grant (\$/Security) ⁽¹⁾	Expiration Date
Claudio A. Ghersinich ⁽³⁾	37,000	2.52%	\$18.27	\$18.27	August 19, 2009
Raj Patel	33,000	2.24%	\$18.27	\$18.27	August 19, 2009
Doug Reynolds	33,000	2.24%	\$18.27	\$18.27	August 19, 2009

Notes:

- (1) At the election of a holder of Rights, the exercise price per Right granted under the Rights Incentive Plan may be reduced from time to time by deducting from the exercise price of each Right (the "Grant Price") the aggregate of all distributions, on a per Trust Unit basis, made by the Trust after the date of grant which represent a return of more than 0.833% of the Trust's recorded cost of capital assets less depletion, depreciation and amortization charges and any future income tax liability associated with such capital assets at the end of each month. Provided this test has been met, then the entire amount of the distribution may be deducted from the Grant Price.
- (2) Mr. Donadeo received an aggregate of 75,000 stock options of Verenex in 2004, such options have an exercise price of \$2.50, expire on June 29, 2009 and the market value of the Verenex common shares on the date of grant was \$2.50.
- (3) Mr. Ghersinich received an aggregate of 75,000 stock options of Verenex in 2004, such options have an exercise price of \$2.50, expire on June 29, 2009 and the market value of the Verenex common shares on the date of grant was \$2.50.

Aggregate Rights Exercised and Year-End Values

The following table sets forth, with respect to the Named Executive Officers, the number of Unexercised and the value of the in-the-money Rights as at December 31, 2004.

Aggregate Rights Exercised During The Most Recently Completed Financial Year and Financial Year-End Rights Values

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Rights At FY-End (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Rights at FY-End (\$) Exercisable/Unexercisable ⁽¹⁾
Lorenzo Donadeo ⁽²⁾	-	-	150,000/375,000	\$1,840,500/\$3,852,750
Curtis Hicks	40,700	\$373,380	59,300/275,000	\$727,611/\$2,625,750
Claudio Ghersinich ⁽³⁾	-	-	120,000/277,000	\$1,472,400/\$3,029,530
Raj Patel	-	-	50,000/133,000	\$613,500/\$1,302,570
Doug Reynolds	-	-	50,000/133,000	\$613,500/\$1,302,570

Notes:

- (1) At the election of a holder of Rights, the exercise price per Right granted under the Rights Incentive Plan may be reduced from time to time by deducting from the Grant Price the aggregate of all distributions, on a per Trust Unit basis, made by the Trust after the date of grant which represents a return of more than 0.833% of the Trust's recorded cost of capital assets less depletion, depreciation and amortization charges and any future income tax liability associated with such capital assets at the end of each month. Provided this test has been met, then the entire amount of the distribution may be deducted from the Grant Price.
- (2) Mr. Donadeo acquired 200,000 common shares of Aventura on exercise of Aventura stock options. Mr. Donadeo realized an aggregate value of \$213,750 upon tendering the shares acquired on exercise of the stock options to the takeover bid of Aventura by BG Canada Ltd.
- (3) Mr. Ghersinich acquired 150,000 common shares of Aventura on exercise of Aventura stock options. Mr. Ghersinich realized an aggregate value of \$161,250 upon tendering the shares acquired on exercise of the stock options to the takeover bid of Aventura by BG Canada Ltd.

The value of the exercisable Rights (market value of Trust Units less the initial exercise price reduced by eligible distributions) at December 31, 2004, was based upon the closing price of \$20.12 of the Trust Units on December 31, 2004 as quoted by the TSX.

Remuneration of Directors

An annual retainer of \$15,000 is paid to each independent director together with Board meeting fees of \$1,000 per Board meeting and \$1,000 per committee meeting. In addition, the Chairman of the Board received an annual retainer of \$10,000 for 2004 and will receive an additional retainer of \$35,000 for 2005. Each committee chair, with the exception of the Audit Committee Chair, receives an annual retainer of \$3,000. The Audit Committee Chair receives an annual retainer of \$10,000. In the year ended December 31, 2004, a total of \$50,000 in fees were paid to the independent directors of VRL.

Directors are entitled to participate in the Rights Incentive Plan and receive reimbursement for out of pocket expenses for attendance at meetings of the Board and any committees of the Board. No Rights were issued to directors of VRL during 2004.

Rights Incentive Plan

The Board and the Unitholders have approved the Rights Incentive Plan for directors, officers, employees or service providers of VRL which currently permits the granting of Rights to purchase up to a maximum of 6,000,000 Trust Units provided that the number of Trust Units reserved from time to time for Rights may not be more than 10% of the aggregate number of the then issued and outstanding Trust Units and no one insider or its associates will be granted Rights entitling the holder to greater than 5% of the then issued and outstanding Trust Units. Pursuant to the Rights Incentive Plan, the directors of VRL may, from time to time, at their discretion, grant to service providers of the Trust, or any of its subsidiaries, including VRL, in connection with their employment or position, Rights to purchase Trust Units.

The Board may, in its discretion, permit vested Rights to be surrendered to the Trust unexercised in consideration for a payment to the holder of such Rights in cash or Trust Units having a value equal to the excess, if any, of the aggregate fair market value of the Trust Units able to be purchased pursuant to such Rights, determined by reference to the closing price of the Trust Units on the TSX on the trading day immediately prior to the date of surrender of the Rights, over the aggregate exercise price of the Rights. All Rights will be non-assignable and non-transferable.

The term of a Right may be exercised during a period not exceeding ten years from the date upon which the Right was granted (the "Grant Date"), however, VRL currently limits the term to five years.

Any Rights granted shall vest pursuant to vesting schedules determined by the Board in its sole discretion. VRL's current provisions for vesting require all rights agreements, including those provided to directors and executive officers, to vest in thirds, with the first third vesting one year from the date of grant. The rights agreements also provide for the vesting period to be delayed for the same period of time extended with a leave of absence without pay (for any reason other than maternity leave, parental leave or disability leave), recognizing the recipient has stepped away from the ability to contribute to the success of VRL during such leave. Early vesting privileges are also provided in the event of a termination, providing the terminated employee exercise Rights that would have normally vested during their severance period.

Subject to regulatory approval, the Grant Price per Right shall be equal to the per Trust Unit closing price of the Trust Units on the TSX on the trading day immediately preceding the Grant Date. At the election of a holder of Rights, the Exercise Price per Right may be calculated by deducting from the Grant Price the aggregate of all distributions, on a per Trust Unit basis, made by the Trust after the Grant Date, provided the aggregate amount of such distribution represents a return of more than 0.833% of the Trust's recorded cost of capital assets less depletion, depreciation and amortization charges and any future income tax liability associated with such capital assets at the end of each month.

The Board may, in its discretion, amend the terms and conditions of the Rights Incentive Plan or terminate the Rights Incentive Plan. Any amendment to the plan shall be subject to the prior consent of any applicable regulatory bodies, including the TSX.

During the year ended December 31, 2004, the Trust granted 1,471,100 Rights to purchase Trust Units at exercise prices ranging from \$14.75 to \$19.56 per Trust Unit. As at December 31, 2004 an aggregate of 4,754,600 Rights were outstanding and 387,200 Rights were available to be granted. As at December 31, 2004, 6,000,000 Trust Units were reserved for issuance pursuant to Rights representing 9.9% of the issued and outstanding Trust Units. It is anticipated that with the implementation of the TAP the granting of Rights under the Rights Incentive Plan will be utilized only in limited circumstances. For a description of the TAP see "Special Meeting Matter - Approval of the Amendment to the Trust Unit Award Incentive Plan".

Employee Bonus Plan

VRL has adopted the Employee Bonus Plan. The principal purpose of the Employee Bonus Plan is to advance the interests of the Trust and its subsidiaries (collectively, "Vermilion") by providing for bonuses for employees of Vermilion who are designated as participants thereunder. The Employee Bonus Plan is intended to attract and retain such employees, make their compensation competitive with other opportunities, provide them with an incentive to strive to achieve the financial and business objectives of Vermilion, and align their interests with those of the Unitholders.

The Employee Bonus Plan is administered by the Board. Under the Employee Bonus Plan, the Board will, on an annual basis, assess the performance of employees and may allocate a bonus in such amount as the Board determines appropriate in its sole discretion based upon corporate performance and the achievement of key organizational success factors, individual value added and individual effort. In no event will the maximum bonus amount allocated pursuant to the Employee Bonus Plan exceed 2% per year of the net operating income of Vermilion. For 2004, bonus payments pursuant to the Employee Bonus Plan totalled approximately 1.6% of net operating income or 80% of the maximum allowable under such plan. The payment of bonuses in any plan year may be made in cash, Trust Units or in a combination of cash and Trust Units as the Board may determine in its sole discretion. A total of 2,000,000 Trust Units are reserved for issuance pursuant to the Employee Bonus Plan. In the event of a change of control, VRL shall terminate the Employee Bonus Plan and pay each participant a final bonus amount determined and allocated by the Board in its sole discretion out of the monthly bonus amount accumulated within the plan at the time of the change of control. This amount will accrue at the rate of 2% per month of the net operating income of Vermilion for each month. For the fiscal period ended December 31, 2004, an aggregate of 37,082 Trust Units were issued pursuant to the Employee Bonus Plan representing less than 0.1% of the issued and outstanding Trust Units.

The Board may, in its discretion, pay cash bonuses to its employees in addition to the bonuses payable in cash and Trust Units under the Employee Bonus Plan. The Board may amend the Employee Bonus Plan at any time. The directors of VRL are not eligible to participate in the Employee Bonus Plan.

Employee Savings Plan

VRL has implemented the Savings Plan. Participation in the Savings Plan is voluntary and allows eligible employees, including VRL's executive officers, to contribute a percentage of their base salary earnings to the Savings Plan, of which VRL will match each dollar contributed by the employee. Funds contributed up to the maximum combined contribution of 10% of the participating employee's base salary are used to purchase Trust Units on the TSX. The Savings Plan may also be utilized in conjunction with the Trust's distribution reinvestment and optional trust unit purchase plan. For the fiscal period ended December 31, 2004, an aggregate of 42,514 Trust Units were purchased on the TSX at prices ranging from \$14.80 per Trust Unit to \$19.59 per Trust Unit pursuant to the Savings Plan.

Employment Contracts

Each of the Named Executive Officers is a party to an executive employment agreement with VRL pursuant to which VRL will make a lump-sum payment to the executive in the event of termination without cause, for "good reason" or in the event of a "change of control" (as defined in the employment agreements). The amount of the lump sum payments in respect of Messrs. Donadeo, Ghersinich and Hicks is equal to 24 months salary together with the average of the previous three years of bonus payments, unless such termination occurs in 2005. If the termination occurs in 2005, then the executive shall receive the average of the bonuses paid in 2003 and 2004. In addition, each of such executive officers would receive the cash equivalent of 24 months of benefits in effect as of the date the termination notice is given. In respect of Messrs. Patel and Reynolds, the amount of the lump sum payment which will be made to the executive in the event of termination without cause, for "good reason" or in the event of a "change of control" is equal to 12 months salary, the average of the previous three years of bonus payments as calculated above and the cash equivalent of 12 months of benefits in effect as of the date the termination notice is given.

SECURITIES ISSUABLE UNDER EQUITY COMPENSATION PLANS

The following table sets forth, as at December 31, 2004, the number of Trust Units to be issued upon exercise of outstanding Rights issued pursuant to the Rights Incentive Plan, the weighted average exercise price of such outstanding Rights and the number of Trust Units remaining available for future issuance under the Rights Incentive Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding Rights	Weighted-average exercise price of outstanding Rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by securityholders	4,754,600	\$13.59	387,200
Equity compensation plans not approved by securityholders	-	-	-
Total	4,754,600	\$13.59	387,200

RECORD OF CASH DISTRIBUTIONS

The following table sets forth the amount of monthly cash distributions per Trust Unit paid 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.

<u>Record Date</u>	<u>Payment Date</u>	<u>Distribution Amount</u>
2003		
February 28	March 14	\$0.17
March 31	April 15	\$0.17
April 30	May 15	\$0.17
May 30	June 13	\$0.17
June 30	July 15	\$0.17
July 31	August 15	\$0.17
August 29	September 15	\$0.17

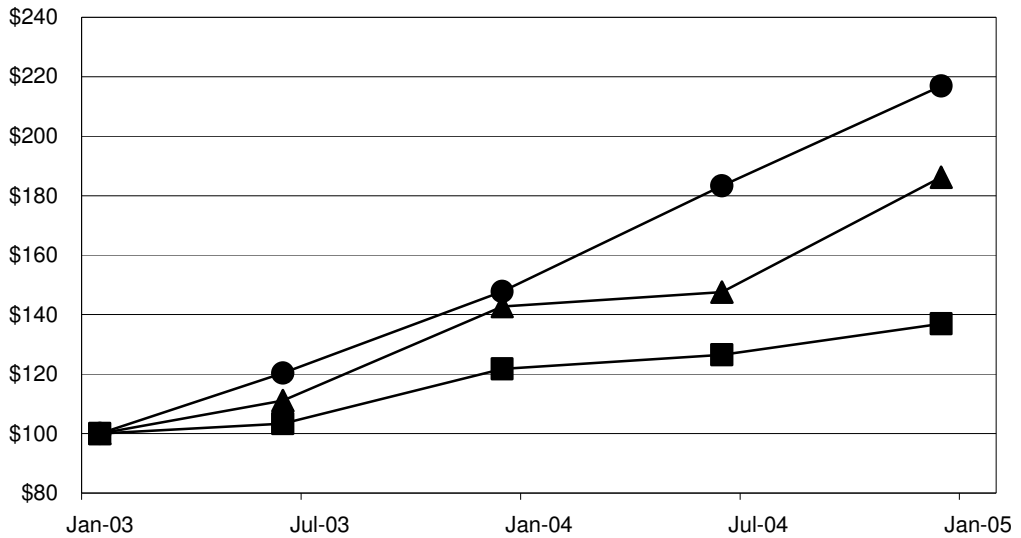
Record Date	Payment Date	Distribution Amount
September 30	October 15	\$0.17
October 31	November 14	\$0.17
November 28	December 15	\$0.17
December 31	January 14	\$0.17
2004		
January 30	February 13	\$0.17
February 27	March 15	\$0.17
March 31	April 15	\$0.17
April 28	May 14	\$0.17
May 31	June 15	\$0.17
June 28	July 15	\$0.17
July 28	August 13	\$0.17
August 31	September 15	\$0.17
September 30	October 15	\$0.17
October 29	November 15	\$0.17
November 30	December 15	\$0.17
December 31	January 14	\$0.17
2005		
January 31	February 15	\$0.17
February 28	March 15	\$0.17
Total Cash Distributions since January 24, 2003		\$4.25

Note:

- (1) On March 15, 2005, the Trust announced that it would pay a cash distribution of \$0.17 per Trust Unit to Unitholders of record as of March 31, 2005 on April 15, 2005 (the "March Distribution"). The Total Cash Distributions since January 24, 2003 does not include the March Distribution.

PERFORMANCE ANALYSIS

The following graph illustrates changes from January 24, 2003 to December 31, 2004 in the cumulative Unitholder return, assuming an initial \$100 investment in Trust Units with all cash distributions reinvested at the record date of such distributions, compared to the cumulative return of the S&P/TSX Composite Index and the S&P/TSX Total Return Energy Trust Index, assuming the reinvestment of distributions, where applicable, for the comparable period.



	January 24, 2003 ⁽¹⁾	June 30, 2003	December 31, 2003	June 30, 2004	December 31, 2004
● Vermilion Energy Trust	\$100.00	\$120.33	\$147.72	\$183.35	\$216.83
▲ S&P/TSX Energy Trust Index	\$100.00	\$111.10	\$142.67	\$147.57	\$186.21
■ S&P/TSX Composite Index	\$100.00	\$103.37	\$121.69	\$126.50	\$136.88

Note:

(1) The Trust Units began trading on the TSX on January 24, 2003.

CORPORATE GOVERNANCE

General

In 1995, the TSX adopted a set of guidelines which were revised in 1999 (the "Guidelines") relating to corporate governance matters. The Guidelines address such matters as the constitution and independence of boards of directors, the functions to be performed by boards and their committees, and the relationship among a corporation's board of directors, management and shareholders. The TSX has prescribed that all companies listed on the TSX must now annually disclose their approach to corporate governance with specific reference to each of the Guidelines.

Attached as Schedule "A" to this Proxy Statement and Information Circular is a description of the Trust's corporate governance practices, which have been established pursuant to, among other things, the terms of the Trust Indenture. VRL is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of Unitholders but that it also promotes effective decision making at the Board level. The Board is of the view that its approach to corporate governance is appropriate and complies with the objectives and guidelines relating to corporate governance adopted by the TSX. In addition, the Board monitors and considers for implementation by VRL the corporate governance standards which are proposed and/or enforced by various Canadian regulatory authorities or which are published by various non-regulatory organizations in Canada.

The Board presently has four standing committees, being an Audit Committee, a Governance, Human Resources and Nominating Committee, a Reserves Committee and a Health, Safety and Environment Committee. Each member of the committees is an "unrelated director" as defined in the TSX guidelines. In addition, each member of the Reserves Committee satisfies the requirements of independence established by National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and each member of the Audit Committee is "an independent" director as defined by Multilateral Instrument 52-110 - Audit Committees ("MI 52-110"), as applicable.

Mandate of the Board of Directors

Pursuant to the Trust Indenture, the Board has responsibility for the stewardship of the Trust. In carrying out this mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. These matters include overall plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. The Board is also responsible for the approval of all major transactions, including equity issuances as well as for the Trust's debt and borrowing policies. The Board strives to ensure that actions taken by the Trust correspond closely with the objectives of the Unitholders. The Board meets at least once annually to review in depth the Trust's strategic plan and it reviews the Trust's resources which are required to carry out the Trust's growth strategy and to achieve its objectives.

Composition of the Board of Directors

The Board currently consists of six directors who provide a wide diversity of business experience. Four of the Board members are independent of management and are unrelated directors. In particular, none of the independent directors has a direct or indirect material relationship with the Trust, including any business or other relationship, which could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interest of the Trust or which could reasonably be seen to interfere with the exercise of the director's independent judgement, other than interests and relationships which arise solely as a result of holding Trust Units or Exchangeable Shares. The members of the Board have diverse backgrounds and expertise, and were selected in the belief that the Trust benefits materially from such a broad range of experience and talent.

Mandate of Chairman of the Board

The Chairman of the Board is an unrelated director. The Chairman of the Board is charged with ensuring that the Board carries out its responsibilities and that these responsibilities are clearly understood by all of its members. The Chairman of the Board also ensures that the Board can function independently of management, that the necessary resources and procedures are available or in place to support its responsibilities and that the appropriate functions are delegated to the relevant committees. The Chairman of the Board is responsible for overseeing and setting agendas for meetings of the Board, for the quality of information sent to directors and for the in-camera sessions held among the independent directors at each Board meeting. The Chairman of the Board also oversees the annual performance review of the Chief Executive Officer which is conducted by the Board and the annual Chief Executive Officer succession planning matters. The Chairman of the Board also reviews the performance of those executive officers which report directly to the Chief Executive Officer. The Chairman also oversees the Board and peer assessment of the directors.

Audit Committee

The Audit Committee is comprised of Messrs. Boyce, Killi (Chair), Macdonald and Madison who are all independent directors as defined by MI 52-110. The Audit Committee reviews the Trust's interim unaudited consolidated financial statements and annual audited consolidated financial statements and certain corporate disclosure documents including the annual information form, management's discussion and analysis, annual and interim earnings press releases, offering documents (including all prospectuses) and other offering memoranda before they are approved by the Board. The Audit Committee reviews and makes a recommendation to the Board in respect of the appointment and compensation of the external auditor and it monitors accounting, financial reporting, control and audit functions. The Audit Committee meets to discuss and review the audit plans of external auditors and it is directly responsible for overseeing the work of the external auditor with respect to the preparing or issuing of the auditor's report or the performance of other audit, review or attest services, including the resolution of disagreements between management and the external auditor regarding financial reporting. The Audit Committee questions the external auditor independently of management and reviews a written statement of its independence based on the criteria found in the recommendations of the Canadian Institute of Chartered Accountants. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Trust's public disclosure of financial information extracted or derived from its financial statements and it periodically assesses the adequacy of those procedures. The Audit Committee must approve or pre-approve, as applicable, any non-audit services to be provided to the Trust by the external auditor. In addition, it reviews and reports to the Board on the Trust's risk management policies and procedures and reviews the internal control procedures to determine their effectiveness.

and to ensure compliance with the Trust's policies and avoidance of conflicts of interest. The Audit Committee has established procedures for dealing with complaints or confidential submissions which come to its attention with respect to accounting, internal accounting controls or auditing matters. The Audit Committee is in compliance with all requirements under MI 52-110.

The Audit Committee charter and further information with respect to the members and actions of the Audit Committee is included as a schedule to the Trust's Renewal Annual Information Form which is accessible at www.sedar.com or by contacting the Corporation at Suite 2800, 400 - 4th Avenue SW, Calgary, Alberta T2P 0J4, telephone: (403) 269-4884.

The Audit Committee met four times in 2004.

Governance, Human Resources and Nominating Committee

The Governance, Human Resources and Nominating Committee is comprised of Messrs. Boyce, Killi and Macdonald (Chair) who are all unrelated directors as defined by the TSX. The Governance, Human Resources and Nominating Committee is responsible for recommending to the Board suitable candidates for director positions. The selection assessment factors include diversity, age, skills, judgment, integrity, gender, experience, profile, business prospects, and such other factors deemed appropriate, all in the context of an assessment of the perceived needs of the Board and VRL at the particular time. In addition, the Governance, Human Resources and Nominating Committee assists the Board on corporate governance issues and in compiling the results of a directors' questionnaire dealing with the effectiveness of the Board, its members and its committees.

The Governance, Human Resources and Nominating Committee's mandate also includes reviewing VRL's human resources policies and procedures and compensation and incentive programs. The Governance, Human Resources and Nominating Committee is responsible for assessing senior management's performance. The Governance, Human Resources and Nominating Committee reviews the adequacy and form of directors' compensation and makes recommendations designed to ensure that directors' compensation adequately reflects the responsibilities of the Board.

The Governance, Human Resources and Nominating Committee met twice in 2004.

Reserves Committee

The Reserves Committee is comprised of Messrs. Boyce, Macdonald and Madison (Chair) who all satisfy the independence requirements established by NI 51-101. The Reserves Committee is responsible for ensuring that management has designed and implemented effective reserves programs, controls and reporting systems. The Reserves Committee's mandate also includes reviewing the independent reserves evaluation of VRL and any public disclosure of reserves and other oil and gas information and reviewing and approving any proposals to change the evaluating engineers. The Reserves Committee communicates regularly with management to ensure that all reserves evaluations and reports have been properly handled and reported.

The Reserves Committee met once in 2004.

Health, Safety and Environment Committee

The Health, Safety and Environment Committee is comprised of Messrs. Boyce, Macdonald (Chair) and Madison. The Health, Safety and Environment Committee is responsible for ensuring that management has in place effective programs relating to environment, health and safety matters, including the prevention or mitigation of risks, conformity with industry standards and the compliance with applicable legal requirements, and ensuring that management administers VRL's policies and procedures on these matters. It reviews reports and, when appropriate, makes recommendations to the Board on VRL's policies and procedures related to health, safety and the environment.

Although the Health, Safety and Environment Committee did not meet in 2004, the Board, as a whole, receives reports related to health, safety and environmental matters at each quarterly meeting of the Board

Attendance

During the year ended December 31, 2004, the Board, as a whole, and each committee of the Board had a 100% attendance record.

Ownership Policy

The Board has adopted a policy that each director should hold that number of Trust Units equivalent to the value of the annual retainer paid to each director. The directors will have five years from the later of January 1, 2005 or the date they first became directors to acquire such Trust Units.

SPECIAL MEETING MATTER

Approval of the Amendment to the Trust Unit Award Incentive Plan

In October, 2004 the Governance, Human Resources and Nominating Committee of the Board undertook an evaluation of the Trust's long term incentive program for employees, officers, directors and consultants of the Trust and its subsidiaries with the goal of developing an annual incentive plan tied to performance relative to predetermined corporate and individual performance objectives. Following the Governance, Human Resources and Nominating Committee's review and consideration of incentive plan principles, and in consultation with its compensation advisors, the Governance, Human Resources and Nominating Committee recommended that the Board implement the TAP. The Board approved the implementation of the TAP effective January 31, 2005 and an aggregate of 521,375 Unit Awards (as described below) have been granted as of March 15, 2005. The Board is proposing to amend the TAP to allow Trust Units deliverable pursuant to Unit Awards granted under the TAP to be issued from treasury, subject to receipt of regulatory approvals and the approval of Unitholders at the Meeting. The Trust's existing Rights Incentive Plan will remain in place and all outstanding Rights to acquire Trust Units under the existing Rights Incentive Plan will continue to be available for exercise by the holders of the Rights. It is anticipated that with the implementation of the TAP, the granting of Rights under the Rights Incentive Plan will be utilized only in limited circumstances.

Purposes of the TAP

The principal purposes of the TAP are: (i) to strengthen the ability of the Trust and its Affiliates (as defined in the TAP) to retain qualified directors, officers, employees and consultants which the Trust and its Affiliates require; (ii) to provide a competitive long term incentive program to attract qualified directors, officers, employees and consultants which the Trust and its Affiliates require; and (iii) to focus management of the Trust and its Affiliates on operating and financial performance and total long-term unitholder return by providing an increased incentive to contribute to the Trust's growth and profitability.

Eligibility and Award Determination

In accordance with the terms of the TAP, two types of Trust Unit awards ("Unit Awards") may be granted - Restricted Time Based Awards and Performance Based Awards. Unit Awards may only be granted to employees, officers, directors or consultants of the Trust or any Affiliate who are providing services to the Trust or any Affiliate on an ongoing basis, or have provided or are expected to provide services to the Trust or any Affiliate (individually, a "Service Provider" and collectively, the "Service Providers"). Unit Awards granted to executives shall at all times be designated as Performance Based Awards. Grantees of Unit Awards, other than executives, shall be permitted to allocate the applicable Unit Award as between a Performance Based Award or a Restricted Time Based Award either (i) 100% as a Performance Based Award; or (ii) 75% as a Performance Based Award and 25% as a Restricted Time Based Award, and such determination shall be reflected in the Unit Award Agreement. Failure by a grantee to elect a particular allocation shall result in the grantee being deemed to have selected the allocation in (ii) above.

In determining the Service Providers to whom Unit Awards may be granted and the number of Trust Units to be covered by each Unit Award, the Compensation Committee will take into account such factors as it shall determine in its absolute discretion including, if so determined by the Committee, any one or more of the following factors: (i) compensation data for comparable benchmark positions among comparable public Canadian oil and gas issuers which are competitors of the Trust; (ii) the duties and seniority of the Service Provider; (iii) corporate performance measures of the Trust for the most recently completed fiscal year compared with similar performance measures of the Trust's peer comparison group for the most recently completed fiscal year; (iv) the individual and/or departmental contributions and potential contributions of the grantee to the success of the Trust; (v) any cash bonus payments paid or to be paid to the grantee in respect of his or her individual contributions and potential contributions to the success of the Trust; (vi) the approximate fair market value of the Trust Units at the time of such Unit Award; and (vii) such other factors as the Compensation Committee shall deem relevant in connection with accomplishing the purposes of the TAP.

Vesting

The vesting date for the Restricted Units subject to either a Performance Based Award or a Restricted Time Based Award shall be on the date that is the third anniversary of the date of the Unit Award. Upon the vesting of a Unit Award, all of the Restricted Units subject to either a Performance Based Award or a Restricted Time Based Award shall be deliverable to the grantee, multiplied in the case of a Performance Based Award by the Performance Factor (as defined in the TAP).

With respect to any Unit Award granted to a Service Provider in the first year of service, the issue dates for the Restricted Units subject to either a Performance Based Award or a Restricted Time Based Award thereunder shall be as follows:

- (a) as to 33 1/3% of the Restricted Units subject to either a Performance Based Award or a Restricted Time Based Award with respect to such Unit Award, multiplied in the case of a Performance Based Award by the Performance Factor, on the first anniversary of the date of the Unit Award shall be deliverable to the grantee;
- (b) as to 33 1/3% of the Restricted Units subject to either a Performance Based Award or a Restricted Time Based Award with respect to such Unit Award, multiplied in the case of a Performance Based Award by the Performance Factor, on the second anniversary of the date of the Unit Award shall be deliverable to the grantee; and
- (c) as to 33 1/3% of the Restricted Units subject to either a Performance Based Award or a Restricted Time Based Award with respect to such Unit Award, multiplied in the case of a Performance Based Award by the Performance Factor, on the third anniversary of the date of the Unit Award shall be deliverable to the grantee in accordance with the TAP,

provided, however, that in the event of an unsolicited takeover bid for the Trust Units prior to any issue date of the Restricted Units that number of Restricted Units subject to either a Performance Based Award or a Restricted Time Based Award equal to all Restricted Units credited to the grantee that have not yet vested at such time, multiplied in the case of a Performance Based Award by the Performance Factor, shall vest on the earlier of: (i) the next applicable issue date determined in accordance with the above provisions, and (ii) immediately prior to the effective time of a change of control transaction.

The Performance Factor used to calculate the number of Restricted Units which have vested on a vesting date is based on the percentile rank of total unitholder return relative to the returns calculated on a similar basis on securities of the Trust's peer comparison group determined from time to time by the Board. Where such percentile rank is less than 25, the Performance Factor shall be zero, where such percentile rank is 25 to 75, the Performance Factor shall be one, and where such percentile rank is greater than 75, the Performance Factor shall be two.

In addition, the Restricted Units which have vested on a vesting date will be cumulatively adjusted to account for distributions attributable to such Restricted Units from the date of grant to the vesting date.

Surrender of Units and Cash Payment Option

Under the terms of the TAP, the Board may elect in its discretion to pay to any grantee of a Unit Award in lieu of delivering all or any part of the Units that would be otherwise delivered to the grantee on such issue date a cash amount equal to the aggregate fair market value of the Trust Units that would otherwise have been issued on such issue date in consideration for surrender by the grantee to the Trust of the right to receive all or any part of the Trust Units under such Unit Award.

Termination of Relationship as Service Provider and Non-Transferability

In the event that a grantee of a Unit Award is terminated for cause, all Unit Award Agreements and all unvested Restricted Units will be terminated and all rights to receive Trust Units thereunder will be forfeited. In the event a grantee of a Unit Award is terminated for any reason other than for cause, all outstanding Unit Award Agreements and all unvested Restricted Units will be terminated as of the date of the notice of termination and all outstanding Restricted Awards will be terminated as of the last day of any notice period in respect of such termination. In the event a grantee of a Unit Award voluntarily resigns, all Unit Award Agreements and all unvested Restricted Units will be terminated as of the last day of any notice period applicable in respect of such resignation. In the event a grantee takes a leave of absence, the vesting of all Restricted Units which are unvested shall be suspended and such terms of vesting shall be adjusted upon completion of the leave of absence such that the date of vesting is extended in proportion to the length of the leave of absence. In the event of the death of the grantee, the vesting date of all Restricted Unit Awards shall be accelerated as of the date of the grantee's death provided that the Board, taking into account the performance of the Trust and the grantee, may determine the performance factor to be applied and the number of Restricted Units which will vest.

In addition, all rights to receive Trust Units pursuant to a Unit Award granted to a Service Provider may only be exercised by such Service Provider personally (except in the event of the death of the grantee, as described above).

Administration of the TAP

Under the terms of the TAP, the Board or such committee of the Board as the Board considers appropriate from time to time will have the authority to administer the TAP and to exercise all the power and authority granted to it or necessary or advisable in the administration of the TAP, including, without limitation, the authority to make Unit Awards, to determine to whom and the times at which Unit Awards will be granted, to determine the fair market value of the Trust Units on any date (which will be determined on the basis of the weighted average trading price of the Trust Units on the TSX for the 5 trading days immediately preceding that date), to determine the number of Restricted Units to be awarded pursuant to each Unit Award, to prescribe, amend and rescind rules relating to the TAP and to make all other determinations necessary or advisable for the administration of the TAP. The determinations of any committee will be subject to review and approval by the Board.

The Trust Units to be delivered to grantees of Restricted Units awarded pursuant to the TAP shall be, in the sole discretion of the Board, either acquired through the facilities of the TSX or subject to the prior approval of the Unitholders (as set forth below under "Amendment to the TAP to be considered at the Meeting") and the TSX, as applicable, issued by the Trust from treasury, in which case the number of Trust Units reserved for issuance from time to time pursuant to Unit Awards may not exceed 10% of the aggregate number of outstanding Trust Units (calculated on an undiluted basis). In addition, no one Service Provider (other than any unrelated director as described below) may be granted any Unit Award which, together with all Unit Awards then held by such grantee, would entitle such grantee to receive a number of Trust Units which exceeds 5% of the outstanding Trust Units (calculated on an undiluted basis).

VRL retains the right to amend from time to time or to terminate the terms and conditions of the TAP by resolution of the Board.

Amendment and Termination of the TAP

Under the TAP, the Board has the right to amend from time to time or to terminate the terms and conditions of the TAP by resolution of the Board. Any amendments will be subject to the prior consent of any applicable regulatory bodies, including the TSX, and Unitholder approval, as may be required. Any amendment to the TAP shall take effect only with respect to Unit Awards granted after the effective date of such amendment, provided that it may apply to any outstanding Unit Awards with the mutual consent of VRL and the Service Providers to whom such Unit Awards have been made.

Amendment to the TAP to be considered at the Meeting

At the Meeting, Unitholders will be asked to consider and, if deemed advisable, approve an amendment to the TAP which will authorize the Board to allow Trust Units deliverable pursuant to Unit Awards granted under the TAP to be issued from treasury. In this regard, Unitholders will be asked to consider and, if deemed advisable, to approve the following resolution to approve the amendment of the TAP for the Trust:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION that the amendment to the Vermilion Energy Trust Trust Unit Award Incentive Plan, as more particularly described in the Trust's Proxy Statement and Information Circular dated March 21, 2005, be and is hereby authorized and approved."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Unitholders voting in person or by proxy at the Meeting, excluding an aggregate of 1,131,941 Trust Units and 4,406,951 Exchangeable Shares held, directly or indirectly, or over which control or direction is exercised, by the directors and officers or other insiders of the Trust or their associates or affiliates to whom Unit Awards may be granted pursuant to the TAP. The persons named in the enclosed form of proxy, if named as proxy, intend to vote **FOR** the approval of the amendment to the TAP.

If the amendment to the TAP is not approved at the Meeting, the TAP will continue with all Trust Units subject to Unit Awards granted pursuant to the TAP being acquired through the facilities of the TSX.

A copy of the TAP may be obtained by any Unitholder without charge from the Director of Human Resources of VRL at Suite 2800, 400 - 4th Avenue SW, Calgary, Alberta T2P 0J4, telephone: (403) 269-4884.

ANNUAL MEETING MATTERS

Financial Statements

The consolidated financial statements of the Trust for the year ended December 31, 2004 will be placed before the Unitholders at the Meeting. These financial statements were audited by Deloitte & Touche LLP, Chartered Accountants, of Calgary, Alberta.

Appointment of Auditors

The Trust Indenture provides that Unitholders shall appoint the auditors of the Trust at each annual meeting of Unitholders. Unitholders will be asked at the Meeting to pass a resolution appointing Deloitte & Touche LLP as the auditors of the Trust for a term expiring at the close of the next annual meeting of Unitholders. Deloitte & Touche LLP were appointed the initial auditors of the Trust on December 16, 2002 pursuant to the terms of the Trust Indenture.

Election of Directors

VRL has a board of directors consisting of six members, all of which shall be elected on behalf of the Unitholders.

The persons listed in the following table will be nominated at the Meeting. In accordance with the Trust Indenture, each director elected will hold office until the close of the next annual meeting of Unitholders, or until his successor is duly elected or appointed. It is the intention of the persons named in the enclosed form of proxy to vote such proxy for the election of persons named on the following table as directors of VRL. Management does not contemplate that any of the nominees will be unable to serve as directors, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy shall have the right to vote for another nominee in their discretion.

The following table includes information about each of the nominees for election as a director, including the number of Trust Units and Exchangeable Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at March 15, 2005. Each of the nominees has served as a director of VRL since the year he first became a director.

Name and Municipality of Residence	Principal Occupation	Director of VRL Since	Number of Trust Units Beneficially Owned or Controlled	Number of Exchangeable Shares Beneficially Owned or Controlled
Larry J. Macdonald ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Calgary, Alberta	Chief Executive Officer, Point Energy Ltd. from September, 2003 to present; Chairman and Chief Executive Officer, Pointwest Energy Inc. from 2000 to December 2003; Chairman and Chief Executive Officer, Westpoint Energy Inc. from 1999 to 2000.	2002	14,110	-
Jeffrey S. Boyce ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Calgary, Alberta	President and Chief Executive Officer of Clear Energy Inc. from January 2003 to present; President, Chief Executive Officer of VRL from July 1994 to January 2003.	1994	242,111	604,431
Lorenzo Donadeo Calgary, Alberta	President and Chief Executive Officer of VRL from January 2003 to present; Executive Vice President and Chief Operating Officer of VRL from December 2000 to January 2003; Executive Vice President of VRL from February 1995 to December 2000.	1994	232,911	1,989,614
Claudio A. Gherinich Calgary, Alberta	Executive Vice President, Business Development of VRL from December 2000 to present; Executive Vice President of VRL from February 1995 to December 2000.	1994	541,371	1,812,906

<u>Name and Municipality of Residence</u>	<u>Principal Occupation</u>	<u>Director of VRL Since</u>	<u>Number of Trust Units Beneficially Owned or Controlled</u>	<u>Number of Exchangeable Shares Beneficially Owned or Controlled</u>
Joseph F. Killi ⁽²⁾⁽³⁾ Calgary, Alberta	Chief Executive Officer of Parkbridge Lifestyle Communities Inc. from 1998 to present and President of Rosebridge Capital Corp. Inc. from 1993 to present and previously Chief Operating Officer and Chief Financial Officer of Trizec Corporation Ltd.	1999	-	-
William F. Madison ⁽²⁾⁽⁴⁾⁽⁵⁾ Houston, Texas	Chairman of the Montana Tech Foundation from 2003 to present; from 1965 to 2000 Mr. Madison worked in increasingly senior positions with Marathon Oil Company where he retired as Senior Vice President Worldwide Production.	2004	-	-

Notes:

- (1) Mr. Macdonald is the Chairman of the Board.
- (2) Member of the Audit Committee.
- (3) Member of the Governance, Human Resources and Nominating Committee.
- (4) Member of the Health, Safety and Environment Committee.
- (5) Member of the Reserves Committee.

ADDITIONAL INFORMATION

Copies of the Trust's most recent annual information form and any information incorporated therein by reference, the Trust's audited consolidated financial statements as at and for the year ended December 31, 2004 and this Proxy Statement and Information Circular may be obtained on the SEDAR website at www.sedar.com or from the Executive Vice President and Chief Financial Officer of VRL at Suite 2800, 400 – 4th Avenue S.W., Calgary, Alberta T2P 0J4. Financial information is provided in the Trust's comparative financial statements and management's discussion and analysis for the year ended December 31, 2004.

**SCHEDULE "A" TO THE PROXY STATEMENT
AND INFORMATION CIRCULAR¹**

Corporate Governance Guideline of the Toronto Stock Exchange	Compliance	Comments
The board should explicitly assume responsibility for stewardship of the Company, and specifically for:	Yes	Pursuant to the Trust Indenture, the Board has responsibility for the stewardship of the Trust. The Board has adopted a formal mandate setting out the Board's stewardship responsibilities. In carrying out this mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. Among other things, the mandate describes the decisions of the Trust that require prior approval of the Board, measures for receiving Unitholder feedback and the Board's expectations of management.
(a) adoption of a strategic planning process and approval of a strategic plan which takes into account (among other things) the opportunities and risks of the business;	Yes	The Board participates with management in the development and approval of the Trust's strategic plan, which takes into account the Trust's opportunities and risks associated with its business. The Board also approves all overall plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. At regularly scheduled meetings, members of the Board and management discuss a broad range of issues relevant to the Trust's strategy.
(b) identification of principal risks, and implementing risk management systems;	Yes	The Board's participation in the strategic planning process involves consideration of the principal risks inherent in the Trust's business. The Audit Committee of the Board addresses specific risks and risk management in its review of the Trust's financial statements. The Board, as a whole, with the assistance of the Health, Safety and Environment Committee, as necessary, address specific risks and risk management related to the Trust's environment, health and safety activities, and compliance with applicable rules and regulations.
(c) succession, planning and monitoring senior management;	Yes	With the oversight of the Chairman of the Board, the Board is responsible for succession planning at the Board and senior management levels. The Governance, Human Resources and Nominating Committee reviews compensation policies and plans, assesses the performance of the Trust's senior management compared with the Trust's goals, and approves the salary and other remuneration of the Trust's executive officers.
(d) communication policy; and	Yes	The Trust's communication policy provides for open and timely disclosure of relevant information relating to the Trust and its business and affairs. The Board reviews the Trust's annual and interim financial statements and selected corporate disclosure documents, including the Trust's annual information form, information circulars and all prospectuses before

¹ Capitalized terms not defined in this Schedule "A" shall have the meanings ascribed thereto in the Information Circular.

Corporate Governance Guideline of the Toronto Stock Exchange	Compliance	Comments
(e) integrity of internal control and management information systems.	Yes	they are publicly released. The communication policy, which is reviewed by the Board regularly, addresses how the Trust interacts with analysts and the public, and contains measures for avoiding selective disclosure.
Majority of directors should be "unrelated", (free from conflicting interests).	Yes	The Audit Committee is specifically mandated to assist the Board by reviewing the effectiveness of financial reporting, management information and internal control systems. The Audit Committee is mandated to meet at least four times each year. The Audit Committee meets with the auditors independent of management as required. The Reserves Committee is mandated to assist the Board by reviewing the effectiveness of the engineering reserves reports and related significance of the reserves on the public and financial reporting of the Trust and ensuring compliance with applicable regulatory requirements.
Disclose for each director whether he or she is related, and how that conclusion was reached.	Yes	Two members of the Board are "related" and the remaining four directors are "unrelated" to the Trust as those terms are defined in the TSX guidelines. In addition, the four unrelated directors are considered "independent" directors as contemplated in Multilateral Instrument 52-110 Audit Committees ("MI 52-110") and National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"), as applicable.
Appoint a committee:		
(a) responsible for the appointment and assessment of directors; and	Yes	Larry Macdonald, Jeffrey Boyce, Joseph Killi and William Madison are unrelated to the Trust as that term is used in the TSX guidelines. Each of these directors is independent of management and is free from any interest, business or other relationship that could, or could reasonably be perceived to, materially interfere with their ability to act in the Trust's best interests, and none of them has received any material compensation from the Trust, although each director is eligible to participate in the Trust Unit Rights Incentive Plan. Claudio Ghersinich and Lorenzo Donadeo are related directors as both are senior executive officers of the Trust.
		The Board has constituted a Governance, Human Resources and Nominating Committee which is responsible for nominating new directors and assessing the Board as well as individual directors on an ongoing basis. With respect to new directors, the full Board determines the competencies, skills and personal qualities that the Governance, Human Resources and Nominating Committee should seek in new Board members to add value to the Trust.

Corporate Governance Guideline of the Toronto Stock Exchange	Compliance	Comments
(b) composed exclusively of outside (i.e. non-management) directors, the majority of whom are unrelated.	Yes	All of the members of the Governance, Human Resources and Nominating Committee are unrelated and independent directors.
Implement a process for assessing effectiveness of the board and its committees and individual directors.	Yes	The Governance, Human Resources and Nominating Committee has been mandated to perform assessments of the Board as a whole, the committees of the Board, the Chairman of the Board and the other individual directors on an ongoing basis. Individual director evaluations regarding the effectiveness and contribution of the directors are completed by the Governance, Human Resources and Nominating Committee on an annual basis.
Provide orientation and education programs for new directors.	Yes	New directors are provided with an orientation and education program which includes written information about the duties and obligations of directors, the role of the Board and its committees, the expected contributions of individual directors, the business and operations of the Trust, and opportunities for meetings and discussion with senior management and other directors. The details of the orientation of each new director are tailored to that director's individual needs and areas of interests.
Examine the size of the board with a view to improving effectiveness.	Yes	The Board consists of six members. The Board is committed to reviewing the number of directors regularly and currently considers six directors to be appropriate for the Trust's size and a number that facilitates effective decision-making, as well as an appropriate mix of backgrounds and skills for the stewardship of the Trust.
Review compensation of directors in light of risks and responsibilities.	Yes	The Governance, Human Resources and Nominating Committee reviews and reports to the Board on compensation issues. The Board has determined that the current compensation realistically reflects the responsibilities of and risks involved in being a director.
Committees should generally be composed of outside directors, a majority of whom are unrelated.	Yes	All Board committees are made up of directors who are unrelated and independent.
Appoint a committee responsible for approach to corporate governance issues.	Yes	The Governance, Human Resources and Nominating Committee, which is comprised solely of unrelated and independent directors, is responsible for governance issues and the Trust's response to the TSX's governance guidelines or other applicable regulatory rules or guidelines regarding corporate governance.
(a) Develop position descriptions and mandates for the board and the Chief Executive Officer (CEO), and define limits to management's		

Corporate Governance Guideline of the Toronto Stock Exchange	Compliance	Comments
responsibilities for:		
(i) the board; and	Yes	The Board has ultimate responsibility for the stewardship of the Trust.
(ii) the Chief Executive Officer.	Yes	Day-to-day leadership and management of the Trust are the responsibility of the President and CEO and other management, subject to the Board's stewardship. The CEO is responsible to lead and manage the Trust within parameters established by the Board and relevant committees. The CEO is also responsible for developing and recommending strategic plans to the Board and for involving the Board in the early stages of strategy development. Additionally, the CEO is expected to successfully implement capital and operating plans; report regularly to the Board on the progress and results compared with the operating and financial objectives, and initiate courses of action for improvement; develop and maintain a sound, effective organization structure; and ensure progressive employee training and development programs.
(b) Board should approve the Chief Executive Officer's corporate objectives, and assess the Chief Executive Officer against these objectives.	Yes	The corporate objectives for which the CEO is responsible are set by the Board, which, with the oversight of the Chairman of the Board, assesses the CEO against such objectives.
Establish structures and procedures to enable the board to function independently of management.	Yes	The Board has appointed Larry Macdonald, an unrelated and independent director, to act as the Chairman of the Board to ensure the Board acts independently of management and properly discharges its responsibilities. The Board has adopted terms of reference with respect to the Chairman of the Board's role. The Chairman of the Board ensures that the Board meets on a regular basis without management, emphasizes the boundaries between the Board's and management's responsibilities, ensures prospective Board members understand the role and contribution of directors, and ensures the Board addresses its responsibilities in relation to corporate governance.
(a) Ensure an Audit Committee has a specifically defined mandate and direct communication channels with internal and external auditors.	Yes	The Audit Committee is comprised of Messrs. Boyce, Killi, Macdonald and Madison. The Audit Committee reviews the Trust's interim unaudited consolidated financial statements and annual audited consolidated financial statements and certain corporate disclosure documents including the Trust's renewal annual information form, management's discussion and analysis, annual and interim earnings press releases and offering documents (including all prospectuses) before they are approved by the Board. The Committee reviews and makes a recommendation to the Board in respect of the appointment and compensation of the external auditor and it monitors accounting, financial

Corporate Governance Guideline of the Toronto Stock Exchange	Compliance	Comments
		<p>reporting, control and audit functions. The Audit Committee meets to discuss and review the audit plans of external auditors and it is directly responsible for overseeing the work of the external auditor with respect to the preparing or issuing of the auditor's report or the performance of other audit, review or attest services, including the resolution of disagreements between management and the external auditor regarding financial reporting. The Committee questions the external auditor independently of management and reviews a written statement of its independence based on the criteria found in the recommendations of the Canadian Institute of Chartered Accountants. The Committee must be satisfied that adequate procedures are in place for the review of the Trust's public disclosure of financial information extracted or derived from its financial statements and it periodically assesses the adequacy of those procedures. The Audit Committee must approve or pre-approve, as applicable, any non-audit services to be provided to the Trust by the external auditor. In addition, it reviews and reports to the Board on the Trust's risk management policies and procedures and reviews the internal control procedures to determine their effectiveness and to ensure compliance with the Trust's policies and avoidance of conflicts of interest. The Committee has established procedures for dealing with complaints or confidential submissions which come to its attention with respect to accounting, internal accounting controls or auditing matters.</p>
(b) All members of the Audit Committee should be unrelated directors and should be financially literate. At least one member should have financial expertise.	Yes	All members of the audit committee are unrelated and independent directors and are financially literate as contemplated in MI52-110. The chair of the Audit Committee, Joseph Killi, holds a chartered accountant designation and has accounting and financial expertise.
Implement a system to enable individual directors to engage outside advisors at the Company's expense.	Yes	In addition to the authority of committees to retain external advisors in connection with their responsibilities, individual directors may engage outside advisors at any time (at the expense of the Trust) to provide advice on a corporate decision or action.