VERMILION ENERGY TRUST

FINANCIAL STATEMENTS

Forward-looking information

This document contains forward-looking financial and operational information including earnings, fund flow, unitholder distributions, debt levels, production, reserves and capital expenditure projections. These projections are based on the Trust's expectations and are subject to a number of risks and uncertainties that could materially affect the results. These risks include, but are not limited to, future commodity prices, exchange rates, interest rates, geological risk, reserves risk, political risk, production demand, transportation restrictions, risks associated with changes in tax, royalty and regulatory regimes and risks associated with international activities. Additional risks and uncertainties are described in the Trust's Annual Information Form which is filed on SEDAR at www.sedar.com.

Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in the Trust's securities should not place undue reliance on these forward-looking statements. Forward looking statements contained in this document are made as of the date hereof and are subject to change. The Trust assumes no obligation to revise or update forward looking statements to reflect new circumstances, except as required by law. Certain natural gas volumes have been converted on the basis of six thousand cubic feet of gas to one barrel equivalent of oil. Barrels of oil equivalent (boe's) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Q2-2009 – FOR THE SIX MONTHS ENDED JUNE 30, 2009

Consolidated Balance Sheets
(Thousands of Canadian dollars, unaudited)

	June 30, 2009	December 31, 2008
ASSETS		
Current		
Cash and cash equivalents (Note 13)	**$ 2,438**	$ 67,231
Short-term investments	**9,056**	9,491
Accounts receivable	**118,795**	123,794
Crude oil inventory	**8,849**	12,167
Derivative instruments (Note 10)	**6,443**	11,638
Prepaid expenses and other	**16,070**	15,852
	161,651	240,173
Deposit on acquisition (Note 3)	**11,760**	-
Derivative instruments (Note 10)	**10,137**	3,566
Long-term investments (Note 12)	**62,616**	63,752
Goodwill	**19,840**	19,840
Reclamation fund (Note 4)	**66,268**	63,399
Capital assets	**1,364,585**	1,407,629
	$ 1,696,857	$ 1,798,359
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 128,668**	$ 179,312
Distributions payable to unitholders	**13,528**	13,340
Income taxes payable	**1,607**	57,623
Future income taxes	**6,104**	-
	149,907	250,275
Long-term debt (Note 5)	**248,400**	197,651
Asset retirement obligations (Note 4)	**259,768**	265,101
Future income taxes	**218,772**	245,799
	876,847	958,826
Non-controlling interest – exchangeable shares (Note 7)	**87,381**	84,523
UNITHOLDERS' EQUITY		
Unitholders' capital (Note 6)	**468,135**	444,353
Contributed surplus (Note 6)	**22,322**	29,698
Retained earnings	**242,172**	280,959
	732,629	755,010
	$ 1,696,857	$ 1,798,359

APPROVED BY THE BOARD

(Signed "Kenneth Davidson")

W. Kenneth Davidson, Director

(Signed "Lorenzo Donadeo")

Lorenzo Donadeo, Director

Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings
(Thousands of Canadian dollars, except unit and per unit amounts, unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
REVENUE				
Petroleum and natural gas revenue	**$ 162,788**	$ 341,405	**$ 309,024**	$ 570,864
Royalties	**(18,099)**	(56,360)	**(39,799)**	(93,023)
	144,689	285,045	**269,225**	477,841
EXPENSES AND OTHER (INCOME) EXPENSE				
Operating	**34,326**	33,097	**68,493**	66,452
Transportation	**4,432**	5,949	**8,783**	12,400
Unit based compensation (Note 8)	**4,606**	4,349	**8,970**	9,250
(Gain) loss on derivative instruments (Note 10)	**(3,861)**	11,449	**(4,289)**	12,402
Interest	**1,258**	5,134	**3,037**	11,274
General and administration	**7,467**	7,153	**14,253**	12,086
Foreign exchange (gain) loss	**(7,786)**	(2,381)	**(12,281)**	25,249
Other (income) expense	**(4,486)**	595	**(3,444)**	(1,597)
Depletion, depreciation and accretion	**65,336**	65,151	**128,254**	127,637
	101,292	130,496	**211,776**	275,153
EARNINGS BEFORE INCOME TAXES AND OTHER ITEMS	**43,397**	154,549	**57,449**	202,688
INCOME TAXES				
Future	**5,490**	288	**(12,704)**	(952)
Current	**9,971**	41,697	**19,289**	62,568
	15,461	41,985	**6,585**	61,616
OTHER ITEMS				
Non-controlling interest – exchangeable shares (Note 7)	**2,461**	10,160	**4,395**	12,466
Loss related to equity method investment	**595**	115	**1,705**	121
	3,056	10,275	**6,100**	12,587
NET EARNINGS AND COMPREHENSIVE INCOME	**24,880**	102,289	**44,764**	128,485
Retained earnings, beginning of period	**257,808**	198,496	**280,959**	217,209
Distributions declared (Note 6)	**(40,516)**	(39,767)	**(80,689)**	(78,842)
Unit-settled distributions on vested unit based awards (Note 6)	**-**	-	**(2,862)**	(5,834)
RETAINED EARNINGS, END OF PERIOD	**$ 242,172**	$ 261,018	**$ 242,172**	$ 261,018
NET EARNINGS PER TRUST UNIT (Note 9)				
Basic	**$ 0.35**	$ 1.47	**$ 0.63**	$ 1.86
Diluted	**$ 0.35**	$ 1.44	**$ 0.63**	$ 1.81
WEIGHTED AVERAGE TRUST UNITS OUTSTANDING (Note 9)				
Basic	**71,068,073**	69,725,750	**70,778,145**	69,059,361
Diluted	**79,054,232**	78,116,563	**78,541,327**	77,750,414

Consolidated Statements of Cash Flows
(Thousands of Canadian dollars, unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
OPERATING				
Net earnings	**$ 24,880**	$ 102,289	**$ 44,764**	$ 128,485
Adjustments:				
Depletion, depreciation and accretion	**65,336**	65,151	**128,254**	127,637
Change in unrealized gains and losses and accruals relating to derivative contracts (Note 10)	**(3,158)**	5,499	**(1,376)**	4,254
Unit based compensation	**4,606**	4,349	**8,970**	9,250
Loss related to equity method investment	**595**	115	**1,705**	121
Unrealized foreign exchange (gain) loss	**(10,228)**	1,901	**(16,658)**	30,079
Non-controlling interest – exchangeable shares	**2,461**	10,160	**4,395**	12,466
Change in unrealized gains and losses and accruals included in other (income) expense relating to investments	**(4,486)**	595	**(3,444)**	(1,597)
Future income taxes	**5,490**	288	**(12,704)**	(952)
	85,496	190,347	**153,906**	309,743
Asset retirement costs incurred (Note 4)	**(1,615)**	(1,142)	**(4,266)**	(2,291)
Changes in non-cash operating working capital	**(80,730)**	(5,031)	**(91,805)**	41,449
Cash flows from operating activities	**3,151**	184,174	**57,835**	348,901
INVESTING				
Drilling and development of petroleum and natural gas properties	**(28,509)**	(31,180)	**(68,427)**	(68,569)
Acquisition of petroleum and natural gas properties (Note 3)	**(12,502)**	(900)	**(17,548)**	(45,428)
Proceeds from short-term investments	**435**	-	**435**	-
Long-term investment	**-**	-	**-**	(627)
Changes in non-cash investing working capital	**(5,320)**	(6,443)	**(5,815)**	(1,726)
Cash flows used in investing activities	**(45,896)**	(38,523)	**(91,355)**	(116,350)
FINANCING				
Increase (decrease) in long-term debt	**80,001**	(215,849)	**49,947**	(168,850)
Issue of trust units for cash	**625**	816	**857**	3,740
Issue of trust units pursuant to the distribution reinvestment plan	**-**	7,794	**-**	18,453
Cash distributions	**(40,476)**	(39,714)	**(80,501)**	(78,367)
Cash flows from (used in) financing activities	**40,150**	(246,953)	**(29,697)**	(225,024)
Foreign exchange (loss) gain on cash held in foreign currencies	**(1,380)**	(4,871)	**(1,576)**	4,694
Net change in cash and cash equivalents	**(3,975)**	(106,173)	**(64,793)**	12,221
Cash and cash equivalents, beginning of period	**6,413**	166,262	**67,231**	47,868
Cash and cash equivalents, end of period	**$ 2,438**	$ 60,089	**$ 2,438**	$ 60,089
Supplementary information - cash payments				
Interest paid	**$ 1,160**	$ 3,719	**$ 2,422**	$ 9,761
Income taxes paid	**$ 64,620**	$ 10,376	**$ 75,305**	$ 16,973

Notes to the Consolidated Financial Statements
For the three and six month periods ended June 30, 2009 and 2008
(Tabular amounts are in thousands of Canadian dollars, except unit and per unit amounts, unaudited)

1. BASIS OF PRESENTATION

The consolidated financial statements of Vermilion Energy Trust (the “Trust” or “Vermilion”) include the accounts of the Trust and its subsidiaries and have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”) on a consistent basis with the audited consolidated financial statements for the year ended December 31, 2008 except as disclosed in Note 2 below. These interim consolidated financial statements do not include all disclosures required in annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2008 included in the Trust’s 2008 Annual Report.

2. NEW ACCOUNTING POLICIES

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

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

3. INVESTMENTS AND ACQUISITIONS

On June 24, 2009 the Trust announced that it had entered into an agreement to acquire an 18.5% non-operated interest in the Corrib gas field located off the northwest coast of Ireland. An initial deposit paid to the vendor of US$10.0 million has been reflected as Deposit on acquisition on the Trust’s consolidated balance sheet. Vermilion paid an additional US$90 million, subject to working capital adjustments, to the vendor upon closing of the transaction which occurred on July 30, 2009. Vermilion will make an additional payment to the vendor, the amount of which will range from approximately US$300 million to US$135 million depending on the date when first commercial gas from the field is achieved.

During the first quarter of 2009, the Trust acquired a gross overriding royalty from Verenex Energy Inc., a company in which Vermilion owns 42.4% of the outstanding shares, for cash consideration of $4.5 million. The transaction was accounted for at the exchange amount and is recorded as acquisition of petroleum and natural gas properties on the consolidated statement of cash flows.

4. ASSET RETIREMENT OBLIGATIONS AND RECLAMATION FUND

The asset retirement obligations were determined based on the estimated future costs and timing to reclaim the Trust's net interest in all wells and facilities. The Trust has estimated the net present value of its asset retirement obligations to be $259.8 million as at June 30, 2009 (December 31, 2008 - $265.1 million) based on a total undiscounted future liability after inflation adjustment of $908.9 million (December 31, 2008 - $948.2 million).

The following table reconciles the changes in the Trust's asset retirement obligation:

	June 30, 2009	Dec 31, 2008
Carrying amount, beginning of period	**$ 265,101**	$ 163,374
Increase in liabilities in the period	**328**	2,487
Disposition of liabilities in the period	**(4,266)**	(10,200)
Change in estimate	**(2,941)**	66,576
Accretion expense	**10,120**	14,468
Foreign exchange	**(8,574)**	28,396
Carrying amount, end of period	**$ 259,768**	$ 265,101

The Trust has set aside funds for the future payment of its estimated asset retirement obligations. The following table reconciles the Trust's reclamation fund investments:

	June 30, 2009	Dec 31, 2008
Cash and short term investments, at fair value	**$ 21,767**	$ 21,700
Equity and debt securities, at fair value	**44,501**	41,699
	$ 66,268	$ 63,399

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

5. LONG-TERM DEBT

As at June 30, 2009, the Trust had credit facilities allowing for maximum borrowings of $675 million comprised of a syndicated revolving facility and an acquisition facility. The revolving period under the revolving credit facility is expected to expire in June 2010 and may be extended for an additional period of up to 364 days at the option of the lenders. If the lenders convert the revolving credit facility to a non-revolving credit facility, the amounts outstanding under the facility become repayable 24 months after the end of the revolving period. The acquisition facility is a non-revolving, non-extendible facility permitting maximum borrowings of $100 million and is expected to mature in June 2010. Various borrowing options are available under the facilities including prime rate based advances and bankers' acceptance loans.

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

6. UNITHOLDERS' CAPITAL AND CONTRIBUTED SURPLUS

Trust Units	Number of Units		Amount
Unlimited number of trust units authorized to be issued			
Balance as at December 31, 2007	67,335,427	$	380,941
Distribution reinvestment plan	521,839		18,453
Issued on conversion of exchangeable shares	600,697		17,766
Unit rights exercised and issuance of units on vesting of trust unit award plan grants	1,630,943		3,740
Transfer from contributed surplus for unit based awards	-		17,304
Trust units issued for bonus plan	18,555		597
Unit-settled distributions on vested unit based awards	150,908		5,834
Unit buyback	(45,600)		(282)
Balance as at December 31, 2008	70,212,769	$	444,353
Issued on conversion of exchangeable shares	121,310		3,717
Unit rights exercised and issuance of units on vesting of trust unit award plan grants	726,182		857
Transfer from contributed surplus for unit based awards	-		15,711
Trust units issued for bonus plan	23,790		635
Unit-settled distributions on vested unit based awards	116,918		2,862
Balance as at June 30, 2009	71,200,969	$	468,135

Contributed Surplus		June 30, 2009		Dec 31, 2008
Opening balance	**$**	**29,698**	$	29,211
Unit compensation expense (excluding bonus plan)		**8,335**		17,791
Transfer to unitholders' capital for unit based awards		**(15,711)**		(17,304)
Ending balance	**$**	**22,322**	$	29,698

Distributions declared to unitholders for the three and six month periods ended June 30, 2009 were $40.5 million and $80.7 million, respectively (2008 - $39.8 million and $78.8 million, respectively). Distributions are determined by the Board of Directors in accordance with the Trust indenture and are paid monthly.

7. NON-CONTROLLING INTEREST – EXCHANGEABLE SHARES

The following table summarizes the change in the outstanding exchangeable share balance:

Exchangeable Shares	June 30, 2009	Dec 31, 2008
Opening number of exchangeable shares	**4,085,605**	4,457,473
Exchanged for trust units	**(70,000)**	(371,868)
Ending balance	**4,015,605**	4,085,605
Ending exchange ratio	**1.73300**	1.66196
Trust units issuable upon conversion	**6,959,043**	6,790,112

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

		June 30, 2009		Dec 31, 2008
Non-controlling interest, beginning of period	**$**	**84,523**	$	68,576
Reduction of book value for conversion to trust units		**(1,537)**		(6,579)
Current period net earnings attributable to non-controlling interest		**4,395**		22,526
Non-controlling interest, end of period	**$**	**87,381**	$	84,523

8. UNIT COMPENSATION PLANS

Unit Rights Incentive Plan

The following table summarizes information about the rights under the Trust's Unit Rights Incentive Plan:

	Number of Unit Rights	Grant Date Weighted Average Exercise Price
Balance as at December 31, 2008	339,850	$ 18.40
Exercised	(120,050)	18.59
Balance as at June 30, 2009	219,800	$ 18.30

A summary of the plan as at June 30, 2009 is as follows:

Range of Exercise Price at Grant Date	Adjusted Exercise Price	Number of Rights Outstanding and Exercisable	Remaining Contractual Life of Rights (Years)
$15.01 - $19.56	$3.41 - $7.96	219,800	0.14

No compensation expense was recorded for the three and six month periods ended June 30, 2009 and 2008 related to the Unit Rights Incentive Plan as all awards have fully vested.

Trust Unit Award Incentive Plan

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

	Number of Awards
Balance as at December 31, 2008	1,208,255
Granted	635,590
Vested	(382,239)
Cancelled	(38,685)
Balance as at June 30, 2009	1,422,921

Compensation expense for the three and six month periods ended June 30, 2009 were $4.6 million and $8.3 million, respectively (2008 - $4.3 million and $8.6 million, respectively) related to the Trust Unit Award Incentive Plan.

Phantom Award Incentive Plan

Compensation expense for this cash settled plan of $0.3 million and $0.5 million has been recorded as general and administration expense during the three and six month periods ended June 30, 2009, respectively (2008 - $0.5 million and $1.0 million, respectively).

9. PER UNIT AMOUNTS

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

	Three Months Ended		Six Months Ended	
	June 30, 2009	**June 30, 2008**	**June 30, 2009**	**June 30, 2008**
Net earnings	**$ 24,880**	$ 102,289	**$ 44,764**	$ 128,485
Non-controlling interest – exchangeable shares	**2,461**	10,160	**4,395**	12,466
Net earnings for diluted net earnings per trust unit calculation	**$ 27,341**	$ 112,449	**$ 49,159**	$ 140,951
Basic weighted average trust units outstanding	**71,068,073**	69,725,750	**70,778,145**	69,059,361
Dilutive impact of trust units issuable on conversion of exchangeable shares	**7,039,682**	6,965,800	**7,060,018**	6,966,874
Dilutive impact of unit rights incentive and trust unit award plans	**946,477**	1,425,013	**703,164**	1,724,179
Diluted weighted average trust units outstanding	**79,054,232**	78,116,563	**78,541,327**	77,750,414

Basic net earnings per trust unit has been calculated based on net earnings divided by the basic weighted average trust units outstanding. Earnings attributable to the non-controlling interest related to the exchangeable shares are added back to net earnings in calculating diluted net earnings per trust unit. All outstanding potential units related to incentive plans were dilutive and therefore have been included in the calculation of the diluted trust units for all periods presented.

10. DERIVATIVE INSTRUMENTS

Risk Management Activities

The nature of the Trust's operations result in exposure to fluctuations in commodity prices, interest rates and foreign currency exchange rates. The Trust monitors and, when appropriate, uses derivative financial instruments to manage its exposure to these risks. The Trust does not obtain collateral or other security to support its financial derivatives as Vermilion reviews the creditworthiness of the counterparty prior to entering into a derivative contract.

Risk Management: Oil	Funded Cost	bbls/d	US$/bbl
Collar - BRENT			
2009	US$1.00/bbl	260	$100.50 - $200.00
Call Spread - BRENT			
2009 – 2011	US$5.73/bbl	700	$ 65.00 - $ 85.00
2010	US$4.94/bbl	1,100	$ 65.00 - $ 85.00
2011	US$6.08/bbl	960	$ 65.00 - $ 85.00

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

	June 30, 2009	Dec 31, 2008
Fair value of contracts, beginning of period	**$ 15,204**	$ 2,102
Opening unrealized (gain) loss on contracts settled during the period	**(5,980)**	7,414
Realized gain (loss) on contracts settled during the period	**2,913**	(10,625)
Unrealized gain during the period on contracts outstanding at the end of the period	**7,356**	5,688
Net (receipt from) payment to counterparties under settlements during the period	**(2,913)**	10,625
Fair value of contracts, end of period	**16,580**	15,204
Comprised of:		
Current derivative asset	**6,443**	11,638
Non-current derivative asset	**10,137**	3,566
Fair value of contracts, end of period	**$ 16,580**	$ 15,204

10. DERIVATIVE INSTRUMENTS (CONTINUED)

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

	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Realized (gain) loss on contracts settled during the period	**$ (703)**	$ 5,950	**$ (2,913)**	$ 8,148
Opening unrealized gain (loss) on contracts settled during the period	**2,990**	(2,245)	**5,980**	(4,598)
(Gain) unrealized loss during the period on contracts outstanding at the end of the period	**(6,148)**	7,744	**(7,356)**	8,852
(Gain) loss on derivative instruments for the period	**$ (3,861)**	$ 11,449	**$ (4,289)**	$ 12,402

During the normal course of business, the Trust enters into fixed price arrangements to sell a portion of its production. The Trust has elected to exempt these contracts from fair value accounting through the use of the normal purchase and sale exemption.

11. SEGMENTED INFORMATION

	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Petroleum and natural gas revenue				
Canada	**$ 37,293**	$ 96,473	**$ 76,237**	$ 168,827
France	**52,669**	110,784	**89,464**	181,746
Netherlands	**16,074**	29,063	**41,940**	56,326
Australia	**56,752**	105,085	**101,383**	163,965
	$ 162,788	$ 341,405	**$ 309,024**	$ 570,864
Net earnings				
Canada	**$ (19,006)**	$ 533	**$ (30,045)**	$ 33,430
France	**18,959**	51,225	**25,112**	41,821
Netherlands	**5,310**	9,589	**16,772**	10,425
Australia	**19,617**	40,942	**32,925**	42,809
	$ 24,880	$ 102,289	**$ 44,764**	$ 128,485
Capital expenditures				
Canada	**$ 6,935**	$ 9,058	**$ 26,979**	$ 69,909
France	**28,096**	15,171	**49,967**	28,203
Netherlands	**3,529**	3,418	**4,598**	9,691
Australia	**2,451**	4,433	**4,431**	6,194
	$ 41,011	$ 32,080	**$ 85,975**	$ 113,997

	June 30, 2009	Dec 31, 2008
Total assets		
Canada	**$ 722,994**	$ 779,634
France	**598,925**	587,979
Netherlands	**116,343**	136,403
Australia	**258,595**	294,343
	$ 1,696,857	$ 1,798,359

12. LONG-TERM INVESTMENTS

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

	June 30, 2009	Dec 31, 2008
Portfolio investments, at fair value	**$ 5,148**	$ 4,579
Investment in Verenex Energy Inc., equity method (fair value - $112.6 million, 2008 – $128.5 million)	**57,468**	59,173
Total long-term investments	**$ 62,616**	$ 63,752

On February 24, 2009 Verenex entered into an agreement under which a company agreed to acquire all of Verenex's outstanding common shares for $10.00 per share. Pursuant to this arrangement, Vermilion entered into a lock-up agreement with the acquirer whereby the Trust would tender its common shares in Verenex under the offer. Subsequent to these events, the Libyan National Oil Corporation announced it would exercise a preemptive right to acquire Verenex subject to a review by the Libyan General People's Committee (GPC) however no formal decision has been communicated to Verenex to date. Representatives of Verenex are in discussions with the GPC to seek an amicable solution to the current impasse on share sale approvals. Verenex has extended the outside date for the original acquisition agreement to August 24, 2009, drafted an arbitration claim as a contingency and suspended drilling in Libya to conserve cash.

13. COMPONENTS OF CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	June 30, 2009	Dec 31, 2008
Monies on deposit with banks	**$ 2,438**	$ 67,231
Guaranteed short-term investments	**-**	-
Total cash and cash equivalents	**$ 2,438**	$ 67,231

14. CAPITAL DISCLOSURES

The Trust's manner of managing capital has not changed from the prior year. The following table calculates the Trust's ratio of net debt to annualized fund flows from operations (both non-GAAP measures) for the three and six month periods ended June 30, 2009:

	Three Months Ended June 30, 2009	Six Months Ended June 30, 2009
Long-term debt	$ 248,400	$ 248,400
Current liabilities	149,907	149,907
Current assets	(161,651)	(161,651)
Net debt [1]	$ 236,656	$ 236,656
Cash flows from operating activities	$ 3,151	$ 57,835
Changes in non-cash operating working capital	80,730	91,805
Asset retirement costs incurred	1,615	4,266
Fund flows from operations	$ 85,496	$ 153,906
Annualized fund flows from operations [2]	$ 341,984	$ 307,812
Ratio of net debt to annualized fund flows from operations ([1] ÷ [2])	0.7	0.8

For the three and six month periods ended June 30, 2009, the ratio of net debt to annualized fund flows from operations was 0.7 and 0.8 respectively, which is within the range targeted by the Trust.

14. CAPITAL DISCLOSURES (CONTINUED)

In relation to its long-term debt, the Trust is subject to a debt to EBITDA ratio test (where debt is defined as long-term debt as presented on the consolidated balance sheet and EBITDA is defined as earnings before interest, taxes, depreciation, amortization and other certain non-cash items). During the periods covered by these financial statements, the Trust continued to comply with this externally imposed capital requirement.

15. FINANCIAL INSTRUMENTS

Fair Values of Financial Instruments

Cash, short-term investments, derivative assets and liabilities, the reclamation fund and portfolio investments included within long-term investments are recorded at fair value which is determined with reference to published price quotations in active markets or accepted pricing models which are adjusted for credit risk. The carrying value of accounts receivable, accounts payable and distributions payable approximates fair value due to the short maturities of these instruments. The carrying value of long-term debt approximates its fair value due to the use of short-term borrowing instruments at market rates of interest.

Summarized Quantitative Data Associated with the Risks Arising from Financial Instruments

Credit risk:
As at June 30, 2009 Vermilion's maximum exposure to receivable credit risk was $135.4 million which is the aggregate value of receivables and derivative assets at the balance sheet date. Vermilion's receivables are due from counterparties that have investment grade third party credit ratings or, in the absence of the availability of such ratings; Vermilion has satisfactorily reviewed the counterparty for creditworthiness as appropriate. In addition, at June 30, 2009 Vermilion had $2.4 million in cash on deposit at banks. As practical, the Trust has continued to apply excess cash against its long-term debt to reduce its risk exposure given recent economic events.

As at the balance sheet date the amount of financial assets that were past due or impaired was not material for disclosure.

Liquidity risk:
The following table summarizes Vermilion's financial liabilities and their contractual maturities:

Due in (from balance sheet date)	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Non-derivative financial liabilities	$89,042	$45,243	$7,911	$248,400

Minimal liquidity risk exists with regards to the Trust's financial liabilities given the Trust's financial position and committed borrowing facility.

15. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk:

The Trust is exposed to currency risk related to changes in foreign currency denominated financial instruments, commodity price risk related to outstanding derivative positions, interest rate risk related to its long-term debt and investments in debt securities and equity price risk related to investments in equity securities. The following table summarizes what the impact on net earnings before tax would be for the three and six month periods ended June 30, 2009 given changes in the relevant risk variables that the Trust considers were reasonably possible at June 30, 2009. The impact on net earnings before tax associated with changes in these risk variables for liabilities that are not considered financial instruments is excluded from this analysis. This analysis does not attempt to reflect any interdependencies between the relevant risk variables.

Risk	Description of change in risk variable	Effect on net earnings before tax increase (decrease)	
Currency risk – Euro to Canadian	Increase in strength of the Canadian dollar against the Euro by 10% over the relevant closing rates on June 30, 2009.	$	(4,659)
	Decrease in strength of the Canadian dollar against the Euro by 5% over the relevant closing rates on June 30, 2009.	$	2,330
Currency risk – US$ to Canadian	Increase in strength of the Canadian dollar against the US$ by 10% over the relevant closing rates on June 30, 2009.	$	(5,681)
	Decrease in strength of the Canadian dollar against the US$ by 5% over the relevant closing rates on June 30, 2009.	$	2,840
Currency risk – AUD$ to Canadian	Increase in strength of the Canadian dollar against the AUD$ by 10% over the relevant closing rates on June 30, 2009.	$	(931)
	Decrease in strength of the Canadian dollar against the AUD$ by 5% over the relevant closing rates on June 30, 2009.	$	465
Commodity price risk	Increase in relevant oil reference price at June 30, 2009 by US$5.00/bbl within option pricing models used to determine the fair value of derivative positions.	$	2,320
	Decrease in relevant oil reference price at June 30, 2009 by US$5.00/bbl within option pricing models used to determine the fair value of derivative positions.	$	(2,672)

Reasonably possible changes in the relevant variables associated with interest rate risk and equity price risk would not have had a material impact on net earnings for the period ended June 30, 2009.

16. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2009 the CICA amended Section 3862, “Financial Instruments – Disclosures” to require certain additional disclosures relating to the determination of fair values. The amendments require that an entity disclose a fair value hierarchy classification for each class of financial instruments and provide additional information relating to liquidity risk associated with financial instruments. The amendments are effective for annual financial statements ending on or after September 30, 2009 and Vermilion’s financial statements for the year ended December 31, 2009 will reflect these additional disclosure requirements. As the amendments related strictly to disclosures, the adoption of these amendments to Section 3862 will not have a material impact on the financial statements of the Trust.

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Parkbridge Lifestyle Communities Inc.
Vice Chairman, Realex Properties Corp.
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William F. Madison [2, 4, 5]
Sugar Land, Texas

1 Chairman of the Board
2 Audit Committee
3 Governance and Human Resources Committee
4 Health, Safety and Environment Committee
5 Independent Reserves Committee

ABBREVIATIONS

API	American Petroleum Institute
bbls	barrels
bbls/d	barrels per day
bcf	billion cubic feet
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
CBM	coalbed methane
GJ	gigajoules
$m	thousands of dollars
$mm	millions of dollars
mbbls	thousand barrels
mboe	thousand barrels of oil equivalent
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
mmboe	million barrels of oil equivalent
mmcf	million cubic feet
mmcf/d	million cubic feet per day
MW	megawatt
NGLs	natural gas liquids
NPV	net present value
WTI	West Texas Intermediate

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Executive Vice President & CFO

G. R. (Bob) Mac Dougall, P.Eng.
Executive Vice President & COO

Paul L. Beique
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Vice President People

Raj C. Patel, P.Eng.
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Regional General Manager, European Operations

NETHERLANDS
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