

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 2, 2008

Dated March 14, 2008



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 2, 2008 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, 2007;
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 thought fit, pass a resolution (on a disinterested basis, excluding insiders), the full text of which is set forth in the Circular accompanying this Notice, approving all unallocated Unit Awards issuable pursuant to the Trust Unit Award Incentive Plan (the "TAP"); 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 14, 2008 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 April 30, 2008 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 14, 2008 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, at 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 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. (Toronto time) on April 30, 2008.

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

(Signed)
Charles Berard
Corporate Secretary

Calgary, Alberta
March 14, 2008

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VERMILION ENERGY TRUST
PROXY STATEMENT AND INFORMATION CIRCULAR
dated March 14, 2008¹

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 2, 2008.

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 proxy statement and information circular (the "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.
- Approval of the unallocated Unit Awards issuable pursuant to the Trust Unit Award Incentive Plan (the "TAP").

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 approval of the unallocated Unit Awards issuable pursuant to the TAP.

¹ The information set forth in this proxy statement and Circular is as of March 14, 2008, except as otherwise indicated.

As indicated elsewhere in this Circular, the Board and management of VRL are recommending that 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 14, 2008 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 14, 2008, please refer to Q&A No. 12 to determine whether and how you may vote such Trust Units.

Holders of Exchangeable Shares as of the close of business on March 14, 2008 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. Holders of Exchangeable Shares should refer to the voting direction which was provided to holders of Exchangeable Shares with this proxy statement and 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 or 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 self-addressed envelope provided so that it arrives **no later than 3:00 p.m. (Toronto time) on April 30, 2008 in the case of the proxy form and 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 14, 2008, 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 14, 2008?

If you are a Unitholder on March 14, 2008 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 14, 2008, you are not entitled to receive notice of or to vote at the Meeting.

If you are a holder of Exchangeable Shares on March 14, 2008 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 14, 2008 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 and the approval of the unallocated Unit Awards issuable pursuant to the TAP will be determined by a majority of votes cast, excluding Trust Units and 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.

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
9th Floor, 100 University Avenue
Toronto, Ontario, M5J 2Y1
Calgary, Alberta T2P 3S8
Phone: 1-800-564-6253
Facsimile: 1-888-453-0330
Web site: www.computershare.com
E-mail: service@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-ended 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.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Except as disclosed in this Proxy Statement and 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 beginning of the year ended December 31, 2007, 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, 2007.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Trust Units

As at March 14, 2008, the Trust had 69,284,009 issued and outstanding Trust Units. Unitholders as of the close of business on March 14, 2008 or their duly appointed proxies will be entitled to attend the Meeting or to register a vote. 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 14, 2008, 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. Holders of Exchangeable Shares as of the close of business on March 14, 2008 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. 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 14, 2008 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 14, 2008, there were 4,344,474 Exchangeable Shares issued and outstanding and the exchange ratio was 1.58086 Trust Units for each Exchangeable Share. Were all of the Exchangeable Shares to be exercised into Trust Units as at March 14, 2008, the Trust would have 76,152,014 issued and outstanding Trust Units.

PRINCIPAL HOLDERS

As at March 14, 2008, 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 14, 2008, the directors and senior officers

of VRL beneficially owned, directly or indirectly, or exercised control or direction over, 1,286,540 Trust Units representing 1.9% of the issued and outstanding Trust Units and 3,814,628 Exchangeable Shares representing 87.8% 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 14, 2008 of 1.58086. Were all of the Exchangeable Shares to be exercised into Trust Units as at March 14, 2008, the directors and senior officers of VRL would beneficially own, directly or indirectly, or exercise control or direction over, 7,316,933 Trust Units representing 9.9% of the then issued and outstanding Trust Units.

ANNUAL MEETING MATTERS

Financial Statements

The consolidated financial statements of the Trust for the year ended December 31, 2007 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.

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 set out the names of proposed nominees for election as directors, together with their place of primary residence, age, year first elected or appointed as a director and membership on committees of the board of directors. The board of directors has determined that all of the above nominees with the exception of Messrs. Donadeo and Gherinich are independent directors as defined under National Instrument 58-101, *Disclosure of Corporate Governance Practices*. See "Corporate Governance - Independence".



Larry J. Macdonald
Okotoks, Alberta, Canada
Age: 60
Independent Director
Director Since: 2002

Mr. Macdonald is the Chairman, Chief Executive Officer and a director of Point Energy Ltd. (from 2003 to the present) and Managing Director of Northpoint Energy Ltd. (from 2003 to present), both private oil and gas exploration companies. Prior thereto, Mr. Macdonald was the Chairman and Chief Executive Officer of Pointwest Energy Inc. from 2000 to 2003.

Mr. Macdonald has more than 33 years of petroleum experience in Western Canada, including at Anderson Exploration Ltd., where he was President and Chief Operating Officer. Mr. Macdonald is a director of the United Way of Calgary and area, and Director and Treasurer of the United Way Canada /Centraide Canada and Director and Chair, International Gift Committee of the United Way International.

Mr. Macdonald has a B.Sc. (Geol) from the University of Alberta.

Board and Committee Participation	Meetings Attended During Fiscal 2007	
Chairman of the Board of Directors	5/5	100%
Audit Committee Member	4/4	100%
Governance and Human Resources Committee Chair	1/1	100%
Health, Safety and Environment Committee Chair	0/1	0%
Independent Reserves Committee Member	0/1	0%
Other Public Board Directorships	Other Public Board Committee Memberships	
Sure Energy Inc. (TSX)	Reserves Committee Environmental, Health and Safety Committee	



W. Kenneth Davidson
Oakville, Ontario, Canada
Age: 57
Independent Director
Director Since: 2005

Mr. Davidson has more than 30 years of experience in the banking and securities areas of the financial services sector.

From 1996 to 2001, Mr. Davidson was Co-Chief Executive Officer of Gordon Capital Corporation (an independent investment dealer). Prior thereto, Mr. Davidson spent 20 years with the Canadian Imperial Bank of Commerce, where he was involved with corporate investment and merchant banking operations as well as project financing and credit/market risk management. In his final five years with the bank, Mr. Davidson served as Executive Vice President, Risk Management.

Since 2002, Mr. Davidson has acted as an advisor and consultant to various real estate, private power generation and other general corporate opportunities. He currently serves as a director of Millar Western Forest Products Ltd. (a private corporation) and has also served for more than nine years as Director, Pacific Century Group, Hong Kong where he has been involved in Asian/North American investment opportunities in the real estate, services, high technology and retail sectors.

Mr. Davidson holds a B.Sc. Mathematics, and a B.Sc. Business, both from Concordia University and a Masters in Business Administration from McMaster University.

Board and Committee Participation	Meetings Attended During Fiscal 2007	
Board of Directors	5/5	100%
Audit Committee Chair	4/4	100%
Governance and Human Resources Committee Member	1/1	100%
Other Public Board Directorships	Other Public Board Committee Memberships	
None	-	



Lorenzo Donadeo
 Calgary, Alberta, Canada
 Age: 52
 Non-Independent Director
 Director Since: 1994

Mr. Donadeo has more than 25 years of experience in the oil and gas business, including gas marketing, mergers and acquisitions, production, exploitation and field operations in Western Canada and internationally.

Mr. Donadeo was one of the three co-founders of Vermilion Resources in 1994, serving as Chief Executive Officer of VRL from 2003 to the present and as Executive Vice President and Chief Operating Officer of VRL when the company made its international forays into France in 1996 and Trinidad and Tobago in 1999 through Aventura Energy Inc.

Mr. Donadeo has a B.Sc. Mechanical Engineering (with distinction) from the University of Alberta.

Board and Committee Participation	Meetings Attended During Fiscal 2007
Board of Directors	5/5 100%
Other Public Board Directorships	Other Public Board Committee Memberships
Verenex Energy Inc. (TSX)	Governance and Human Resources Committee



Claudio A. Ghersinich
 Calgary, Alberta, Canada
 Age: 51
 Non-Independent Director
 Director Since: 1994

Mr. Ghersinich is the Executive Director, Carrera Investment Corp. (a private investment company).

Mr. Ghersinich has more than 25 years of industry experience, including extensive experience in identifying and acquiring undervalued oil and gas properties and implementing property exploitation plans.

Mr. Ghersinich was one of the three co-founders of Vermilion in 1994 serving as Executive Vice President, Business Development of VRL from 2003 to 2005 and as Executive Vice President, New Ventures from 2000 to 2003.

Mr. Ghersinich holds a B.Sc. Civil Engineering from the University of Manitoba.

Board and Committee Participation	Meetings Attended During Fiscal 2007
Board of Directors	5/5 100%
Other Public Board Directorships	Other Public Board Committee Memberships
Verenex Energy Inc. (TSX)	Independent Reserves Committee Environmental, Health and Safety Committee
Pegasus Oil & Gas Inc. (TSX Venture)	Audit Committee Reserves Committee



Joseph F. Killi
 Calgary, Alberta, Canada
 Age: 56
 Independent Director
 Director Since: 1999

Mr. Killi is the Chairman of Parkbridge Lifestyle Communities Inc. (from 2005 to the present). Mr. Killi is Vice-Chairman of Realex Properties Corp. He has more than 30 years of experience in the real estate industry, 17 of which was with Trizec Corporation Ltd. where he was Executive Vice President, Chief Financial Officer and Chief Operating Officer.

Mr. Killi also has an extensive background in finance, including tax oriented structures and debt placements in Canada, the United States of America and Europe as well as valuations, acquisitions and dispositions experience.

Mr. Killi holds a B.Sc. Biochemistry from Loyola College, a B. Comm. from Concordia University and a Chartered Accountant designation.

Board and Committee Participation	Meetings Attended During Fiscal 2007	
Board of Directors	5/5	100%
Audit Committee Member	4/4	100%
Governance and Human Resources Committee Member	1/1	100%
Other Public Board Directorships	Other Public Board Committee Memberships	
Parkbridge Lifestyle Communities Inc. (TSX)	-	
Wilmington Capital Management Inc. (TSX)	Audit Committee	
Realex Properties Corp. (TSX Venture)	Corporate Governance Committee	
	-	



William F. Madison
 Sugar Land, Texas,
 United States
 Age: 65
 Independent Director
 Director Since: 2004

From 1965 to 2000 Mr. Madison worked for Marathon Oil Company.

Mr. Madison has an extensive background in international operations in senior executive positions. Mr. Madison began his career as a field engineer and progressed through many positions at Marathon including Engineer/Foreman in Alaska, Operations Superintendent in the Gulf of Mexico, Manager Off-Shore Technology Division in Houston, Texas, General Manager North Sea Operations in Aberdeen, Scotland, President Marathon Oil UK/Vice President Marathon in London, England, Vice President Supply and Transportation in Findlay, Ohio and Vice President International Production, Vice President Technology and Services and Senior Vice President World Wide Production in Houston, Texas.

Mr Madison also served as Chairman of the Health Environment and Safety Committee, Chairman of the Technology Advisory Committee and Chairman of Marathon's Sakhalin joint venture in Russia.

Mr. Madison was a member of the board of directors of Marathon from 1994 to 2000 where he served on the Executive Committee and Salary and Benefits Committee. Mr. Madison was also a director of Montana Tech Foundation from 1999 until 2006, serving as Chairman during 2004 and 2005.

Mr. Madison holds a B.Sc. Petroleum Engineering from Montana Tech and has completed a Harvard Program for Management Development in 1980.

Board and Committee Participation	Meetings Attended During Fiscal 2007	
Board of Directors	5/5	100%
Audit Committee Member	4/4	100%
Health, Safety and Environment Committee Member	1/1	100%
Independent Reserves Committee Chair	1/1	100%
Other Public Board Directorships	Other Public Board Committee Memberships	
None	-	

For information regarding the number of Trust Units and Exchangeable Shares owned, directly or indirectly, or over which control or direction was exercised on March 14, 2008 and, as of the same date, the number of trust unit incentive rights ("Rights") under the Trust Unit Rights Incentive Plan ("Rights Incentive Plan") and Trust Unit awards ("Unit Awards") under the TAP held by each director, see "Corporate Governance - Ownership Policy".

SPECIAL MEETING MATTERS

Approval of Unallocated Unit Awards Pursuant to the TAP

In accordance with the Toronto Stock Exchange ("TSX") requirements, every three years after institution, all unallocated options, rights and other entitlements under a security based compensation arrangement which does not have a fixed maximum number of securities issuable (commonly referred to as a "rolling plan") must be approved by a majority of the issuer's directors and the issuer's securityholders. As the Trust's TAP does not have a fixed maximum number of securities issuable thereunder, the Unitholders are required to approve all unallocated Unit Awards issuable pursuant to the TAP.

The TAP allows Trust Units deliverable pursuant to Unit Awards granted under the TAP to be issued from treasury. In accordance with the terms of the TAP, two types of Unit Awards may be granted - Restricted Time Based Awards and Performance Based Awards. Unit Awards granted to executives shall at all times be designated

as 100% Performance Based Awards. Grantees of Unit Awards, other than executives, shall be permitted to allocate the applicable Unit Awards as between a Performance Based Award or a Restricted Time Based Award either: (a) 100% as a Performance Based Award; or (b) 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.

If the resolution approving all unallocated Unit Awards under the TAP is not approved by the Unitholders at the Meeting, then currently outstanding Unit Awards will continue unaffected, however, any further Unit Awards that may be granted under the TAP may not be satisfied through the issuance of Trust Units from treasury pursuant to the TAP. Furthermore, currently outstanding Unit Awards that are subsequently cancelled or terminated will not be available for issuance under the TAP. Vermilion will continue to use the TAP as a long term incentive program for its directors, officers, employees and consultants, but no further issuances of Trust Units from treasury will be able to occur on Unit Awards not yet granted. Instead, vested Unit Awards will be satisfied either through the acquisition of Trust Units through the facilities of the TSX or at the election of the directors, in their sole discretion, by a cash payment, all in accordance with the terms of the TAP.

At the meeting, the Unitholders will be asked to consider and, if deemed advisable, approve an ordinary resolution (on a disinterested basis, excluding insiders) to approve all unallocated Unit Awards under the TAP. The terms of the TAP are described in this Circular (See "Executive Compensation - TAP") and no changes to the TAP are proposed.

The form of resolution to be considered by Unitholders at the Meeting is as follows:

"RESOLVED THAT:

1. all unallocated Unit Awards under the Trust's TAP be hereby approved until the date that is three years from the date hereof; and
2. any one officer or director of the Trust is hereby authorized to execute and deliver all such documents and to do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution."

The Board of Directors recommends that you vote for the resolution approving the unallocated Unit Awards under the TAP discussed above. The persons named in the enclosed form of proxy intend to vote at the meeting in favour of this resolution.

To be adopted, the resolution must be approved by a majority of votes cast at the Meeting by holders of Trust Units, excluding an aggregate of 1,286,540 Trust Units and 3,814,628 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.

CORPORATE GOVERNANCE

Board of Directors

The Trust's corporate governance practices have been established pursuant to the terms of the Trust Indenture and with reference to the provisions of National Instrument 58-201, *Corporate Governance Guidelines* ("NI 58-201"). 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 set forth in NI 58-201. In addition, the Board monitors and considers for implementation by the Trust 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.

Independence

The Board has adopted governance guidelines consistent with NI 58-201 which provide, among other things, that the Board shall consist of a majority of independent directors.

The Board currently consists of six directors who provide a wide diversity of business experience. Four of the Board members, representing two-thirds of the Board, are independent directors as such term is defined by National Instrument 58-101, *Disclosure of Corporate Governance Practices* ("NI 58-101"). Each of the independent directors has no direct or indirect material relationship with the Trust, including any business or other relationship, which could reasonably be expected to interfere with the director's ability to act with a view to the best interests of the Trust or which could reasonably be expected to interfere with the exercise of the director's independent judgement.

Mr. Donadeo is not considered by the Board to be an independent director within the meaning of NI 58-101 in that he is currently an executive officer of VRL. Similarly, Mr. Ghersinich is not considered by the Board to be an independent director within the meaning of NI 58-101 in that he has been an executive officer of VRL within the past three years. Mr. Ghersinich will become an independent director on June 1, 2008.

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. 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. See "Annual Meeting Matters - Election of Directors" for additional information on each director.

Interlocking Directorships

The following table lists the directors who serve together on the boards of directors of other reporting issuers as at December 31, 2007:

<u>Company</u>	<u>Director</u>	<u>Committees Served</u>
Verenex Energy Inc. ⁽¹⁾	Lorenzo Donadeo	Governance and Human Resources Committee
	Claudio A. Ghersinich	Independent Reserves Committee Environmental, Health and Safety Committee

Note:

(1) VRL owns 18.7 million shares of Verenex Energy Inc., representing 42.2% of the outstanding common shares of Verenex Energy Inc.

Board Meetings

The Board holds four regular meetings each year, as well as additional meetings as required. *In camera* sessions of the independent directors are held following every meeting so that the independent members of the Board will have an opportunity to meet without the presence of members of the Board who are not independent and without management being present. The Audit Committee of the Board meets *in camera* (without both non-independent directors and management) following regularly scheduled Audit Committee meetings and the Governance and Human Resources Committee meets *in camera* following meetings where recommendations are made to the Board for approval. All other committees of the Board meet *in camera* without both non-independent directors and management present following their meetings.

For the year ended December 31, 2007, there were five meetings of the Board and the independent directors.

The independent members of the Board are authorized to retain independent financial, legal and other experts as required at the expense of the Trust whenever, in their opinion, matters come before the Board which require an independent analysis by the independent members of the Board.

Chairman of the Board

The Board has appointed Larry Macdonald, an independent director, to act as the Chairman of the Board to ensure the Board acts independently of management and properly discharges its responsibilities. Mr. Macdonald has served as Chairman of the Board since January 2003.

Mandate of the Board

Pursuant to the Trust Indenture, the Board has responsibility for the stewardship of the Trust. The Board has adopted formal terms of reference setting out the Board's stewardship responsibilities. In carrying out its mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. 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. 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. 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, 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. 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. In addition, the Board reviews the mandate on an annual basis.

Please see attached Schedule "A" for a copy of the Trust's current Board mandate.

Position Descriptions

Chairman of the Board

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.

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.

The terms of reference for the Chairman of the Board are accessible on the Trust's website at www.vermilionenergy.com or by contacting the Trust at Suite 2800, 400 - 4th Avenue SW, Calgary, Alberta T2P 0J4, telephone: (403) 269-4884.

Chief Executive Officer

Day-to-day leadership and management of the Trust is the responsibility of the President and Chief Executive Officer and other management, subject to the Board's stewardship. The Chief Executive Officer is responsible to lead and manage the Trust within parameters established by the Board and its relevant committees. The Chief Executive Officer 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 Chief Executive Officer 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.

The terms of reference for the President and Chief Executive Officer are accessible on the Trust's website at www.vermilionenergy.com or by contacting the Trust at Suite 2800, 400 - 4th Avenue SW, Calgary, Alberta T2P 0J4, telephone: (403) 269-4884.

Directors and Chairs of Board Committees

Terms of reference for the chairs of the Board's committees as well as position descriptions for directors generally have been developed by the Board. These position descriptions outline the duties and responsibilities for the directors generally, including expectations respecting attendance at meetings and the contributions of each director as well as outline the obligations of the directors with respect to matters such as corporate governance and circumstances involving conflicts of interest. The position descriptions for the chairs of each of the Board's committees set out, among other things, the duties of the chair to lead the respective Committees, ensure the proper functioning of the committees, ensure the committees receive all required information and have adequate access to management to achieve their objectives and ensure that each committee reports to and communicates with the Board.

Currently VRL does not have a mandatory retirement policy for directors.

The terms of reference for the directors and the guidelines for committees of the Board are accessible on the Trust's website at www.vermilionenergy.com or by contacting the Trust at Suite 2800, 400 - 4th Avenue SW, Calgary, Alberta T2P 0J4, telephone: (403) 269-4884.

The Board also employs a skills matrix to assist with review of the skills set of directors, director candidates and the Board as a whole. The matrix outlines the desired complement of directors' skills and characteristics based on broad categories such as Managing/Leading Growth; International, CEO experience, Exploration, Human Resources, Oil and Gas Operations, Financial Acumen, Health, Safety and Environment, Marketing and Risk Management, Coal Bed Methane, Internal Corporate Structuring, Mergers and Acquisitions, Governance, Government and Public Relations, Investor Relations and Legal. This matrix is reviewed and enhanced as required to reflect the Board's assessment of its current needs and strategic priorities. Each director

conducts a self-assessment of his qualifications in each of the categories of the matrix. The matrix assists the Board in identifying any gaps and will assist in the search for new director candidates.

Orientation and Continuing Education

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 and the business and operations of the Trust. New directors are also provided the opportunity to participate in meetings and discussions 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 expertise.

Directors are kept informed as to matters impacting, or which may impact, the Trust's operations through reports and presentations at the quarterly Board meetings. Directors from time to time also visit various operating sites to review the business and operations of the Trust on a first hand basis. Special presentations on specific business operations are also provided to the Board.

Ethical Business Conduct Disclosure

The Board has adopted a written Code of Conduct and Ethics for directors, officers and employees (the "Code"). A copy of the Code has been filed on and is accessible through SEDAR at www.sedar.com or on the Trust's website at www.vermilionenergy.com. A copy of the Code may also be obtained upon request by contacting the Trust at 2800, 400 - 4th Avenue S.W., Calgary, Alberta, T2P 0J4, telephone: (403) 269-4884.

The Code provides that directors, officers and employees must, among other things: (a) avoid situations that may result in a conflict or perceived conflict between personal interests of directors, officer and employees and the interests of the Trust; (b) provide full disclosure of any actual or potential conflicts of interest; (c) at all times comply fully with applicable law and avoid any situation which could be perceived as improper or unethical; and (d) not hold any significant financial interest, either directly or indirectly, in an organization which has a relationship with the Trust.

Compliance with the Code is monitored by the Governance and Human Resources Committee. To the knowledge of the Board, there have been no departures from the Code during the year ended December 31, 2007 that would require the filing of a material change report.

The Board has reviewed and approved a policy on corporate disclosure, confidentiality and insider trading for the Trust, in order to promote consistent disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market in accordance with applicable securities legislation. The Board has also reviewed and approved a policy on inappropriate behaviour (a "whistle-blower" policy), to promote, among other things, the disclosure and reporting of any serious matters which may affect the financial stability and assets of the Trust and its operating entities as well as matters relating to inappropriate activities.

In accordance with the *Business Corporations Act* (Alberta), directors who are a party to or are a director or officer of a person who is a party to a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In certain cases, an independent committee may be formed to deliberate on such matters in the absence of the interested party.

Nomination of Directors

With the oversight of the Chairman of the Board, the Board is responsible for succession planning at the Board and senior management levels. The Board has constituted a Governance and Human Resources Committee comprised of independent directors which has the responsibility of 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 and Human Resources Committee should seek in new Board members to add value to the Trust.

Compensation

Determination of Compensation

The remuneration paid to VRL's directors and officers is reviewed each year by the Governance and Human Resources Committee. The level of remuneration is designed to provide a competitive level of remuneration relative to comparable positions in the marketplace. Remuneration is reviewed annually against prevailing industry practices for oil and gas trusts of similar size and scope. Consultants are periodically retained to obtain this information and to assess the Trust's relative position. Additional disclosure regarding director and officer compensation is set forth under the headings "Remuneration of Directors" and "Report on Executive Compensation".

Governance and Human Resources Committee

The Governance and Human Resources Committee has the responsibility for determining the compensation of the Trust's directors and officers. The mandate of the committee in respect of compensation matters requires the committee to: (a) in consultation with the Chief Executive Officer, approve compensation, including unit award long term incentives, bonuses and benefit plans for executive officers, including the Chief Executive Officer; and (b) review all share compensation plans, including the designation of employees who are entitled to participate in the plans. The Governance and Human Resources Committee reviews the recommendations of various organizations and institutions who deal with corporate governance matters. See "Board Committees and their Mandates - Governance and Human Resources Committee" below.

Compensation Consultants

The Governance and Human Resources Committee has the power to retain consultants, including compensation consultants or advisors, as the committee may determine necessary or advisable to carry out its responsibilities. An analysis of executive compensation against the Trust's peer group of energy trusts is based on compensation data collected by independent consultants, Mercer Human Resources Consulting Limited ("Mercer") and Towers Perrin ("Towers"). In addition, an analysis of VRL's global staff compensation was prepared for the use by the Governance and Human Resources Committee in determining year end bonuses, long-term incentive awards and base salary adjustments. The total fees paid to Mercer and Towers in 2007 was \$16,700.

Ownership Policy

The Board has adopted a policy that each director should hold that number of Trust Units equivalent to the value of three times the annual Board retainer paid to each director. Furthermore, the Board has adopted a policy that the CEO should hold that number of Trust Units equal to two times the CEO's annual base salary and that the CEO must continue to hold that number of Trust Units equal to one times the CEO's annual base salary for a period of at least six months following his resignation or retirement. As at March 14, 2008, all of the directors and the CEO are in compliance with the ownership policy.

The number of securities of the Trust, including Rights and Unit Awards held by each director and the equity at risk value as at March 14, 2008 is set out below:

Directors' and CEO Equity Ownership at March 14, 2008

Director	Trust Units	Exchangeable Shares	Equity at Risk ⁽⁵⁾	Other Equity Available Through Unit Based Compensation Plans	
				Rights	Unit Awards ⁽⁶⁾
Larry J. Macdonald	118,002	-	\$4,442,775	-	15,400
W. Kenneth Davidson	26,541	-	\$999,269	-	14,880
Lorenzo Donadeo	349,684 ⁽¹⁾	1,989,614 ⁽²⁾	\$131,586,192	172,800	84,245
Claudio A. Ghersinich	331,406 ⁽³⁾	1,812,906 ⁽⁴⁾	\$120,380,475	-	12,380
Joseph F. Killi	16,531	-	\$622,392	-	12,380
William F. Madison	43,315	-	\$1,630,810	-	12,380

Notes:

- (1) Includes 42,625 Trust Units held by Donna Donadeo and 26,531 Trust Units held by Sun Valley Enterprises Inc.
- (2) Includes 143,597 Exchangeable Shares held by Sun Valley Enterprises Inc.
- (3) Includes 288,100 Trust Units held by Carrera Investment Corp. and 5,785 Trust Units held by Mr. Ghersinich's immediate family members.
- (4) Includes 1,791,743 Exchangeable Shares held by Carrera Investment Corp. and 21,163 Exchangeable Shares held by Mr. Ghersinich's immediate family members.
- (5) Equity at Risk is the market value of Trust Units and Exchangeable Shares owned by the director, excluding Rights and Unit Awards.
- (6) Includes unvested Unit Awards at target. See "Executive Compensation - TAP" for a detailed description of the terms of the TAP.

Remuneration of Directors

The following table sets forth the aggregate retainer and attendance fees paid, and payouts under the TAP, to each director (other than Mr. Donadeo who receives no remuneration in his capacity as a director) during 2007. Directors are also entitled to receive reimbursement for out-of-pocket expenses for attendance at meetings of the Board and any committees of the Board.

Name	Base Retainer Fee (\$)	Annual Board/Committee Chair Retainer Fee (\$)	Committee Retainer Fee (\$)	Total Board Attendance Fees (\$)	Total Committee Attendance Fees (\$)	Total Fees Paid (\$)	LTIP Payout ⁽¹⁾ (\$)
Larry J. Macdonald	25,000	92,000	-	7,500	7,500	132,000	-
W. Kenneth Davidson	25,000	15,000	-	7,500	7,500	55,000	356,842
Lorenzo Donadeo	-	-	-	-	-	-	-
Claudio A. Ghersinich	25,000	-	-	7,500	-	32,500	-
Joseph F. Killi	25,000	15,000	-	7,500	7,500	55,000	-
William F. Madison	25,000	7,000	-	7,500	9,000	48,500	510,645
Total	125,000	129,000	-	37,500	31,500	323,000	867,487

Note:

- (1) Redeemed value received from the vesting of Unit Awards granted in previous years with the value paid in Trust Units. For further details see "Executive Compensation - TAP".

In the fiscal year ended December 31, 2007, a total of \$323,000 (2006 - \$350,000) in fees were paid to the directors of VRL.

Directors are also entitled to participate in the TAP and Rights Incentive Plan; no Rights have been granted since March 2005 to any Directors.

The following table sets forth, with respect to each director (other than Mr. Donadeo whose information is disclosed under the "Executive Compensation - Aggregate Rights Exercised and Year-End Values" above) the number of Unexercised Rights and the value of the in-the-money Rights as at December 31, 2007:

**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		Value of Unexercised In-the-Money Rights at FY-End	
			Exercisable/Unexercisable	(#)	Exercisable/Unexercisable ⁽¹⁾⁽²⁾	(\$)
Larry J. Macdonald	-	-	-	75,000/-	-	1,708,500/-
W. Kenneth Davidson	-	-	-	-/-	-	-/-
Claudio A. Ghersinich ⁽³⁾	110,000	3,645,863	-	137,000/-	-	2,868,520/-
Joseph F. Killi	25,000	599,366	-	-/-	-	-/-
William F. Madison	-	-	-	-/-	-	-/-

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) Value does not include any amount which might be associated with the value of aggregate distributions.
- (3) Mr. Ghersinich served as Executive Vice President, Business Development of VRL from 2003 to 2005 and as Executive Vice President, New Ventures from 2000 to 2003.

The value of unexercised Rights was based on the closing price of \$34.23 of the Trust Units on December 31, 2007.

The following table sets forth, with respect to each director (other than Mr. Donadeo whose information is disclosed under "Executive Compensation - LTIP Awards" above), the number of grants made under the TAP program during 2007. These grants were unvested and outstanding as of December 31, 2007.

LTIP Awards in Most Recently Completed Financial Year

Director Name	Units (#)	Performance Period Until Maturation or Payout ⁽¹⁾	Estimated Future Payouts Under Non-Securities-Price-Based Plans ⁽²⁾⁽³⁾			
			Below Threshold (#)	Threshold (#)	Target (#)	Maximum (#)
Larry J. Macdonald	5,200	December 31, 2009	0	5,200	5,200	10,400
W. Kenneth Davidson	4,180	December 31, 2009	0	4,180	4,180	8,360
Claudio A. Ghersinich	4,180	December 31, 2009	0	4,180	4,180	8,360
Joseph F. Killi	4,180	December 31, 2009	0	4,180	4,180	8,360
William F. Madison	4,180	December 31, 2009	0	4,180	4,180	8,360

Notes:

- (1) The performance period for all Unit Awards is on the calendar year(s) relevant to the award. Payout occurs upon vesting in March of the year following the performance period. The performance period for the awards provided to the other directors are averaged over three calendar years and vest in full on the third anniversary of the award.
- (2) Calculated as of the date of grant. Upon the vesting of a Unit Award, all of the Restricted Units subject to a Performance Based Award will be multiplied by the Performance Factor prior to delivery to the grantee. The Performance Factor used to determine 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. The Performance Factor ranges from zero to two. See "Executive Compensation - TAP" for a detailed description of the terms of the TAP.
- (3) Estimated future payouts do not include any amounts associated with the issuance of additional Units which might be associated with the value of the aggregate distribution.

Board Committees and their Mandates

The Board presently has four standing committees, being an Audit Committee, a Governance and Human Resources Committee, an Independent Reserves Committee and a Health, Safety and Environment Committee. Each member of the Independent 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. Each committee also meets *in camera* without management present at the conclusion of each committee meeting.

Audit Committee

The Audit Committee is comprised of Messrs. Davidson (Chair), Killi, Macdonald and Madison who are all independent and financially literate as defined by MI 52-110. The chair of the Audit Committee, W. Kenneth Davidson, has experience in credit and market risk management, merchant banking, investment banking and corporate and financial restructuring.

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. The Audit Committee approved the payment to the auditors of \$48,070 for non-audit fees related to property tax services. 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 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 terms of reference for the Audit Committee and further information with respect to the members and actions of the Audit Committee is included as a schedule to the Trust's Annual Information Form which is accessible at www.sedar.com or on the Trust's website at www.vermillionenergy.com or by contacting the Trust at Suite 2800, 400 - 4th Avenue SW, Calgary, Alberta T2P 0J4, telephone: (403) 269-4884.

The Audit Committee met four times in 2007.

Governance and Human Resources Committee

The Governance and Human Resources Committee is comprised of Messrs. Davidson, Killi and Macdonald (Chair) who are all independent directors as defined by NI 58-101. The Governance and Human Resources Committee is responsible for governance issues and for recommending to the Board suitable candidates for director positions. The selection assessment factors include diversity, skills, judgment, integrity, 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 and Human Resources 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, its committees and the CEO.

The Trust strives to ensure that the best possible corporate governance practices are implemented so that it not only meets, but exceeds the regulatory requirements for disclosure. The Governance and Human Resources Committee is charged with this and the Governance and Human Resources Committee reviews corporate governance trends, including the recommendations of various governance bodies, institutions and shareholders and it brings forward its recommendations for adoption by the Board.

The Governance and Human Resources Committee's mandate also includes reviewing VRL's human resources policies and procedures and compensation and incentive programs. The Governance and Human Resources Committee is responsible for assessing senior management's performance. The Governance and Human Resources 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 and the risks involved in being a director. Each of Messrs. Davidson, Killi and Macdonald held senior positions in corporations where their duties included oversight of certain administrative matters including very significant involvement in settling salary levels, bonuses, incentives and other compensation components of employees. Details of each of their recent experience are set out under "Annual Meeting Matters - Election of Directors".

The terms of reference for the Governance and Human Resources Committee are accessible on the Trust's website at www.vermilionenergy.com or by contacting the Trust at Suite 2800, 400 - 4th Avenue SW, Calgary, Alberta T2P 0J4, telephone: (403) 269-4884.

The Governance and Human Resources Committee met once in 2007.

Independent Reserves Committee

The Independent Reserves Committee is comprised of Messrs. Macdonald and Madison (Chair) who each satisfy the independence requirements established by NI 51-101. The Independent Reserves Committee is responsible for ensuring that management has designed and implemented effective reserves programs, controls and reporting systems. The Independent 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 Independent Reserves Committee communicates regularly with management to ensure that all reserves evaluations and reports have been properly handled and reported.

The terms of reference for the Independent Reserves Committee are accessible on the Trust's website at www.vermilionenergy.com or by contacting the Trust at Suite 2800, 400 - 4th Avenue SW, Calgary, Alberta T2P 0J4, telephone: (403) 269-4884.

The Independent Reserves Committee met once in 2007.

Health, Safety and Environment Committee

The Health, Safety and Environment Committee is comprised of Messrs. 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.

The terms of reference for the Health, Safety and Environment Committee are accessible on the Trust's website at www.vermilionenergy.com or by contacting the Trust at Suite 2800, 400 - 4th Avenue SW, Calgary, Alberta T2P 0J4, telephone: (403) 269-4884.

The Health, Safety and Environment Committee met once in 2007.

Disclosure Committee

While not a committee of the Board, the Board has approved the formation of a Disclosure Committee to assist senior management of VRL in fulfilling their responsibilities regarding the identification and disclosure of material information about the Trust and the accuracy, completeness and timeliness of the Trust's disclosure. The membership of the Disclosure Committee includes the President and Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Director of Investor Relations. The Disclosure Committee has access to counsel to VRL on an as needed basis. The Disclosure Committee is subject to the supervision of the Governance and Human Resources Committee of the Board. The Disclosure Committee is responsible for: (a) monitoring developments or charges that may constitute material facts or charges; (b) review, and as necessary, revise the Trust's disclosure controls and procedures; and (c) review and supervise the preparation of the Trust's continuous disclosure documents and other public documents.

Assessments and Evaluations

The Governance and Human Resources 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 and Human Resources Committee on an annual basis. An assessment of the Board as a whole involves asking the directors to rate the effectiveness of the Board, the effectiveness of each Board committee and the committee's chair, review Board and committee processes and review the Board's relationship with management. A director evaluation survey was implemented in 2007 and is intended to provide directors with feedback from their peers on their performance. It also provides directors with suggestions for improving their effectiveness as directors and contributions to the Board. The directors also complete an annual self-assessment, designed to assist in determining the strengths and gaps in Board skills as a whole and to enable a comprehensive and meaningful assessment of skill requirements for nominating future directors. All such assessments are conducted confidentially.

The corporate objectives for which the Chief Executive Officer is responsible are set by the Board, which, with the oversight of the Chairman of the Board, evaluates and assesses the Chief Executive Officer against such objectives.

REPORT ON EXECUTIVE COMPENSATION

The Governance and Human Resources Committee determines the compensation to be provided to the 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 of similar size and scope, the Trust's performance in achieving certain goals and the Trust's performance in relation to the performance of the Trust's peers. An overview of the Trust's peers for 2007 are:

	Vermilion ⁽²⁾	Peer Group
Industry	Canadian Oil & Gas Trust	Canadian Oil & Gas Trust
Head Office Location	Calgary	Calgary
Revenue ⁽¹⁾	\$618.10 million	\$537.20 million
BOE/d ⁽¹⁾	27,401	28,653
Assets ⁽¹⁾	1,462.80	1,900.70

Notes:

- (1) Median statistic; represents 2006 fiscal year.
 (2) Global operations in Australia, Canada, France and Netherlands.

Elements of Executive Compensation

In 2007, executive compensation consisted of three elements of compensation: base salary, bonus and long-term incentives. The following provides an overview of the elements of compensation:

Compensation Element	Type of Compensation	Name of Plan	Performance Period	Form of Payment
Base Salary	Annual - Fixed Pay	Salary Program	1 year	cash
Bonus ⁽¹⁾	Annual - Variable Pay ⁽¹⁾⁽²⁾	Employee Bonus Plan	1 year	50% cash; 50% Trust Units
Long-term Incentives ⁽¹⁾	Longer term - Variable Pay ⁽¹⁾⁽²⁾	TAP	up to 3 years	Trust Units

Notes:

- (1) Performance based compensation.
 (2) Variable Pay - value will vary from year to year based on Trust and individual performance.

Standard benefits are provided to all employees, including the executive officers. Executive compensation also includes participation in the Rights Incentive Plan and the VRL employee savings plan (the "Savings Plan"), the TAP and the employee bonus plan (the "Employee Bonus Plan"). VRL does not have a pension plan in place for the CEO or any of its Canadian based employees.

The measurements used in determining compensation for VRL's CEO and other executives include:

1. operating and financial performance relative to budgets and objectives;
2. a detailed review of achievements in relation to VRL's strategic plan;
3. percentile rank of total Unitholder return relative to the returns calculated on a similar basis on securities of the Trust's peer comparison group;
4. achievement of significant, strategic value add opportunities; and
5. assessment of the key governing objectives and corporate best practices and overall conduct.

The CEO's compensation is also measured giving consideration to scope of responsibility and leadership. In addition, consideration is given to annual information disclosed by the Trust's peer group of energy trusts and compensation data reported by Mercer and Towers. A compensation analysis was conducted and compiled for use by the Governance and Human Resources Committee. Base pay is targeted at the median level of salaries paid by

the Trust's peer group of energy trusts and the CEO is compensated in the top quartile on an overall basis so long as the Trust has achieved top quartile results. In 2007, 2006 and 2005, top quartile performance, as measured by total return to Unitholders, was achieved relevant to the Trust's peer group of energy trusts.

Base Salary: The Governance and Human Resources Committee strives to set all executive annual salaries at a level comparable to executive officers of comparable energy trusts based upon a review of an independently prepared compensation survey by Mercer and Towers and information obtained through participation in two associations representing small to mid-size oil and gas organizations established to exchange member information related to human resources practices.

Bonuses: The Employee Bonus Plan 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 2007, bonus payments pursuant to the Employee Bonus Plan totalled approximately 1.1% of net operating income or 55% of the maximum allowable under such plan. See "Executive Compensation - Employee Bonus Plan" for more information in respect of the Employee Bonus Plan.

Trust Unit Award Incentive Plan: In October, 2004 the Governance and Human Resources Committee 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. An aggregate of approximately 1,213,646 unvested Unit Awards are issued and outstanding to employees, officers, directors and consultants of the Trust and its subsidiaries as of March 14, 2008. The terms of the TAP are described in more detail under "Executive Compensation - TAP".

Rights Incentive Plan: The Board may grant Rights to purchase Trust Units to directors, officers, employees and consultants of the Trust. With the implementation of the TAP, the granting of Rights under the Rights Incentive Plan will only be utilized in limited circumstances. No Rights have been issued since March 2005, including to Named Executive Officers (as defined below under "Executive Compensation - Summary Compensation Table").

Savings Plan: 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 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 by 1.5 times, up to a maximum of 10.5%. Funds contributed up to the maximum combined contribution of 17.5% of the base salary are used to purchase Trust Units through the facilities of 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. In the event an employee chooses to sell his/her units prior to having held the Trust Units for one year, a penalty will be imposed on the employee of not providing company contributions for a period of three months.

The Governance and Human Resources Committee believes that the compensation of VRL's executive officers successfully combines 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. These same principles also apply to all of VRL's employees.

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

W. Kenneth Davidson
Joseph F. Killi
Larry J. Macdonald (Chair)

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 other most highly compensated executive officers of VRL (collectively, the "Named Executive Officers" or "NEOs") for the three years ended December 31, 2007:

Name and Position ⁽¹⁾	Annual Compensation				Long-Term Compensation			All Other Compensation (\$) ⁽⁵⁾
	Year	Salary (\$)	Bonus ⁽²⁾ (\$)	Other Annual Compensation (\$)	Awards	Shares or Units Subject to Resale Restrictions (\$)	Payout	
					Securities under Trust Unit Incentive Rights Plan ⁽³⁾ (#)		LTIP Payouts (\$) ⁽⁴⁾	
Lorenzo Donadeo President and Chief Executive Officer	2007	333,333	500,000	-	-	-	-	32,608
	2006	269,167	500,000	-	-	-	-	18,842
	2005	312,500	500,000	-	-	-	-	15,625
Curtis Hicks ⁽⁶⁾ Executive Vice-President and Chief Financial Officer	2007	242,500	220,000	-	-	-	-	21,262
	2006	228,417	220,000	-	-	-	-	15,989
	2005	218,750	220,000	-	-	-	-	10,938
George (Bob) Mac Dougall ⁽⁷⁾ Executive Vice-President and Chief Operating Officer	2007	242,500	220,000	-	-	-	-	21,262
	2006	226,667	220,000	-	-	-	-	15,867
	2005	205,833	220,000	-	-	-	-	10,292
John Donovan ⁽⁸⁾ Executive Vice-President Business Development	2007	242,500	200,000	-	-	-	1,458,986	21,262
	2006	228,333	220,000	-	-	-	1,316,025	15,983
	2005	155,833	165,000	80,055	-	-	-	8,631
Raj Patel Vice-President, Marketing	2007	204,750	150,000	-	-	-	-	17,950
	2006	193,500	150,000	-	-	-	-	13,545
	2005	184,500	175,000	-	-	-	-	9,225

Notes:

- (1) Each Named Executive Officer receives compensation in their role as an officer of VRL, a subsidiary of the Trust.
- (2) Bonuses were paid to the Named Executive Officers, net of required withholdings including income taxes, 50% in Trust Units and the balance in cash.
- (3) No Rights were granted to Named Executive Officers in 2005, 2006 or 2007 under the Rights Incentive Plan.
- (4) This column represents the redeemed value received from the vesting of Unit Awards granted in previous years and reported in the LTIP Awards table. See "Executive Compensation - TAP" for a detailed description of the terms of the TAP.
- (5) All Other Compensation includes VRL's contributions to the Trust's Savings Plan.
- (6) In his role as director of Glacier Energy Limited ("Glacier"), Mr. Hicks received an aggregate of 72,000 stock options, all of which had an exercise price of \$1.00. All of the Glacier options held by Mr. Hicks were exercised in December 2005. All of the shares of Glacier were acquired by VRL in December 2005 in exchange for cash consideration of \$6.25 per share.
- (7) Mr. Mac Dougall was appointed Executive Vice-President and Chief Operating Officer of VRL effective March 1, 2006. From July 7, 2004 until March 1, 2006, Mr. Mac Dougall held the position of Chief Operating Officer of VRL.
- (8) Mr. Donovan was appointed Executive Vice-President Business Development of VRL on March 21, 2005. Mr. Donovan received a signing bonus and relocation allowance in his first year of employment with VRL.

Rights Granted

There were no Rights granted to the Named Executive Officers during 2007 pursuant to the Rights Incentive Plan. See "Rights Incentive Plan".

Aggregate Rights Exercised and Year-End Values

The following table sets forth, with respect to the Named Executive Officers, the number of unexercised Rights and the value of the in-the-money Rights as at December 31, 2007:

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⁾⁽²⁾
Lorenzo Donadeo	122,100	4,147,843	202,900/-	4,110,562/-
Curtis Hicks	65,700	2,198,832	98,600/-	1,734,608/-
George (Bob) Mac Dougall	188,500	4,354,101	-/-	-/-
John Donovan	-	-	-/-	-/-
Raj Patel	65,000	2,191,550	43,000/-	754,480/-

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) Value does not include any amount which might be associated with the value of aggregate distributions.

The value of the unexercised Rights was based upon the closing price of \$34.23 of the Trust Units on December 31, 2007.

LTIP Awards

The following table sets forth, with respect to the Named Executive Officers, the number of grants made under the TAP program. These grants are unvested and outstanding as of December 31, 2007.

LTIP Awards in Most Recently Completed Financial Year

NEO Name	Units (#)	Performance Period Until Maturation or Payout ⁽¹⁾	Estimated Future Payouts Under Non-Securities-Price-Based Plans ⁽²⁾⁽³⁾			
			Below Threshold (#)	Threshold (#)	Target (#)	Maximum (#)
Lorenzo Donadeo	26,925	December 31, 2009	0	26,925	26,925	53,850
Curtis Hicks	16,025	December 31, 2009	0	16,025	16,025	32,050
George (Bob) Mac Dougall	16,025	December 31, 2009	0	16,025	16,025	32,050
John Donovan	16,025	December 31, 2009	0	16,025	16,025	32,050
Raj Patel	8,815	December 31, 2009	0	8,815	8,815	17,630

Notes:

- (1) The performance period for all Unit Awards is on the calendar year(s) relevant to the award. Payout occurs upon vesting in March of the year following the performance period. The performance period for the awards are averaged over three calendar years and vest in full on the third anniversary of the award.
- (2) Calculated as of the date of grant. Upon the vesting of a Unit Award, all of the Restricted Units subject to a Performance Based Award will be multiplied by the Performance Factor prior to delivery to the grantee. The Performance Factor used to determine 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. The Performance Factor ranges from zero to two. See "Executive Compensation - TAP" for a detailed description of the terms of the TAP.
- (3) Estimated future payouts do not include any amounts associated with the issuance of additional Units which might be associated with the value of the aggregate distribution.

Total CEO and NEO Compensation

The total compensation for the CEO for each of the years ended December 31, 2007, 2006 and 2005 is shown below:

	Lorenzo Donadeo			
	Total (2005-2007)	2007	2006	2005
ANNUAL COMPENSATION				
Annual Base Salary ⁽¹⁾ (\$)	1,041,000	390,000	336,000	315,000
VARIABLE COMPENSATION				
Annual Bonus ⁽²⁾ (\$)	1,500,000	500,000	500,000	500,000
TAP (# of units)	95,800	26,925	28,975	39,900
TAP value ⁽³⁾	2,664,009	853,523	896,776	913,710
Total Direct Compensation (\$)	5,205,009	1,743,523	1,732,776	1,728,710
RETIREMENT				
Annual Pension Expense ⁽⁴⁾ (\$)	67,075	32,608	18,842	15,625
Total Compensation (\$)	5,272,084	1,776,131	1,751,618	1,744,335

Curtis Hicks			
	2007	2006	2005
ANNUAL COMPENSATION			
Annual Base Salary ⁽¹⁾ (\$)	245,000	230,000	220,500
VARIABLE COMPENSATION			
Annual Bonus ⁽²⁾ (\$)	220,000	220,000	220,000
TAP (# of units)	16,025	14,000	20,000
TAP value ⁽³⁾	507,993	433,300	458,000
Total Direct Compensation (\$)	972,993	883,300	898,500
RETIREMENT			
Annual Pension Expense ⁽⁴⁾ (\$)	21,262	15,989	10,938
Total Compensation (\$)	994,255	899,289	909,438

George (Bob) MacDougall			
	2007	2006	2005
ANNUAL COMPENSATION			
Annual Base Salary ⁽¹⁾ (\$)	245,000	230,000	210,000
VARIABLE COMPENSATION			
Annual Bonus ⁽²⁾ (\$)	220,000	220,000	220,000
TAP (# of units)	16,025	15,900	10,000
TAP value ⁽³⁾	507,993	492,105	229,000
Total Direct Compensation (\$)	972,993	942,105	659,000
RETIREMENT			
Annual Pension Expense ⁽⁴⁾ (\$)	21,262	15,867	10,292
Total Compensation (\$)	994,255	957,972	669,292

John Donovan			
	2007	2006	2005
ANNUAL COMPENSATION			
Annual Base Salary ⁽¹⁾ (\$)	245,000	230,000	220,000
VARIABLE COMPENSATION			
Annual Bonus ⁽²⁾ (\$)	200,000	220,000	165,000
TAP (# of units)	16,025	14,000	60,000 ⁽⁵⁾
TAP value ⁽³⁾	507,993	433,300	1,374,000
Total Direct Compensation (\$)	952,993	883,300	1,759,000
RETIREMENT			
Annual Pension Expense ⁽⁴⁾ (\$)	21,262	15,985	8,631
Total Compensation (\$)	974,255	899,285	1,767,631

Raj Patel			
	2007	2006	2005
ANNUAL COMPENSATION			
Annual Base Salary ⁽¹⁾ (\$)	206,700	195,000	186,000
VARIABLE COMPENSATION			
Annual Bonus ⁽²⁾ (\$)	150,000	150,000	175,000
TAP (# of units)	8,815	8,500	12,100
TAP value ⁽³⁾	279,436	263,075	277,090
Total Direct Compensation (\$)	636,136	608,075	638,090
RETIREMENT			
Annual Pension Expense ⁽⁴⁾ (\$)	17,950	13,545	9,225
Total Compensation (\$)	654,086	621,620	647,315

Notes:

- (1) Annual base salary as at December 31, 2007.
- (2) Annual Bonus is paid out 50% in cash and 50% in Trust Units after applicable source deductions.
- (3) TAP value is calculated based on the market value at date of grant.
- (4) VRL does not have a pension plan, however, a maximum employer contribution of 10.5% (for July 1 - December 31, 2007) and 7% (for January 1 - June 30, 2007) of earned base salary is made in accordance with the Employee Savings Plan. See "Employee Savings Plan" for details.
- (5) Represents a new hire award which vests in thirds over a period of three years. See "TAP" for further information.

The total compensation for the CEO and the aggregate compensation for the CEO, CFO and next three highest paid executive officers is shown below:

	2007	2006	2005
CEO	1,776,131	\$1,751,618	\$1,744,335
Total Aggregate of NEOs (including the CEO and CFO) ⁽¹⁾	5,392,981	\$5,129,784	\$5,738,011
Total Aggregate of NEOs (including the CEO and CFO) as a % of Total Market Capitalization ⁽²⁾	0.21	0.21%	0.28%
Total Aggregate of NEOs (including the CEO and CFO) as a % of Cash Flow	1.40	1.50%	2.06%
Total Aggregate of NEOs (including the CEO and CFO) as a % of Total Profit	3.28	3.49%	3.62%
Unitholder Total Return	3.69%	24.55%	57.95%

Notes:

- (1) Total Aggregate Compensation includes salary, bonus, value of long-term incentives and retirement benefits calculated in the same manner as Summary Executive Compensation above.
- (2) Market capitalization as at December 31 of the applicable year was based on the number of outstanding Trust Units and Exchangeable Shares, assuming they were exchanged for Trust Units at the relevant exchange rate, multiplied by the closing year end Trust Unit price.

TAP

The Board and Unitholders approved the issuance of Trust Units granted under the TAP, to be issued from treasury for employees, officers, directors and consultants of the Trust or any affiliate who are providing services to the Trust or any affiliate of the Trust on an ongoing basis, or have provided or are expected to provide services to the Trust or any affiliate. As at March 14, 2008, 5,028,366 Trust Units are reserved for issuance under the TAP representing 7.3% of the then issued and outstanding Trust Units, and of these Trust Units an aggregate of 1,213,646 Unit Awards (as described below) are outstanding and unvested representing 1.75% of the then issued and outstanding Trust Units, thereby leaving 3,814,720 Trust Units available for future issuance under the TAP. The TAP allows Trust Units deliverable pursuant to Unit Awards granted under the TAP to be issued from treasury. In accordance with the terms of the TAP, two types of Unit Awards may be granted - Restricted Time Based Awards

and Performance Based Awards. 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: (a) 100% as a Performance Based Award; or (b) 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 (b) above.

At the sole discretion of the Board, Trust Units deliverable pursuant to Unit Awards may be issued from treasury or acquired through the facilities of the TSX. 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 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).

The vesting date for the Restricted Units subject to either a Performance Based Award or a Restricted Time Based Award occurs on March 1, or such other date should the vesting date coincide with a blackout period imposed by the Trust, of the third year following 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 or granted to a service provider from time to time as a result of a promotion, the issue dates for the Restricted Units subject to either a Performance Based Award or a Restricted Time Based Award thereunder shall be as determined by the Board at the time of entering into of the Unit Award agreement, and in the absence of any other determination, shall be as follows:

- (a) as to 33 1/3% (or such other percentage pro rated to give effect to the date of the Unit Award as set forth in the service provider's Unit Award Agreement) 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 March 1, or such other date should the vesting date coincide with a blackout period imposed by the Trust, of the first year following the date of the Unit Award shall be deliverable to the grantee;
- (b) as to 33 1/3% (or such other percentage pro rated to give effect to the date of the Unit Award as set forth in the service provider's Unit Award Agreement) 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 March 1, or such other date should the vesting date coincide with a blackout period imposed by the Trust, of the second year following the date of the Unit Award shall be deliverable to the grantee; and
- (c) as to 33 1/3% (or such other percentage pro rated to give effect to the date of the Unit Award as set forth in the service provider's Unit Award Agreement) 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 March 1, or such other date should the vesting date coincide with a blackout period imposed by the Trust, of the third year following 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.

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

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.

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 (other than maternity leave, parental leave or disability leave), 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. All Restricted Units will be non-assignable and non-transferable, except upon the death of the grantee.

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. The determinations of any committee will be subject to review and approval by the Board. 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.

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.

Approval of the unallocated Unit Awards issuable pursuant to the TAP are being put forth for a vote by Unitholders. Details regarding the approval sought by the Unitholders are outlined under "Special Meeting Matters".

Rights Incentive Plan

The Board and the Unitholders have approved the Rights Incentive Plan for directors, officers, employees or service providers of VRL. The number of Trust Units reserved from time to time for Rights may not be more than 6,000,000 Trust Units. The number of Rights reserved for issuance to one holder cannot exceed 5% of the 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.

With the implementation of the TAP, the granting of Rights under the Rights Incentive Plan will only be used in limited circumstances.

A summary of the Rights outstanding under the Rights Incentive Plan as at December 31 of each year is as follows:

Year	Exercise Price at Grant Date	Number of Rights Outstanding	Remaining Contractual Life of Right (years)	Number of Rights Exercisable
2003	\$11.45 - 14.77	4,543,000	4.1 - 4.9	–
2004	\$11.45 - 19.56	4,744,100	3.1 - 5.0	1,091,000
2005	\$11.45 - 19.56	3,617,750	2.1 - 4.2	1,913,533
2006	\$11.45 - 19.56	2,244,258	1.08 - 2.66	1,878,158
2007	\$11.45 - 19.56	1,148,616	0.08 - 1.67	1,148,616

A summary of the changes in Rights outstanding under the Rights Incentive Plan during 2007 is as follows:

	Number of Rights	Weighted Average Exercise Price
Balance, beginning of year	2,244,258	\$14.12
Rights granted	-	-
Rights exercised	1,091,742	\$13.63
Rights cancelled	3,900	\$21.55
Balance, end of year	1,148,616	\$14.55

As at March 14, 2008, 1,260,550 Rights to purchase Trust Units were reserved for issuance representing 1.8% of the then issued and outstanding Trust Units and 581,050 of these Trust Units are outstanding, representing 0.8% of the then issued and outstanding Trust Units, thereby leaving 679,500 Trust Units available for future grant under the Rights Incentive Plan. Since the implementation of the TAP, it is anticipated that the granting of Rights under the Rights Incentive Plan will be utilized only in limited circumstances. No rights have been issued since March 2005, including to Named Executive Officers.

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, except for a limited right of assignment in the event of death or incapacity.

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 limited the term for Rights issued 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 either vest in thirds (as a new hire), with the first third vesting one year from the date of grant or to vest in full, three years from the grant date. 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.

The term and exercise periods for Rights shall be determined in the discretion of the Board at the time of granting the Rights. The Board may determine that a Right is exercisable only during the term of employment or during the term of employment and for a limited period of time after termination of employment. Also, the Board may determine that a Right is exercisable for a period of time or for its remaining term after the death, disability or incapacity of the service provider. In the alternative, the Board may determine that a Right can be exercised early or terminated in the event of the death of a person.

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.

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 and value added by the individual. 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 2007, bonus payments pursuant to the Employee Bonus Plan totalled approximately 1.1% of net operating income or 55% 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. For the purpose of calculating the number of Trust Units issuable under any bonus payment, such Trust Units shall be priced at the closing price of such Trust Units as quoted by the TSX or, if the Trust Units are not listed on the TSX, such other stock exchange as the Trust Units are listed, on the trading day immediately prior to the date of the grant of a bonus by the Board. If the Trust Units are not listed, the Trust Units shall be issued at the fair market value of the Trust Units as determined by the Board. 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 maximum rate of 2% per month of the net operating income of Vermilion for each month. For the fiscal period ended December 31, 2007, an aggregate of 18,555 Trust Units were issued pursuant to the Employee Bonus Plan representing less than 0.03% 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

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 by 1.5 times, up to a maximum of 10.5%. Funds contributed up to the maximum combined contribution of 17.5% 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, 2007, an aggregate of 55,065 Trust Units were purchased on the TSX at prices ranging from \$30.86 per Trust Unit to \$38.60 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). No lump sum payments under the executive employment agreements are payable upon the resignation of the Named Executive Officer in circumstances that do not constitute "good reason". The amount of the lump sum payments in respect of Messrs. Donadeo, Hicks, Mac Dougall and Donovan is equal to 24 months salary together with the average of the previous three years of bonus payments. If the termination occurs prior to receipt of the payment of three years of bonus payments, the executive shall receive the average of the bonuses paid for each full year of service (in the three year period) to date. 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 Mr. Patel, 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.

Based on each of the Named Executive Officers 2007 base salary, bonus and benefits, if a "change of control" (as defined in the employment agreements) occurred on January 1, 2008, the Named Executive Officers would have been entitled to an aggregate payment of \$3,988,376 under their employment agreements. The employment agreements rely on the terms and conditions of the unit based compensation plans as they relate to termination provisions for all employees, including the Named Executive Officers. See "Executive Compensation - TAP" and "Executive Compensation - Rights Incentive Plan" for further details.

SECURITIES ISSUABLE UNDER EQUITY COMPENSATION PLANS

The following table sets forth, as at December 31, 2007, the number of Trust Units to be issued upon exercise of outstanding Rights issued pursuant to the Rights Incentive Plan and pursuant to Unit Awards under the TAP, the weighted average exercise price of such outstanding Rights and Unit Awards and the number of Trust Units remaining available for future issuance under the Rights Incentive Plan and the TAP.

Plan Category	Number of securities to be issued upon exercise of outstanding Rights and Unit Awards	Weighted-average exercise prices of outstanding Rights and Unit Awards	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 ⁽¹⁾⁽²⁾	1,157,616 Rights ⁽³⁾ 1,371,445 Unit Awards ⁽⁴⁾	\$14.55 — ⁽⁵⁾	684,900 Rights ⁽⁶⁾ 4,622,977 Unit Awards
Equity compensation plans not approved by securityholders	—	—	—
Total	1,157,616 Rights 1,371,445 Unit Awards	N/A	684,900 Rights 4,622,977 Unit Awards

Notes:

- (1) The Rights Incentive Plan was approved in connection with the Arrangement in January 2003.
- (2) At the time of its implementation, the TAP did not provide for the issuance of Trust Units from treasury to satisfy Unit Awards under the TAP; all Unit Awards were then contemplated to be satisfied by the purchase of Trust Units on the open market. As Trust Units issuable pursuant to Unit Awards were only purchased on the open market, the rules of the TSX did not require the Unitholders to approve the TAP. In May 2005, the Unitholders approved an amendment to the TAP which allows the Trust to either purchase Trust Units on the open market or to issue Trust Units from treasury to satisfy Unit Awards, at the discretion of the Board.
- (3) Includes the issuance of Trust Units issuable upon the exercise of Rights as further described under the heading "Executive Compensation - Rights Incentive Plan".
- (4) Includes the issuance of Trust Units issuable upon the exercise of Unit Awards as further described under the heading "Executive Compensation - TAP".
- (5) The TAP is considered to be a full value type incentive plan whereby holders of Unit Awards receive Trust Units upon vesting without the payment of an exercise price.
- (6) With the implementation of the TAP, the granting of Rights under the Rights Incentive Plan will only be used in limited circumstances. No Rights have been issued under the Rights Incentive Plan since March 2005.

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.

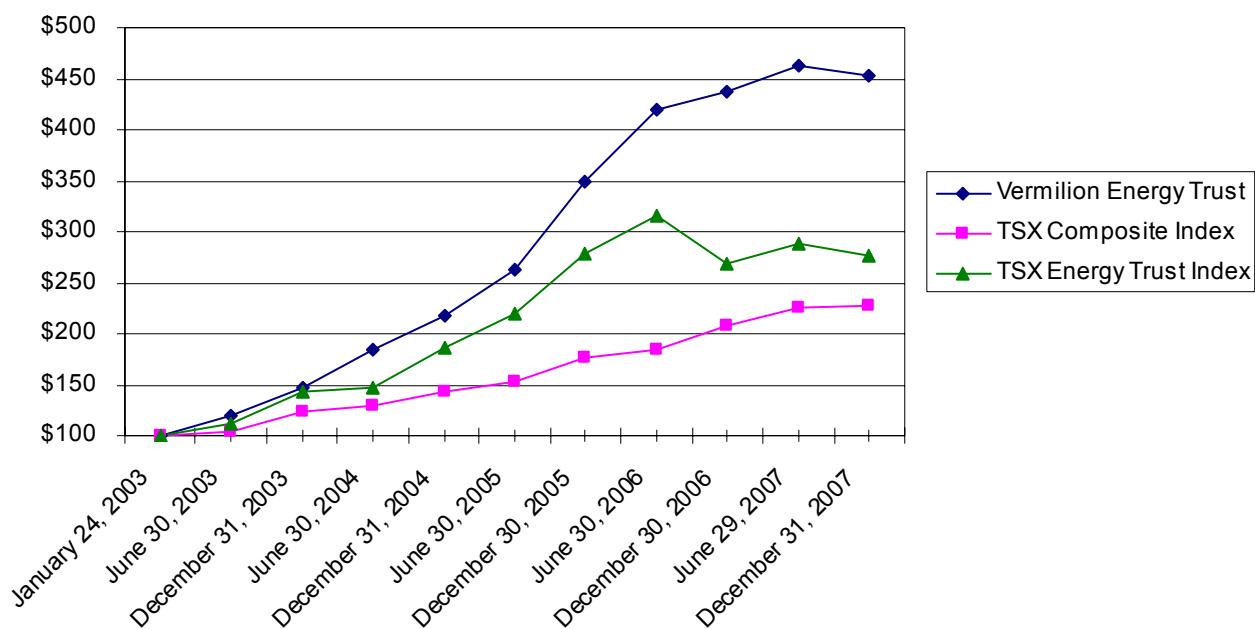
Period	Distribution Amount for Period per Trust Unit
2003	
January 22 to December 31	\$1.87
2004	
January to December	\$2.04
2005	
January to December	\$2.04
2006	
January to December	\$2.04
2007	
January to December	\$2.06
2008	
January	\$0.19
February	\$0.19
Total Cash Distribution since January 22, 2003⁽¹⁾	\$10.43

Note:

- (1) On March 14, 2008, the Trust announced that it would pay a cash distribution of \$0.19 per Trust Unit to Unitholders of record as of March 31, 2008 on April 15, 2008 (the "March Distribution"). The Total Cash Distributions since January 22, 2003 does not include the March Distribution.

PERFORMANCE ANALYSIS

The following graph illustrates changes from January 24, 2003 to December 31, 2007 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.



Date	Vermilion Energy Trust	S&P/TSX Composite Index	S&P/TSX Energy Trust Index
January 24, 2003 ⁽¹⁾	\$100.00	\$100.00	\$100.00
June 30, 2003	\$120.33	\$104.65	\$111.10
December 31, 2003	\$147.72	\$124.25	\$142.67
June 30, 2004	\$183.35	\$130.26	\$147.57
December 31, 2004	\$216.83	\$142.25	\$186.21
June 30, 2005	\$263.72	\$153.76	\$219.46
December 30, 2005 ⁽²⁾	\$348.87	\$176.57	\$278.16
June 30, 2006	\$418.65	\$183.97	\$316.15
December 29, 2006 ⁽³⁾	\$437.10	\$207.04	\$267.80
June 29, 2007 ⁽⁴⁾	\$463.68	\$225.78	\$288.05
December 31, 2007	\$453.28	\$227.40	\$276.54

Notes:

- (1) The Trust Units began trading on the TSX on January 24, 2003.
- (2) December 30, 2005 was the last day of trading on the TSX for 2005.
- (3) December 29, 2006 was the last day of trading on the TSX for 2006.
- (4) June 29, 2007 was the last day of trading on the TSX for the month of June.

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, 2007 and this Proxy Statement and 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, 2007.

SCHEDULE "A"

TERMS OF REFERENCE FOR THE BOARD

I. INTRODUCTION

- A. The Board's primary responsibility is to foster the long-term success of Vermilion Energy Trust (the "Trust") consistent with the Board's responsibility to the unitholders to maximize unitholder value
- B. The Board of Directors has plenary power. Any responsibility not delegated to management or a committee of the Board remains with the Board.
- C. These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

II. COMPOSITION AND BOARD ORGANIZATION

- A. Nominees for directors are initially considered and recommended by the Governance and Human Resources Committee of the Board, approved by the entire Board and elected annually by the unitholders of the Trust
- B. A majority of directors comprising the Board must qualify as independent directors¹
- C. Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees will be as set forth in their terms of reference, as amended from time to time

III. DUTIES AND RESPONSIBILITIES

A. Managing the Affairs of the Board

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. The legal obligations of the Board are described in detail in Section IV. Subject to these legal obligations and to the Articles and By-laws of the Trust, the Board retains the responsibility for managing its own affairs, including:

- i) planning its composition and size;
- ii) selecting and setting the terms of reference for the Chairman of the Board;
- iii) nominating candidates for election to the Board;
- iv) appointing committees;
- v) determining director compensation; and
- vi) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

¹ The Board has adopted the meaning of "Independence" set forth in National Instrument 58-101, *Disclosure of Corporate Governance Practices*.

B. Management and Human Resources

The Board has the responsibility for:

- i) the appointment and succession of the President and Chief Executive Officer (the "CEO") and monitoring CEO performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO's duties;
- ii) approving terms of reference for the CEO;
- iii) satisfying itself as to the integrity of the CEO and the other executive officers and that the CEO and the other executive officers create a culture of integrity throughout the organization;
- iv) in consultation with the CEO, approve annual objectives that the CEO is responsible for meeting;
- v) reviewing CEO performance at least annually, against agreed upon written objectives;
- vi) approving decisions relating to senior management, including the:
 - a) appointment and discharge of officers;
 - b) compensation and benefits for executive officers;
 - c) CEO's acceptance of public service commitments or outside directorships; and
 - d) employment contracts, termination and other special arrangements with executive officers, or other employee groups.
- vii) ensuring succession planning programs are in place, including programs to train and develop management;
- viii) approving certain matters relating to all employees, including:
 - a) the annual salary policy/program for employees;
 - b) new benefit programs or material changes to existing programs; and
 - c) pension fund investment guidelines and the appointment of pension fund managers.

C. Strategy and Plans

The Board has the responsibility to:

- i) participate with management, in the development of, and ultimately approve, the Trust's strategic plan;
- ii) approve the annual business plans that enable the Trust to realize its objectives;
- iii) approve annual capital and operating budgets which support the Trust's ability to meet its strategic objectives;
- iv) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Trust;

- v) approve material divestitures and acquisitions; and
- vi) monitor the Trust's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances.

D. Financial and Corporate Issues

The Board has the responsibility to:

- i) with consideration to the recommendation of the Audit Committee, nominate an External Auditor for approval by unitholders; and if the Board does not adopt the Audit Committee's recommendation for External Auditor, ensure this fact is disclosed in the Annual Information Form or Proxy Statement and Information Circular;
- ii) with consideration to the recommendation of the Audit Committee, approve the compensation of the External Auditor; and if the Board does not adopt the Audit Committee's recommendation, ensure this fact is disclosed in the Annual Information Form or Proxy Statement and Information Circular;
- iii) take reasonable steps to ensure the implementation and integrity of the Trust's internal control and management information systems;
- iv) review operating and financial performance relative to budgets or objectives;
- v) approve annual and quarterly financial statements and related press releases and approve release thereof by management;
- vi) approve the Management Proxy Circular, Annual Information Form and documents incorporated by reference therein; and
- vii) set unit distributions
- viii) approve financings, changes in authorized capital, issue and repurchase of units, issue of debt securities, listing of units and other securities, issue of commercial paper, and related prospectuses and trust indentures;
- ix) approve the commencement or settlement of litigation that may have a material impact on the Trust.

E. Business and Risk Management

The Board has the responsibility to:

- i) ensure management identifies the principal risks of the Trust's business and implements appropriate systems to manage these risks;
- ii) assess and monitor management control systems:
 - a) evaluate and assess information provided by management and others (e.g., internal and external auditors) about the effectiveness of management control systems; and
 - b) understand principal risks and determine whether the Trust achieves a proper balance between risk and returns.

F. Policies and Procedures

The Board has the responsibility to:

- i) approve and monitor compliance with all significant policies and procedures by which the Trust is operated;
- ii) direct management to ensure the Trust operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- iii) adopt a written Code of Business Conduct and Ethics; and
- iv) review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).

G. Compliance Reporting and Corporate Communications

The Board has the responsibility to:

- i) ensure the Trust has in place effective communication processes with unitholders and other stakeholders and financial, regulatory and other recipients;
- ii) approve interaction with unitholders on all items requiring unitholder response or approval;
- iii) ensure that the financial performance of the Trust is adequately reported to unitholders, other security holders and regulators on a timely and regular basis;
- iv) ensure the financial results are reported fairly and in accordance with generally accepted accounting principles;
- v) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Trust; and
- vi) report annually to unitholders on the Board's stewardship for the preceding year (the Annual Report, Information Circular and/or Proxy Statement and Information Circular).

IV. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

A. The Board is responsible for:

- i) directing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained; and
- ii) approving matters requiring unitholder approval, and agendas for unitholder meetings; and

B. Legal requirements for the Board include:

- i) to act honestly and in good faith with a view to the best interests of the Trust;
- ii) to exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances.

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