FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company:

Vero Energy Inc. ("**Vero**")
Suite 900, 520 – 3rd Avenue S.W.
Calgary, Alberta T2P 0R3

2. Date of Material Change:

September 13, 2012

3. News Release:

Joint press releases were issued by Vero and TORC Oil & Gas Ltd. ("**TORC**") on September 13, 2012 and disseminated through Marketwire.

4. Summary of Material Change:

On September 13, 2012, Vero and TORC jointly announced that they had entered into an arrangement agreement (the "**Arrangement Agreement**") pursuant to which, subject to satisfaction of certain conditions, Vero and TORC will complete a business combination (the "**Transaction**") pursuant to a plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (Alberta) (the "**ABCA**"). Under the terms of the Arrangement, holders of common shares of Vero ("**Vero Shares**") will receive one (1) common share of the amalgamated entity ("**New TORC Shares**") to be formed under the Arrangement and to be named "TORC Oil & Gas Ltd." ("**New TORC**") for each one (1) Vero Share held. Holders of the outstanding class "A" common shares of TORC ("**TORC Shares**") will receive New TORC Shares on the basis of 0.87 of a New TORC Share for each one (1) TORC Share held. Based on the TORC Financing price as described below, the implied price per Vero Share is $3.00 representing a 48% premium to Vero's 10-day weighted average trading price immediately preceding announcement of the Transaction. It is a condition to completion of the Transaction in favour of both parties that the New TORC Shares be listed and posted for trading on the Toronto Stock Exchange in substitution of the currently listed Vero Shares.

New TORC will be led by the existing management team of TORC, which is comprised of Brett Herman as President & Chief Executive Officer, Jason Zabinsky as VP Finance and Chief Financial Officer, Eric Strachan as VP Exploration, Jeremy Wallis as VP Land, Mike Wihak as VP Operations and Filippo Angelini as VP and Controller.

Upon completion of the Transaction, the current members of the board of directors of Vero will resign and the New TORC board of directors will be comprised of the current members of the board of directors of TORC, being John Brussa, Raymond Chan (Chairman), Bruce Chernoff, Brett Herman, Dave Johnson, Dale Shwed, and Hank Swartout. James Pasieka will act as corporate secretary.

In connection with the Transaction, TORC has entered into an agreement, on a "bought deal" private placement basis, with a syndicate of underwriters for an offering of subscription receipts and "flow-through" subscription receipts for total gross proceeds of approximately $120 million (the "**TORC Financing**"). The gross proceeds from the TORC Financing will be held in escrow pending completion of the Transaction, following which they will be released to New TORC. Completion of the TORC Financing is a condition in favour of both parties to completion of the Transaction.

The Transaction is subject to the satisfaction of a number of other conditions as more particularly set forth in the Arrangement Agreement including, without limitation, approval of the Arrangement by the Alberta Court of Queen's Bench under the ABCA, the receipt of all necessary regulatory and stock exchange approvals, the requisite approvals of the shareholders of each of Vero and TORC and other closing conditions that are customary for a transaction of this nature. It is anticipated that separate Vero and TORC shareholder meetings will be held in November following the mailing of a joint information circular regarding the Transaction and related matters to shareholders of both companies in October. Closing of the Transaction is expected to occur in mid November.

Under the terms of the Arrangement Agreement, Vero has agreed that it will not solicit or initiate any inquiries or discussions regarding any other business combination or sale of assets, subject to the fiduciary duty of the Vero board of directors in the event that an unsolicited "superior proposal" (as such term is defined in the Arrangement Agreement) is received by Vero. Vero has granted TORC a 72 hour right to match any superior proposal. Both Vero and TORC have agreed to pay a non-completion fee of $6.5 million to the other in certain circumstances as set forth in the Arrangement Agreement.

The full text of the Arrangement Agreement is available on SEDAR under Vero's profile at www.sedar.com.

5. Full Description of Material Change:

On September 13, 2012, Vero and TORC jointly announced that they had entered into the Arrangement Agreement pursuant to which, subject to satisfaction of certain conditions, Vero and TORC will complete a business combination pursuant to a plan of arrangement under the ABCA. Under the terms of the Arrangement, holders of Vero Shares will receive one (1) New TORC Share for each one (1) Vero Share held. Holders of the outstanding TORC Shares will receive New TORC Shares on the basis of 0.87 of a New TORC Share for each one (1) TORC Share held. The Arrangement is intended to be structured as a tax-deferred rollover for holders of Vero Shares and TORC Shares, respectively. Based on the TORC Financing price as described below, the implied price per Vero Share is $3.00 representing a 48% premium to Vero’s 10-day weighted average trading price immediately preceding announcement of the Transaction. It is a condition to completion of the Transaction in favour of both parties that the New TORC Shares be listed and posted for trading on the Toronto Stock Exchange in substitution of the currently listed Vero Shares.

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Strategic Rationale of the Transaction:

The Transaction allows shareholders of both Vero and TORC to participate in a stronger, larger entity with a substantial inventory of focused, light oil development assets in the Cardium along with significant exposure to an emerging light oil resource play at Monarch in the southern Alberta Bakken petroleum system. The Transaction is anticipated to provide a number of benefits to shareholders of each of Vero and TORC who continue to hold New TORC Shares following completion of the Transaction including, without limitation, the following key characteristics of New TORC:

- Increased market capitalization provides enhanced liquidity;
- A strong balance sheet with over $20 million of cash estimated at year-end plus an undrawn bank facility;
- A large, light oil focused Cardium development inventory of over 300 net unbooked locations estimated;
- Increased efficiencies in the Cardium portfolio due to the meaningful synergies of the Vero and TORC Cardium asset bases;
- Exposure to a significant platform in emerging light oil resource plays (more than 350 net sections estimated including more than 150 net sections at Monarch);
- An experienced management team with a proven track record of sourcing, executing and integrating acquisitions on a value accretive basis;
- An experienced technical team which has drilled over 300 horizontal, multi stage frac wells into light oil targets; and
- The Transaction is intended to be structured as a tax deferred rollover for shareholders of both Vero and TORC, respectively.

The TORC Financing:

In connection with the Transaction, TORC has entered into an agreement, on a "bought deal" private placement basis, with a syndicate of underwriters led by Macquarie Capital Markets Canada Ltd. ("**Macquarie Capital**"), and including FirstEnergy Capital Corp., TD Securities Inc., Dundee Securities Ltd., GMP Securities L.P., BMO Capital Markets, CIBC, National Bank Financial Inc., Peters & Co. Limited, RBC Capital Markets, Canaccord Genuity Corp., Cormark Securities Inc. and Raymond James Ltd. for an offering of 30,800,000 subscription receipts ("**Subscription Receipts**") at $2.60 per Subscription Receipt to raise gross proceeds of $80,080,000 and 12,910,000 subscription receipts ("**Flow-Through Subscription Receipts**") at $3.10 per Flow-through Subscription Receipt to raise gross proceeds of $40,021,000. The Subscription Receipts and Flow-Through Subscription Receipts (collectively the "**Offered Securities**") together, will raise gross proceeds of $120,101,000. TORC will grant the underwriters an option to purchase from treasury an additional 4,620,000 Subscription Receipts, on the same terms, exercisable in whole or in part at any time up to 48 hours prior to the closing. Closing of the TORC Financing is expected to occur on or about October 4, 2012 and is subject to customary conditions and regulatory approvals. The net proceeds from the Subscription Receipts will be used by TORC to fund ongoing capital expenditures and for general corporate purposes and the proceeds from the Flow-Through Subscription Receipts financing will be used to incur Canadian Exploration Expense for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**").

The gross proceeds from the TORC Financing will be held in escrow pending the receipt by escrow agent and Macquarie Capital of a joint notice of TORC and Vero that all conditions precedent to the completion of the Transaction have been satisfied or waived. If the Transaction is completed on or before December 21, 2012, the proceeds will be released to New TORC and each Subscription Receipt and Flow-Through Subscription Receipt will be exchanged for one (1) common share of TORC (which will immediately thereafter be exchanged for 0.87 of a New TORC Share) for no additional consideration as steps under the Arrangement. If the Transaction is not completed on or before December 21, 2012 or the Arrangement Agreement is terminated at an earlier time, holders of Offered Securities will receive a cash payment equal to the offering price of the Offered Securities and any interest that was earned thereon during the time of escrow.

Board Recommendations:

The board of directors of each of Vero and TORC has unanimously approved the Transaction and has concluded that the Transaction is in the best interests of Vero and TORC shareholders, respectively, and each has resolved to recommend that shareholders of Vero and TORC, respectively, vote their shares in favour of the Transaction. The management and boards of Vero and TORC have agreed to vote their shares in favour of the proposed Transaction.

Financial Advisors:

FirstEnergy Capital Corp. and GMP Securities L.P. are acting as financial advisors to Vero with respect to the Transaction. FirstEnergy Capital Corp. has provided the board of directors of Vero with its verbal opinion that, subject to its review of the final form of documents effecting the Transaction, the consideration payable pursuant to the Arrangement is fair, from a financial point of view, to Vero shareholders. CIBC and Raymond James Ltd. are acting as strategic advisors to Vero.

Macquarie Capital and TD Securities Inc. are acting as financial advisors to TORC with respect to the Transaction. Macquarie Capital has provided the board of directors of TORC with its verbal opinion that, subject to the assumptions and limitations contained therein, the consideration payable to TORC shareholders pursuant to the Arrangement is fair, from a financial point of view, to the TORC shareholders. Dundee Securities Ltd. and RBC Capital Markets are acting as strategic advisors to TORC.

6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102:

N/A

7. Omitted Information:

N/A

8. Executive Officer:

Doug Bartole
President and Chief Executive Officer
Telephone: (403) 218-2063
Fax: (403) 218-2064

9. Date of Report:

September 20, 2012.

Certain information in this Material Change Report including management's assessment of future plans and operations, the effect of the Transaction on Vero and TORC, timing of matters related to the approval of the Transaction and implementation thereof, production levels, capital expenditures, operating costs, reserves estimates, commodity mix, working capital and debt levels, tax pools, business strategy, future development and growth opportunities, prospects and anticipated benefits from the Transaction are forward-looking statements under applicable securities laws. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties including, without limitation, the risks associated with the oil and gas industry in general such as operational risks in development, exploration, production, marketing and transportation; loss of markets; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to reserves, production, cost and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; inability to retain drilling rigs and other services; capital expenditure costs, including drilling, completion and facilities costs; unexpected decline rates in wells; delays in projects and/or operations resulting from surface conditions; wells not performing as expected; incorrect assessment of the value of acquisitions including the Transaction; failure to realize the anticipated benefits of acquisitions including the Transaction; ability to access sufficient capital from internal and external sources; delays resulting from or failure to obtain required regulatory and other approvals; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations.

There are risks also inherent in the nature of the proposed Transaction, including failure to realize anticipated production increases and anticipated cost savings and other synergies; risks regarding the integration of Vero and TORC; incorrect assessment of the value of Vero and/or TORC; and failure to obtain the required shareholder, court, regulatory and other third party approvals. This Material Change Report also contains forward-looking information concerning the anticipated completion of the Transaction and the anticipated timing thereof. Vero and TORC have provided these anticipated times in reliance on certain assumptions that it believes are reasonable, including assumptions as to the time required to prepare meeting materials for mailing, the timing of receipt of the necessary regulatory and court approvals and the satisfaction of and time necessary to satisfy the conditions to the closing of the Transaction. These dates may change for a number of reasons, including unforeseen delays in preparing meeting materials, inability to secure necessary regulatory or court approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the Transaction. In addition, there are no assurances the Transaction will be completed. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and readers should not place undue reliance on the forward-looking information contained in this Material Change Report.

Forward looking statements in this Material Change Report include statements regarding the timing and completion of the TORC Financing and the use of proceeds. The completion and timing of the TORC Financing, is based on a number of assumptions, including, that all approvals for the TORC Financing will be received and no material adverse change will occur in TORC's operations nor will there be any of the events that would trigger termination rights under the agreement with the underwriters.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Vero and TORC believe that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Vero and TORC can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Vero and TORC operate; the timely receipt of any required regulatory and shareholder approvals; the ability to obtain financing on acceptable terms; the performance of existing wells; the success obtained in drilling new wells; future well production rates, decline rates and reserve volumes; the ability to replace and expand oil and natural gas reserves; the timing and costs of pipeline, storage and facility construction and expansion and the ability to secure adequate product transportation; future oil and natural gas prices; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Vero and TORC operate; and the ability to successfully market oil and natural gas products.

*Readers are cautioned that the foregoing list of factors and assumptions is not exhaustive. Additional information on these and other factors that could affect Vero's or New TORC's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (*www.sedar.com*) under Vero's profile and at Vero's website (*www.veroenergy.ca*). Furthermore, the forward-looking statements contained in this Material Change Report are made as at the date of this Material Change Report and Vero and TORC do not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

BOEs:

Disclosure provided herein in respect of barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1; utilizing a conversion on a 6:1 basis may be misleading as an indication of value.