Q1 2010

VERMILION ENERGY TRUST

FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2010

DISCLAIMER

Certain statements included or incorporated by reference in this document may constitute forward-looking statements under applicable securities legislation. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", or similar words suggesting future outcomes or statements regarding an outlook. Forward looking statements or information in this document may include, but are not limited to:

- capital expenditures;
- business strategy and objectives;
- reserve quantities and the discounted present value of future net cash flows from such reserves;
- net revenue;
- future production levels;
- exploration plans;
- development plans;
- acquisition and disposition plans and the timing thereof;
- operating and other costs;
- royalty rates and the expected impact of changes thereto on Vermilion;
- the timing of Vermilion's proposed conversion to a corporation and proposed dividend policy and the anticipated implications of such conversion to Vermilion or its Unitholders;
- Vermilion's additional future payment in connection with the Corrib acquisition;
- the timing of first commercial gas from the Corrib field;
- the decision of the Corrib joint venture consortium to drill an exploratory well at the Corrib field and the timing thereof; and
- estimate of Vermilion's share of the expected gas rates from the Corrib field.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to any other assumptions identified in this document, assumptions have been made regarding, among other things:

- the ability of the Trust to obtain equipment, services and supplies in a timely manner to carry out its activities in Canada and internationally;
- the ability of the Trust to market oil and natural gas successfully to current and new customers;
- the timing and costs of pipeline and storage facility construction and expansion and the ability to secure adequate product transportation;
- the timely receipt of required regulatory approvals;
- the ability of the Trust to obtain financing on acceptable terms;
- currency, exchange and interest rates; and
- future oil and gas prices.

Although the Trust believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward looking statements because the Trust can give no assurance that such expectations will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Trust and described in the forward looking statements or information. These risks and uncertainties include but are not limited to:

- the ability of management to execute its business plan;
- the risks of the oil and gas industry, both domestically and internationally, such as operational risks in exploring for, developing and producing crude oil and natural gas and market demand;
- risks and uncertainties involving geology of oil and gas deposits;
- risks inherent in the Trust's marketing operations, including credit risk;
- the uncertainty of reserves estimates and reserves life;
- the uncertainty of estimates and projections relating to production, costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;
- the Trust's ability to enter into or renew leases;
- fluctuations in oil and gas prices, foreign currency exchange rates and interest rates;
- health, safety and environmental risks;
- uncertainties as to the availability and cost of financing;
- the ability of the Trust to add production and reserves through development and exploration activities;
- general economic and business conditions;
- the possibility that government policies or laws may change or governmental approvals may be delayed or withheld;
- uncertainty in amounts and timing of royalty payments;
- risks associated with existing and potential future law suits and regulatory actions against the Trust; and
- other risks and uncertainties described elsewhere in this document or in the Trust's other filings with Canadian securities authorities.

The forward-looking statements or information contained in this document are made as of the date hereof and the Trust undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

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) 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.

CONSOLIDATED BALANCE SHEETS
(THOUSANDS OF CANADIAN DOLLARS, UNAUDITED)

	March 31, 2010	December 31, 2009
ASSETS		
Current		
Cash and cash equivalents (Note 10)	$ 53,436	$ 99,066
Short-term investments	15,815	15,895
Accounts receivable	122,881	117,051
Crude oil inventory	5,450	5,235
Derivative instruments (Note 8)	13,657	8,217
Prepaid expenses and other	10,121	11,422
	221,360	256,886
Derivative instruments (Note 8)	6,381	7,896
Future income taxes	125,862	119,714
Long-term investments	3,611	4,342
Goodwill	19,840	19,840
Reclamation fund (Note 2)	65,977	69,003
Capital assets	1,681,204	1,606,995
	$ 2,124,235	$ 2,084,676
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 187,344	$ 197,633
Distributions payable to unitholders	15,278	15,109
Derivative instruments (Note 8)	1,706	1,772
Income taxes payable	12,139	2,366
Future income taxes	593	683
	217,060	217,563
Long-term debt (Note 3)	205,277	159,723
Amount due pursuant to acquisition	110,267	111,402
Asset retirement obligations (Note 2)	231,072	237,110
Future income taxes	206,810	218,764
	970,486	944,562
Non-controlling interest - exchangeable shares (Note 5)	104,643	100,824
UNITHOLDERS' EQUITY		
Unitholders' capital (Note 4)	740,251	711,667
Contributed surplus (Note 4)	18,493	30,413
Retained earnings	290,362	297,210
	1,049,106	1,039,290
	$ 2,124,235	$ 2,084,676

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	
	March 31, 2010	March 31, 2009
REVENUE		
Petroleum and natural gas revenue	$ 169,581	$ 146,236
Royalties	(28,097)	(21,700)
	141,484	124,536
EXPENSES AND OTHER EXPENSE		
Operating	36,335	34,167
Transportation	6,949	4,351
Unit based compensation (Note 6)	5,307	4,364
(Gain) on derivative instruments (Note 8)	(5,209)	(428)
Interest	3,033	1,779
General and administration	10,153	6,786
Foreign exchange (gain)	(19,645)	(4,495)
Other expense	1,534	1,042
Depletion, depreciation and accretion	57,063	62,918
	95,520	110,484
EARNINGS BEFORE INCOME TAXES AND OTHER ITEMS	45,964	14,052
INCOME TAXES		
Future	(10,400)	(18,194)
Current	9,973	9,318
	(427)	(8,876)
OTHER ITEMS		
Non-controlling interest - exchangeable shares (Note 5)	3,883	1,934
Loss related to equity method investment	-	1,110
	3,883	3,044
NET EARNINGS AND COMPREHENSIVE INCOME	42,508	19,884
Retained earnings, beginning of period	297,210	280,959
Distributions declared (Note 4)	(45,528)	(40,173)
Unit-settled distributions on vested unit based awards (Note 4)	(3,828)	(2,862)
RETAINED EARNINGS, END OF PERIOD	$ 290,362	$ 257,808
NET EARNINGS PER TRUST UNIT (NOTE 7)		
Basic	$ 0.53	$ 0.28
Diluted	$ 0.53	$ 0.28
WEIGHTED AVERAGE TRUST UNITS OUTSTANDING (NOTE 7)		
Basic	79,710,068	70,484,995
Diluted	87,851,115	78,235,513

CONSOLIDATED STATEMENTS OF CASH FLOWS
(THOUSANDS OF CANADIAN DOLLARS, UNAUDITED)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
OPERATING		
Net earnings	$ 42,508	$ 19,884
Adjustments:		
Depletion, depreciation and accretion	57,063	62,918
Change in unrealized gains and losses and accruals relating to derivative contracts (Note 8)	(3,991)	1,782
Unit based compensation	5,307	4,364
Loss related to equity method investment	-	1,110
Unrealized foreign exchange (gain)	(17,546)	(6,430)
Non-controlling interest - exchangeable shares	3,883	1,934
Change in unrealized gains and losses and accruals included in other expense relating to investments	1,537	1,042
Future income taxes	(10,400)	(18,194)
	78,361	68,410
Asset retirement costs incurred (Note 2)	-	(2,651)
Changes in non-cash operating working capital	1,876	(11,075)
Cash flows from operating activities	80,237	54,684
INVESTING		
Drilling and development of petroleum and natural gas properties	(119,896)	(39,918)
Acquisition of petroleum and natural gas properties	(2,897)	(5,046)
Proceeds from short-term investments	80	-
Changes in non-cash investing working capital	(4,229)	(495)
Cash flows used in investing activities	(126,942)	(45,459)
FINANCING		
Increase (decrease) in long-term debt	44,999	(30,054)
Issue of trust units for cash	-	232
Issue of trust units pursuant to the distribution reinvestment plan	7,380	-
Cash distributions	(45,359)	(40,025)
Cash flows from (used in) financing activities	7,020	(69,847)
Foreign exchange (loss) on cash held in foreign currencies	(5,945)	(196)
Net change in cash and cash equivalents	(45,630)	(60,818)
Cash and cash equivalents, beginning of period	99,066	67,231
Cash and cash equivalents, end of period	$ 53,436	$ 6,413
Supplementary information - cash payments		
Interest paid	$ 2,679	$ 1,262
Income taxes paid	$ 200	$ 10,685

(TABULAR AMOUNTS 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, 2009. 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, 2009 included in the Trust's 2009 Annual Report.

2. 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 $231.1 million as at March 31, 2010 (December 31, 2009 - $237.1 million) based on a total undiscounted future liability after inflation adjustment of $820.0 million (December 31, 2009 - $857.2 million).

The following table reconciles the change in the Trust's asset retirement obligations:

		Mar 31, 2010		Dec 31, 2009
Carrying amount, beginning of period	$	237,110	$	265,101
Increase in liabilities in the period		510		10,173
Disposition of liabilities in the period		-		(10,139)
Change in estimate		-		(24,456)
Accretion expense		4,661		20,255
Foreign exchange		(11,209)		(23,824)
Carrying amount, end of period	$	231,072	$	237,110

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

		Mar 31, 2010		Dec 31, 2009
Cash and short term investments, at fair value	$	19,538	$	22,028
Equity and debt securities, at fair value		46,439		46,975
Total reclamation fund assets	$	65,977	$	69,003

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.

3. LONG-TERM DEBT

As at March 31, 2010, the Trust had syndicated credit facilities allowing for maximum borrowings of $675 million comprised of a 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 revolving 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.

3. LONG-TERM DEBT (Continued)

The amount available to the Trust under these facilities is reduced by outstanding letters of credit associated with the Trust's operations totalling $5.3 million as at March 31, 2010. Through March 31, 2010, the Trust had not drawn on the acquisition facility.

4. UNITHOLDERS' CAPITAL AND CONTRIBUTED SURPLUS

	Number of Units		Amount
Trust Units			
Unlimited number of trust units authorized to be issued			
Balance as at December 31, 2008	70,212,769	$	444,353
Issued on conversion of exchangeable shares (Note 5)	132,569		4,048
Unit rights exercised and issuance of units on vesting of trust unit award plan grants	945,982		2,817
Transfer from contributed surplus for unit based awards	-		16,846
Trust units issued for bonus plan	23,790		635
Unit-settled distributions on vested unit based awards	116,918		2,862
Unit issuance	8,091,000		240,106
Balance as at December 31, 2009	79,523,028	$	711,667
Distribution reinvestment plan	229,882		7,380
Issued on conversion of exchangeable shares (Note 5)	4,547		149
Issuance of units on vesting of trust unit award plan grants	513,179		-
Transfer from contributed surplus for unit based awards	-		16,219
Trust units issued for bonus plan	28,624		1,008
Unit-settled distributions on vested unit based awards	110,573		3,828
Balance as at March 31, 2010	80,409,833	$	740,251

		Mar 31, 2010		Dec 31, 2009
Contributed Surplus				
Opening balance	$	30,413	$	29,698
Unit compensation expense (excluding bonus plan)		4,299		17,561
Transfer to unitholders' capital for unit based awards		(16,219)		(16,846)
Ending balance	$	18,493	$	30,413

Cash distributions declared to unitholders for the three months ended March 31, 2010 were $45.5 million (2009 - $40.2 million). Distributions are determined by the Board of Directors in accordance with the Trust Indenture and are paid monthly.

In December 2009, Vermilion reinstated its distribution reinvestment plan beginning with the January 15, 2010 distribution. The plan allows eligible holders of trust units to purchase additional trust units at a 5% discount to market by reinvesting their cash distributions. The plan had previously been suspended in May 2008.

5. NON-CONTROLLING INTEREST – EXCHANGEABLE SHARES

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

	Mar 31, 2010	Dec 31, 2009
Exchangeable Shares		
Opening number of exchangeable shares	4,009,253	4,085,605
Exchanged for trust units	(2,500)	(76,352)
Ending balance	4,006,753	4,009,253
Ending exchange ratio	1.83134	1.80065
Trust units issuable upon conversion	7,337,727	7,219,261

5. NON-CONTROLLING INTEREST – EXCHANGEABLE SHARES (Continued)

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

		Mar 31, 2010		Dec 31, 2009
Non-controlling interest, beginning of period	$	100,824	$	84,523
Reduction of book value for conversion to trust units		(64)		(1,676)
Current period net earnings attributable to non-controlling interest		3,883		17,977
Non-controlling interest, end of period	$	104,643	$	100,824

6. UNIT COMPENSATION PLANS

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, 2009	1,417,314
Granted	-
Vested	(405,436)
Forfeited	(1,285)
Balance as at March 31, 2010	1,010,593

Compensation expense of $4.3 million has been recorded for the three month period ended March 31, 2010 (2009 - $3.7 million) related to the Trust Unit Award Incentive Plan.

Phantom Award Incentive Plan

Compensation expense for this cash settled plan of $0.6 million has been recorded as general and administration expense during the three month period ended March 31, 2010 (2009 - $0.2 million).

7. PER UNIT AMOUNTS

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

		Three Months Ended		
		Mar 31, 2010		Mar 31, 2009
Net earnings	$	42,508	$	19,884
Non-controlling interest - exchangeable shares		3,883		1,934
Net earnings for diluted net earnings per trust unit calculation	$	46,391	$	21,818
Basic weighted average trust units outstanding		79,710,068		70,484,995
Dilutive impact of trust units issuable on conversion of exchangeable shares		7,338,930		6,945,161
Dilutive impact of unit rights incentive and trust unit award plans		802,117		805,357
Diluted weighted average trust units outstanding		87,851,115		78,235,513

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.

8. DERIVATIVE INSTRUMENTS

Risk Management Activities

The nature of the Trust's operations results 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. All transactions of this nature entered into by the Trust are related to an underlying financial position or to future petroleum and natural gas production. The Trust does not use derivative financial instruments for speculative purposes. The Trust has elected to not designate any of its price risk management activities as accounting hedges and thus accounts for changes to fair value in net earnings for the period. 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 sales exemption. The Trust does not obtain collateral or other security to support its financial derivatives as management reviews the creditworthiness of the counterparty prior to entering into a derivative contract.

The following table summarizes the Trust's outstanding financial derivative positions as at March 31, 2010.

Risk Management: Oil	Funded Cost	bbls/d	US $/bbl
Collar - WTI			
April 2010 - October 2010	US $0.00/bbl	750	$ 72.00 - $ 95.00
2010	US $0.00/bbl	750	$ 72.00 - $ 95.00
2010	US $0.00/bbl	1,500	$ 70.00 - $ 97.80
2010	US $1.00/bbl	1,500	$ 72.00 - $ 99.00
2010	US $1.00/bbl	1,500	$ 72.00 - $100.65
2010	US $1.50/bbl	750	$ 70.00 - $ 97.40
2010	US $1.50/bbl	750	$ 69.00 - $ 90.15
Call Spread - BRENT			
2010	US $4.94/bbl	1,100	$ 65.00 - $ 85.00
2011	US $6.08/bbl	960	$ 65.00 - $ 85.00
2010	US $5.64/bbl	700	$ 65.00 - $ 85.00
2011	US $5.15/bbl	600	$ 65.00 - $ 85.00
Risk Management: Natural Gas	**Funded Cost**	**GJ/d**	**$/GJ**
SWAP - AECO			
April 2010 - October 2010	$0.00/GJ	5,000	$ 5.28
April 2010 - October 2010	$0.00/GJ	5,000	$ 5.30
January 2010 - October 2011	$0.00/GJ	700	$ 5.13
Put - AECO			
April 2010 - October 2010	$0.35/GJ	10,000	$ 4.50

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

	Mar 31, 2010	Dec 31, 2009
Fair value of contracts, beginning of period	$ 14,341	$ 15,204
Opening unrealized (gain) on contracts settled during the period	(1,397)	(11,959)
Realized gain on contracts settled during the period	1,218	5,389
Unrealized gain during the period on contracts outstanding at the end of the period	5,388	11,096
Net (receipt from) counterparties on contract settlements during the period	(1,218)	(5,389)
Fair value of contracts, end of period	18,332	14,341
Comprised of:		
Current derivative asset	13,657	8,217
Current derivative liability	(1,706)	(1,772)
Non-current derivative asset	6,381	7,896
Fair value of contracts, end of period	$ 18,332	$ 14,341

8. DERIVATIVE INSTRUMENTS (Continued)

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

	Three Months Ended	
	Mar 31, 2010	Mar 31, 2009
Realized (gain) on contracts settled during the period	$ (1,218)	$ (2,210)
Opening unrealized gain on contracts settled during the period	1,397	2,990
Unrealized (gain) during the period on contracts outstanding at the end of the period	(5,388)	(1,208)
(Gain) on derivative instruments for the period	$ (5,209)	$ (428)

9. SEGMENTED INFORMATION

	Three Months Ended	
	Mar 31, 2010	Mar 31, 2009
Petroleum and natural gas revenue		
Canada	$ 47,928	$ 38,944
France	56,269	36,795
Netherlands	12,303	25,866
Australia	53,081	44,631
Ireland	-	-
	$ 169,581	$ 146,236
Net earnings (loss)		
Canada	$ 256	$ (11,039)
France	26,869	6,153
Netherlands	4,057	11,462
Australia	7,644	13,308
Ireland	3,682	-
	$ 42,508	$ 19,884
Capital expenditures		
Canada	$ 87,689	$ 20,044
France	13,927	21,871
Netherlands	3,409	1,069
Australia	1,895	1,980
Ireland	15,873	-
	$ 122,793	$ 44,964

	Mar 31, 2010	Dec 31, 2009
Total assets		
Canada	$ 843,095	$ 711,435
France	550,372	575,426
Netherlands	129,134	180,803
Australia	223,947	250,780
Ireland	377,687	366,232
	$ 2,124,235	$ 2,084,676

10. COMPONENTS OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at March 31, 2010 and December 31, 2009 was comprised solely of monies on deposit with banks.

11. 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 month periods ended March 31, 2010 and 2009:

		Three Months Ended		
		Mar 31, 2010		Mar 31, 2009
Long-term debt	$	205,277	$	168,255
Current liabilities		217,060		205,188
Current assets		(221,360)		(140,832)
Net debt [1]	$	200,977	$	232,611
Cash flows from operating activities	$	80,237	$	54,684
Changes in non-cash operating working capital		(1,876)		11,075
Asset retirement costs incurred		-		2,651
Fund flows from operations	$	78,361	$	68,410
Annualized fund flows from operations [2]		313,444		273,640
Ratio of net debt to annualized fund flows from operations ([1] / [2])		0.6		0.9

For the three months ended March 31, 2010, the ratio of net debt to annualized fund flows from operations was 0.6 which reflects the Trust's 2009 sale of its investment in Verenex Energy Inc. and the equity offering which closed in the fourth quarter of 2009. As a result of expected capital spending associated with the Corrib project, the Trust expects that its ratio of net debt to fund flows from operations will increase until first gas in achieved on the Corrib project.

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, income 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.

12. FINANCIAL INSTRUMENTS

Fair Values of Financial Instruments

Cash, short-term investments, derivative assets and liabilities, the reclamation fund and 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 March 31, 2010 Vermilion's maximum exposure to receivable credit risk was $142.9 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.

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

12. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk:
The following table summarizes Vermilion's undiscounted financial liabilities and their contractual maturities as at March 31, 2010 and December 31, 2009:

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
March 31, 2010: Non-derivative financial liabilities	67,085	123,977	11,559	343,606
December 31, 2009: Non-derivative financial liabilities	117,911	84,911	9,920	302,691

The Trust's derivative liabilities settle on a monthly basis.

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 month periods ended March 31, 2010 and 2009 given changes in the relevant risk variables that the Trust considers were reasonably possible at the balance sheet date. 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.

Three months ended March 31, 2010:

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 5% over the relevant closing rates on March 31, 2010.	$	(1,215)
	Decrease in strength of the Canadian dollar against the Euro by 5% over the relevant closing rates on March 31, 2010.	$	1,215
Currency risk – US$ to Canadian	Increase in strength of the Canadian dollar against the US$ by 5% over the relevant closing rates on March 31, 2010.	$	(394)
	Decrease in strength of the Canadian dollar against the US$ by 5% over the relevant closing rates on March 31, 2010.	$	394
Currency risk – AUD$ to Canadian	Increase in strength of the Canadian dollar against the AUD$ by 5% over the relevant closing rates on March 31, 2010.	$	(532)
	Decrease in strength of the Canadian dollar against the AUD$ by 5% over the relevant closing rates on March 31, 2010.	$	532
Commodity price risk	Increase in relevant oil reference price at March 31, 2010 by US$5.00/bbl within option pricing models used to determine the fair value of derivative positions.	$	1,444
	Decrease in relevant oil reference price at March 31, 2010 by US$5.00/bbl within option pricing models used to determine the fair value of derivative positions.	$	(2,022)

12. FINANCIAL INSTRUMENTS (Continued)

Three months ended March 31, 2009:

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 March 31, 2009.	$	(2,470)
	Decrease in strength of the Canadian dollar against the Euro by 5% over the relevant closing rates on March 31, 2009.	$	1,235
Currency risk – US$ to Canadian	Increase in strength of the Canadian dollar against the US$ by 10% over the relevant closing rates on March 31, 2009.	$	(3,369)
	Decrease in strength of the Canadian dollar against the US$ by 5% over the relevant closing rates on March 31, 2009.	$	1,685
Currency risk – AUD$ to Canadian	Increase in strength of the Canadian dollar against the AUD$ by 10% over the relevant closing rates on March 31, 2009.	$	(702)
	Decrease in strength of the Canadian dollar against the AUD$ by 5% over the relevant closing rates on March 31, 2009.	$	351
Commodity price risk	Increase in relevant oil reference price at March 31, 2009 by US$5.00/bbl within option pricing models used to determine the fair value of derivative positions.	$	2,338
	Decrease in relevant oil reference price at March 31, 2009 by US$5.00/bbl within option pricing models used to determine the fair value of derivative positions.	$	(2,257)

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 March 31, 2010 or 2009.

13. ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

On February 13, 2008, the Accounting Standards Board ("AcSB") confirmed that the transition date to IFRS from Canadian GAAP will be January 1, 2011 for publicly accountable enterprises such as Vermilion.

In January 2009, the CICA issued Section 1582 – "Business Combinations", Section 1601– "Consolidated Financial Statements" and Section 1602 – "Non-controlling Interests". These new sections are effective for years beginning on or after January 1, 2011 with earlier adoption permitted. Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners, members or participants. Finally, acquisition costs are not part of the consideration and, with the exception of trust unit issue costs, acquisition-related costs are to be expensed when incurred. Vermilion is currently assessing the potential impact and whether or not it will elect to adopt these standards in advance of the transition to IFRS.

Trust Information

DIRECTORS

Larry J. Macdonald [1, 2, 3, 4, 5]
Chairman & CEO, Point Energy Ltd.
Calgary, Alberta

W. Kenneth Davidson [2, 3]
Toronto, Ontario

Lorenzo Donadeo
Calgary, Alberta

Claudio A. Ghersinich [2, 4, 5]
Executive Director, Carrera Investments Corp.
Calgary, Alberta

Joseph F. Killi [2, 3]
Chairman,
Parkbridge Lifestyle Communities Inc.
Vice Chairman, Realex Properties Corp.
Calgary, Alberta

William F. Madison [2, 4, 5]
Sugar Land, Texas

Timothy R. Marchant [3, 4, 5]
Calgary, Alberta

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

bbl(s)	barrel(s)
mbbls	thousand barrels
bbls/d	barrels per day
mcf	thousand cubic feet
mmcf	million cubic feet
bcf	billion cubic feet
mcf/d	thousand cubic feet per day
mmcf/d	million cubic feet per day
boe	barrels of oil equivalent of natural gas and crude oil on the basis of one boe for six mcf of natural gas
mboe	thousand barrels of oil equivalent
mmboe	million barrels of oil equivalent
boe/d	barrels of oil equivalent per day
CBM	coalbed methane
NGLs	natural gas liquids
GJ/d	Gigajoules per day
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade
$M	thousand dollars
$MM	million dollars

OFFICERS AND KEY PERSONNEL

CANADA
Lorenzo Donadeo, P.Eng.
President & Chief Executive Officer

John D. Donovan, F.C.A.
Executive Vice President Business Development

Curtis W. Hicks, C.A.
Executive Vice President & CFO

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

Paul L. Beique
Vice President Capital Markets

Mona Jasinski, M.B.A., C.H.R.P.
Vice President People

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

Daniel Goulet, P.Eng.
Director Production and Operations

Cameron A. Hercus, MSc
Director Exploitation and New Growth

Dean N. Morrison, CFA
Director Investor Relations

Robert (Bob) J. Engbloom, LL.B
Corporate Secretary

EUROPE
Peter Sider, P.Eng.
Vice President European Operations

David Burghardt, P.Eng.
Director Exploitation

Scott Ferguson, P.Eng.
Director European Operations

AUSTRALIA
Bruce D. Lake, P.Eng.
Managing Director
Vermilion Oil & Gas Australia Pty Ltd.

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Royal Bank of Canada
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The Bank of Nova Scotia
Calgary, Alberta

Alberta Treasury Branches
Calgary, Alberta

Canadian Imperial Bank of Commerce
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Citibank N.A., Canadian Branch
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EVALUATION ENGINEERS
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LEGAL COUNSEL
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TRANSFER AGENT
Computershare Trust Company of Canada

STOCK EXCHANGE LISTING
The Toronto Stock Exchange
Symbol: VET.UN
US OTC
Symbol: VETMF

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