



VERAZ
PETROLEUM LTD.

January 2010



Forward Looking Statements Disclaimer

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Capitalization Summary



- **Current Share Capital:**
 - Issued and outstanding 32,523,580
 - Insider holdings 6.4%
- **Dilutive Securities:**
 - Employee and Director Options 3,185,000
- **Financial:**
 - Working capital (December 31, 2009 – unaudited) USD\$ 2.375MM*

* Excluding forgivable USD \$9.0MM loan outstanding to Petrominerales.
- **Listings:**
 - VRZ: CNSX
 - TSXV listing pending

Management Team



- **Oppe Cosijn – *President & CEO***
 - Geologist with over 20 years of experience in the oil and gas sector. Previously VP Exploration at Angle Energy Inc., Senior Geologist at True Energy Inc., and Exploration Manager at Argonauts Group
- **Colin Christie, CA, CFA – *CFO***
 - Accountant with experience in restructuring, valuation, audit and assurance in several industries, including oil and gas. Previously Partner and Senior Vice President at Alger & Associates Inc., prior thereto with Deloitte & Touche LLP
- **Victor Lay – *General Manager, Peru***
 - Geologist with 45 years of experience in Peru and Colombia. Previously VP Exploration for both Occidental of Peru and Colombia. Past President of the Board of Directors of INGEMMET (Peruvian Geological Service)
- **Case Caulfield – *Vice President, Exploration***
 - Geophysicist with over 20 years technical and managerial experience in the oil and gas sector, most recently as VP Exploration at True Energy Trust. Prior international experience in Colombia, Peru and Ecuador

Board of Directors



- **Paul Baay, Chairman**
 - Chairman, Vero Energy Inc.

- **Oppe Cosijn, President & CEO**
 - President & CEO, Veraz Petroleum Ltd.

- **Trevor Mitzel, CA, CFA**
 - CFO, Big Country Energy Services LP

- **Enrique J. Lopez de Mesa**
 - President & CEO, Alpaca Resources Inc.

- **Dan Long, P. Eng.**
 - VP Business Development, Enhance Energy Inc.

- **Thomas Valentine**
 - Partner, Macleod Dixon LLP

Investment Highlights

- Experienced Canadian and Peruvian based team with intimate knowledge of Block 126
- 2.7 million acre block in Peru with a 45% working interest:
 - Approximately US\$30 MM spent by prior operators on roads, seismic and drilling
- Underdeveloped basin with surrounding activity by major international E&P companies
- Significant resource potential on large seismically identified structures
- Strong Peruvian E&P environment:
 - Stable market oriented government
 - Attractive royalty structure
 - Taxation levels legislatively guaranteed throughout the term

Significant Milestones:



Farmout Agreement

Further Joint Ventures

Equity Financing

Sale of Company

➤ Signed Contract 10/07

➤ Seeking TSXV Listing

Unlocks
Optionality

➤ Secured JV Partner 11/08

➤ Completed Expl. Phase 1 12/08

➤ Approval of EIA 05/09

➤ Completed Seismic Program 12/09

Key Activity To Date



- **September 2006**: Negotiations with the Peruvian government commenced, culminate in the signing of the licence contract in October 2007.

- **November 2008** : Joint venture agreement signed with Petrominerales Ltd.
 - USD\$500,000 cash payment and USD\$9.0MM loan facility to fund EIA, seismic program and operations.
 - Loan forgivable if PMG elects to participate in drilling, convertible to VRZ shares if not.
 - VRZ funded through Q2/10.

- **December 2008** : 1st Exploration Period requirement to reprocess 1000km of existing seismic data and updated geological mapping submitted and approved. Second Exploration Phase period commenced.

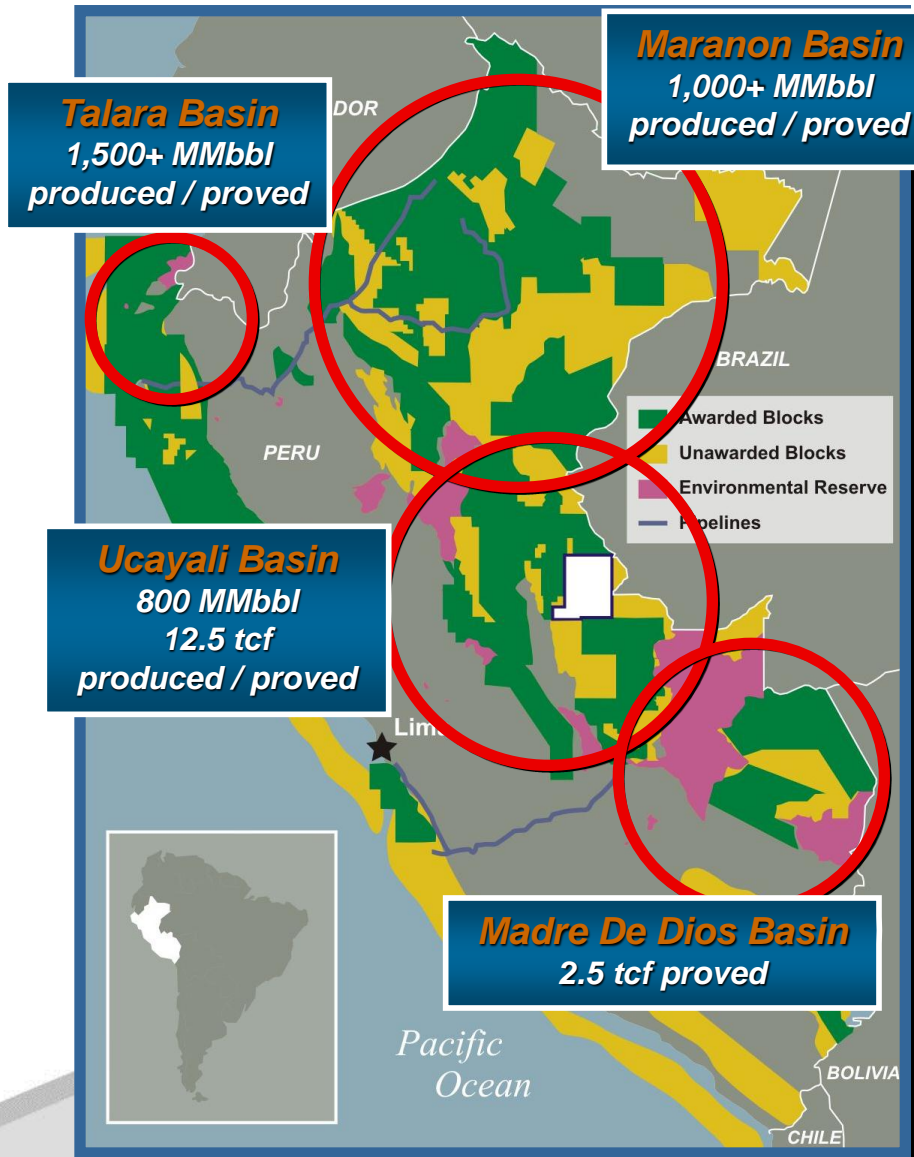
- **May 2009**: Environmental Impact Assessment approved.
 - 16 month approval process.
 - Approval to shoot 150 sq. km 3D, 50 km 2D and drill four exploratory wells.

- **December 2009**:
 - Seismic program completed.
 - Petrominerales transaction closed.

Why Block 126?

- Rolling to flat topography, existing infrastructure and demonstrated hydrocarbon occurrence reduce cost and risk of exploration
- Located adjacent to the Ucayali River providing year-round access for transportation of equipment and barging of oil production
- Veraz has established a positive working relationship with the communities located on Block 126 during the EIA process
- Modern seismic techniques and horizontal drilling have not been employed on Block 126

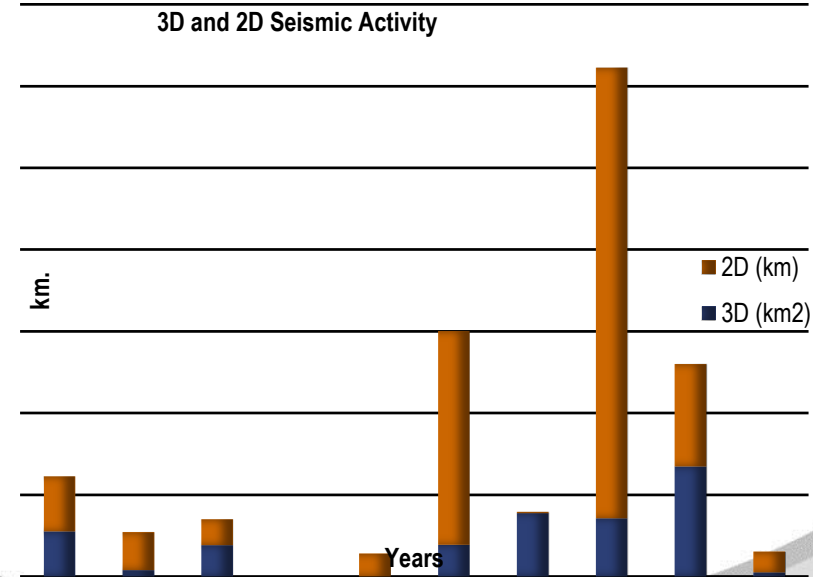
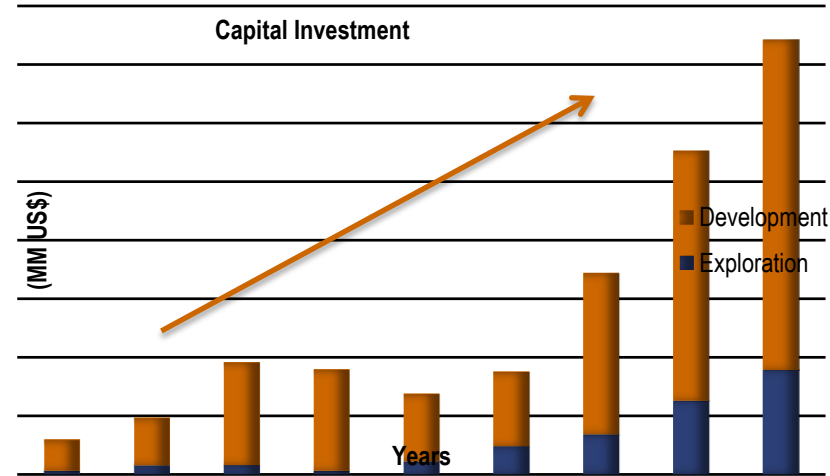
Peru: Current E&P Overview



- Net importer of oil resulting in favourable contract and royalty terms
- Positive political environment and attractive royalty regime
- Existing 200,000 bbls/d capacity oil pipeline with 160,000 bbls/d excess capacity
- Parallel natural gas / NGL pipelines carry production from Camisea to Lima
- Six major oil refineries

Peru: E&P Activity

- Capital investment in the Peruvian E&P sector is roughly 7x 2000 levels:
 - Exploration ↑ 2847%
 - Development ↑ 1133%
- Seismic activity has increased sharply since 2000, down in 2008-09 as drilling is initiated.
- Increased investor confidence in the Peruvian business environment
- New exploration and development techniques have unlocked new reserves potential

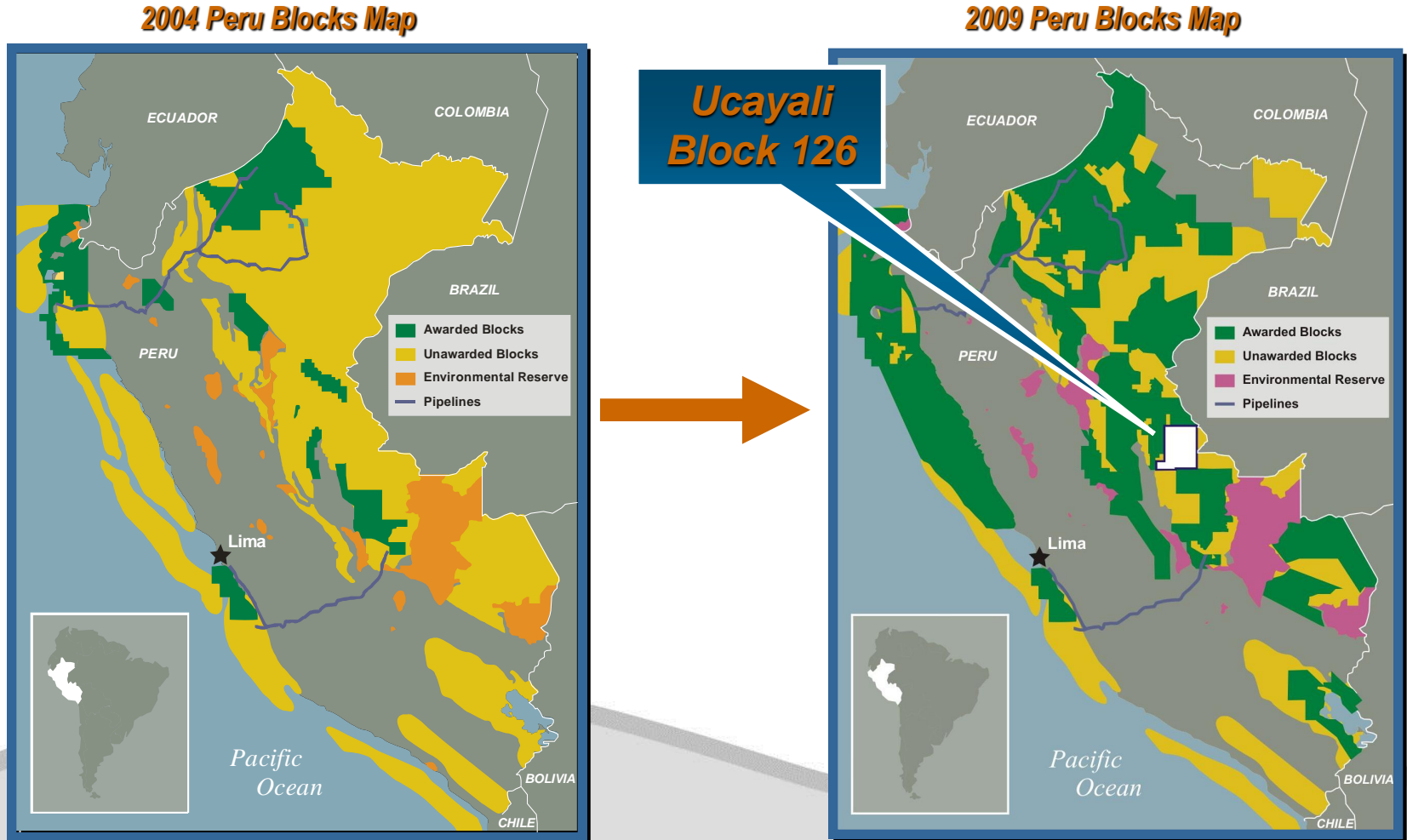


Peru: Laws, Royalties and Taxes

- Law N° 26221, enacted in 1993, comprises the entire hydrocarbon legal framework and eliminated the previous State monopoly on hydrocarbon importation, transportation, refining and distribution
- **Royalties:**
 - No production sharing contracts required
 - Option 1: Sliding scale 5% - 20%
 - < 5,000 BOE/d 5%
 - 5,000 – 100,000 BOE/d 5% - 20%
 - > 100,000 BOE/d 20%
 - Option 2: Economic results methodology
 - 5% fixed royalty plus a variable royalty
 - Variable royalty is calculated using income vs. expenditures and has maximum value of 20%
 - This royalty structure has been in place for 5 years, and compares favorably to Alberta's current royalty environment, which imposes a maximum royalty rate of 50%
- **Taxes:**
 - Existing treaties between Canada and Peru
 - Corporate tax rate of 30%
 - Carry losses forward 4 years
 - Taxation levels legislatively guaranteed throughout the term

Peru: Competitive Landscape

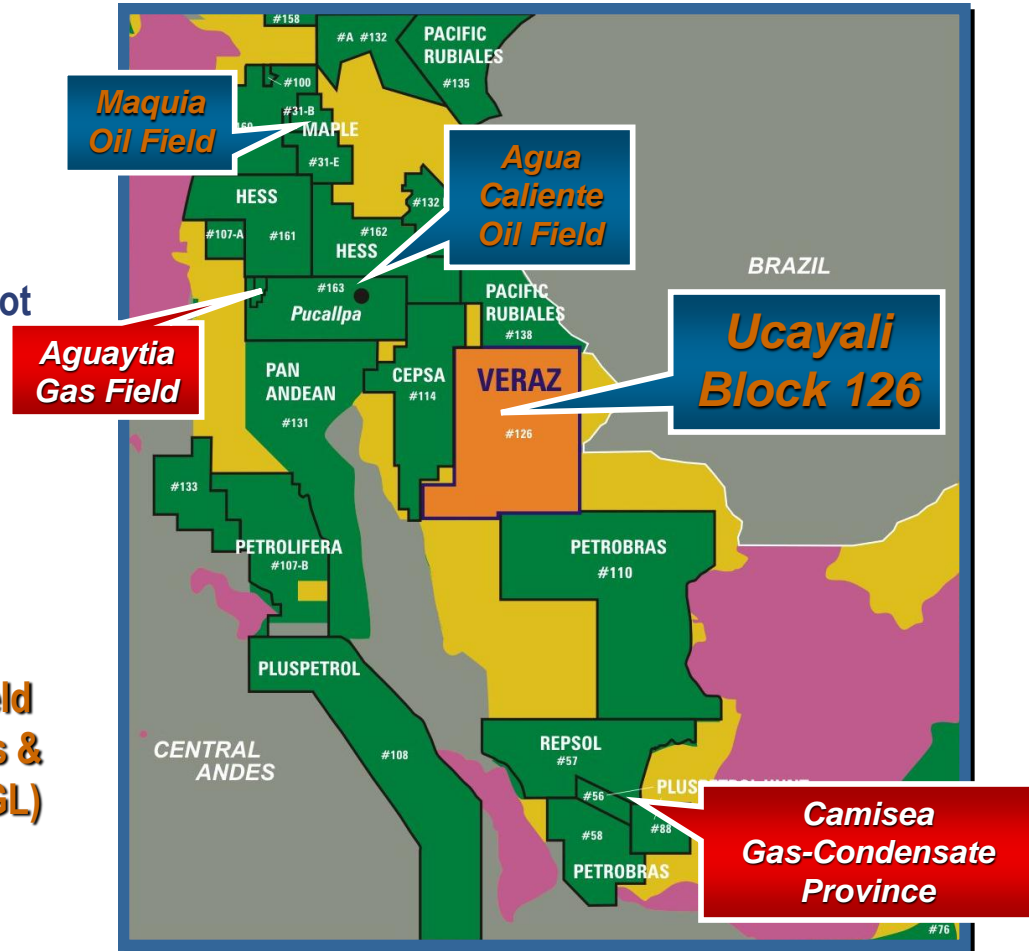
- As illustrated below, the majority of E&P blocks in Peru have now been licensed:



Ucayali Basin: Overview

- Situated in east central Peru
- Activity since first commercial discovery in 1938 include:
 - approx. 13,400 km of 2D seismic data shot
 - 50 wells drilled
 - Three oilfields discovered:
 - Agua Caliente (1938)
 - Maquia (1958)
 - Pacay (1958)
 - Five gas/condensate fields discovered:
 - San Martin (1984)
 - Mipaya (1987)
 - Cashiriari (1996)
 - Pagorene (1998)
 - Aguaytia (1961)
- The Ucayali has similar tectonic history to the WCSB

Camisea Gas Field
(8.0 tcf of nat. gas & 517 mmbbl of NGL)



Block 126: History

- 1986 – Occidental Petroleum Corporation (“Occidental”) contracted Block 126:
 - Spent approximately US\$20 MM on seismic, drilling and infrastructure
 - Drilled two wells
 - La Colpa 1X
 - Tested oil
 - Currently plugged and temporarily abandoned
 - Occidental assigned 59 MMbbl OOIP / 7 MMbbl recoverable
 - Platanal 1X
 - Relinquished interest in Block 126 upon fulfillment of initial work commitment and a rise in insurgent activity in the area
- 1997 - Pangea Oil Corporation:
 - Spent approximately US\$10 MM
 - Shot 562 km of 2D seismic
 - Drilled Shahuinto 1X
 - Relinquished interest in Block 126



Existing La Colpa Well Pad



Existing Lease Road

Block 126: Properties & Leads

1. MAIN LA COLPA /
2. ENE WEDGE

12.1 MMbbl Recoverable /
19.2 MMbbl Recoverable

3. LA COLPA SOUTH

3.9 MMbbl Recoverable

4. SHESHEA

24.4 MMbbl Recoverable

WESTERN CANADA
TOWNSHIP FOR SCALE

FORE THRUST
FEATURES

NEW 3D SEISMIC

Platanal

Shahuínto

La Colpa

CHONTA TIME
STRUCTURE

NEW 2D SEISMIC

[* Resource estimates represent property / lead mean gross estimates as estimated by management using the Rose Technique]

Block 126: Internal Resources Assessment

- Veraz management has estimated, effective March 31, 2008, the low, best and high resources potential of Block 126 using a lognormal size distribution estimate:
 - La Colpa (Agua Caliente), and La Colpa (Ene Wedge) parameters were derived from existing well logs, and reprocessed seismic interpretation
 - La Colpa South, and Sheshea parameters were derived from reprocessed seismic interpretation, and reliance on various La Colpa (Agua Caliente) parameters for which well logs are available

Veraz Internal Resources Assessment				
Properties / Leads	Formation	Contingent Resources Estimate ⁽²⁾		
		Low Estimate	Best Estimate	High Estimate
		MMbbls	MMbbls	MMbbls
La Colpa Property	Agua Caliente	3.4	12.1	25.5
		Prospective Resources Estimate ⁽³⁾		
		Low Estimate	Best Estimate	High Estimate
		MMbbls	MMbbls	MMbbls
La Colpa Ene Lead	Ene	1.1	19.2	51.8
La Colpa South Lead	Agua Caliente	0.7	3.9	9.1
Sheshea Lead	Agua Caliente	1.0	24.4	66.5
Total (Contingent and Prospective Resources) ⁽⁴⁾		6.2	59.6	152.9

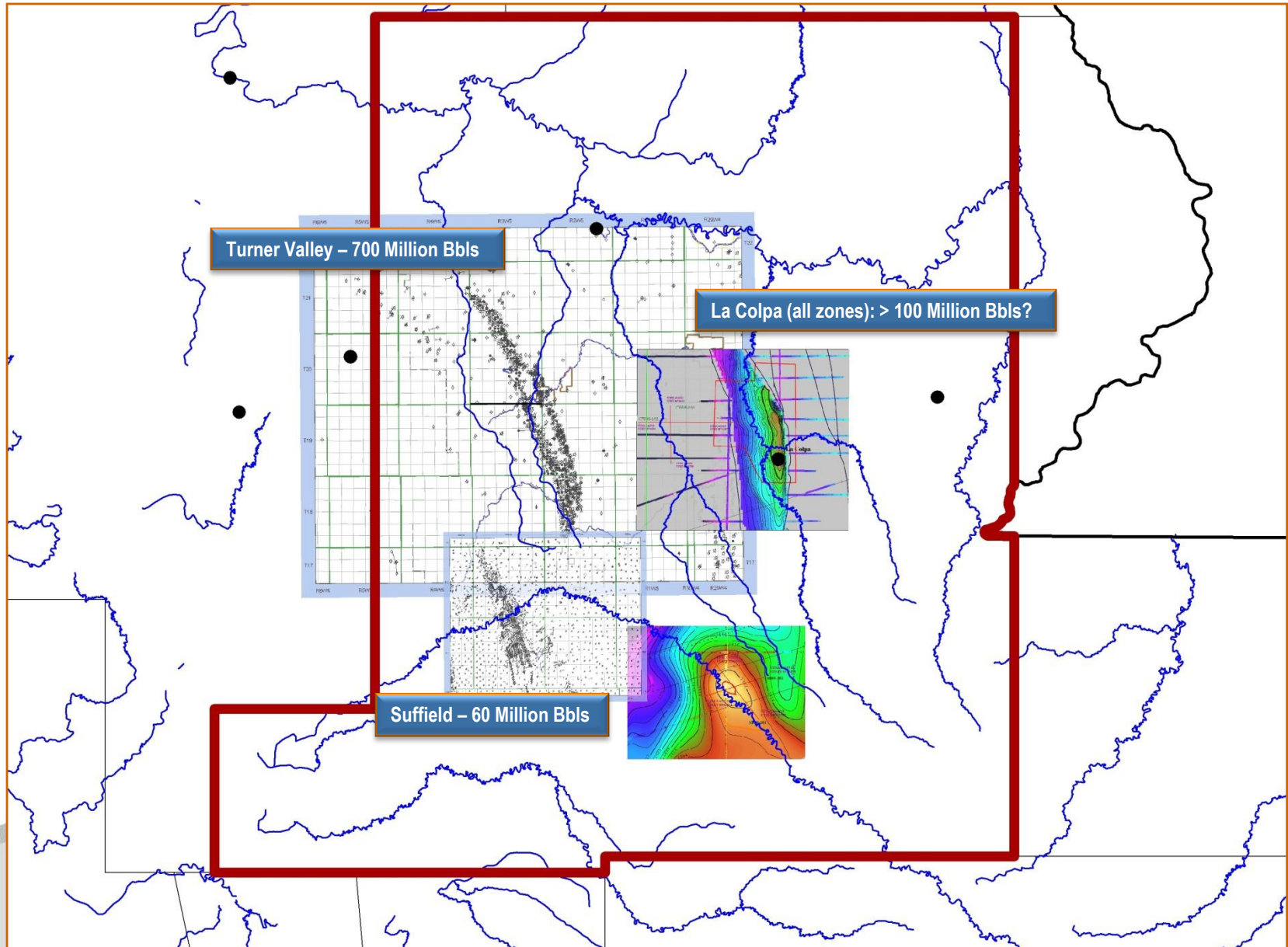
(1) Represents an estimate of the combined 100% interest in the resources of Block 126.

(2) Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. There is no certainty that it will be commercially viable to produce any portion of the resources.

(3) Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

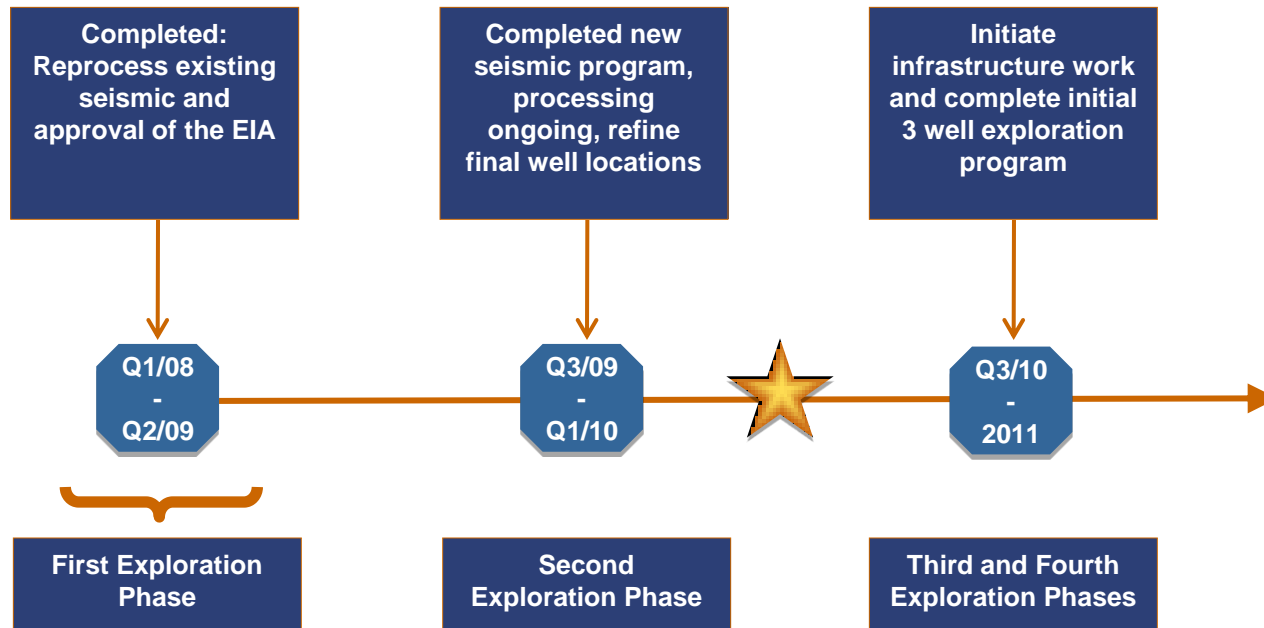
(4) The aggregate of the low estimate, best estimate and high estimate cases for the prospective resources attributed to the individual Ene Wedge, La Colpa South and Sheshea leads may not reflect the same confidence level as the low estimate, best estimate and high estimate cases for the prospective resources for all of such leads, due to the effects of aggregation. Additionally, the aggregate of the contingent resources attributed to the La Colpa (Main) property and the prospective resources attributed to the Ene Wedge, La Colpa South and Sheshea leads individually may not reflect the same confidence level as the contingent resources and prospective resources for the La Colpa (Main) property and the Ene Wedge, La Colpa South and Sheshea leads as a whole, due to the effects of aggregation.

Block 126 vs. Western Cdn Giants



Block 126: Exploration Plan

- The following provides a timeline with respect to the anticipated exploration and development plans for Block 126:



Appendices

Peru: Country Overview

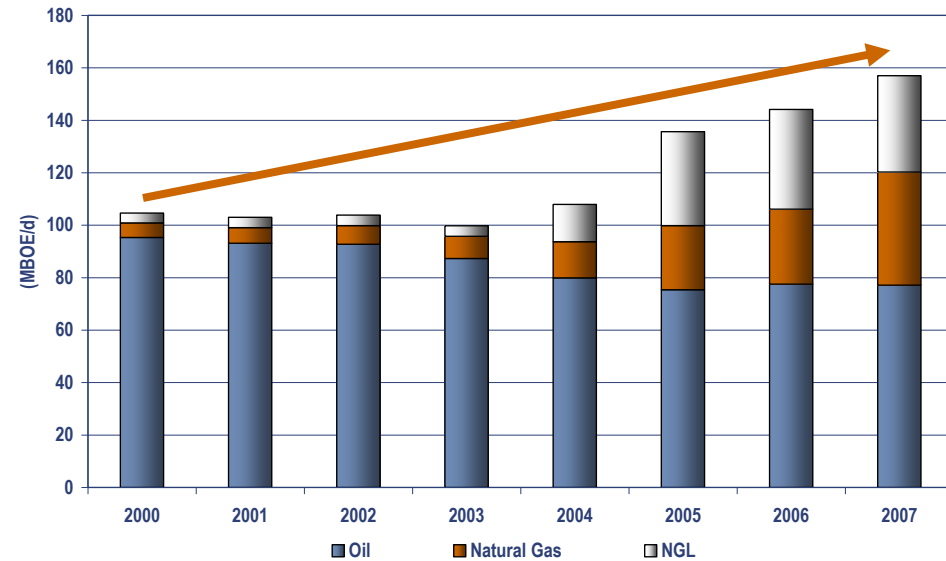
Peru Country Facts

Capital	Lima	Government	Republic
Geography		Economy	
Area	1.3 million km ²	GDP per Capita	\$7,600 (USD)
Climate	Tropical in east, desert in west, temperate to frigid in Andes	Unemployment Rate	7%
Terrain	Coastal plain, high rugged Andes, lowland jungle (Amazon Basin)	Oil & Gas Industry	
Elevations	Sea level - 6,768 metres	Oil - Production	114 Mbbl/d (Dec. 2007)
Resources	Copper, Silver, Gold, Petroleum, natural gas, timber, fish, iron, coal, hydropower	- Proved Reserves	416 MMbbl (Dec. 31, 2006)
		Natural Gas - Production	259 MMcf/d (Dec. 2007)
		- Proved Reserves	12 Tcf (Dec. 31, 2006)
People		NGL Proved Reserves	682 MMbbl (Dec. 31, 2006)
Population	29 million	Exports	\$27 billion
Population Growth Rate	1.3%	Commodities	Copper, Zinc, Gold, petroleum, petroleum products and coffee
Median Age	26 years	Trade Partners	US 24%, China 10%, Switzerland 7%, Canada 7%, Chile 6%, Japan 5%
Literacy	88%	Imports	\$19 billion
Free Trade Agreements	Peru finalized Free Trade Agreements with the U.S. (Dec. 4, 2007) and Canada (Jan. 26, 2008), aimed to promote greater stability, transparency and protection for foreign investments in Peru	Commodities	Petroleum and petroleum products, plastics, machinery and equipment, vehicles, iron and steel, wheat, and paper
		Trading Partners	US 17%, China 10%, Brazil 10%, Ecuador 7%, Colombia 6%, Chile 6%
		Currency	Nuevo Sol

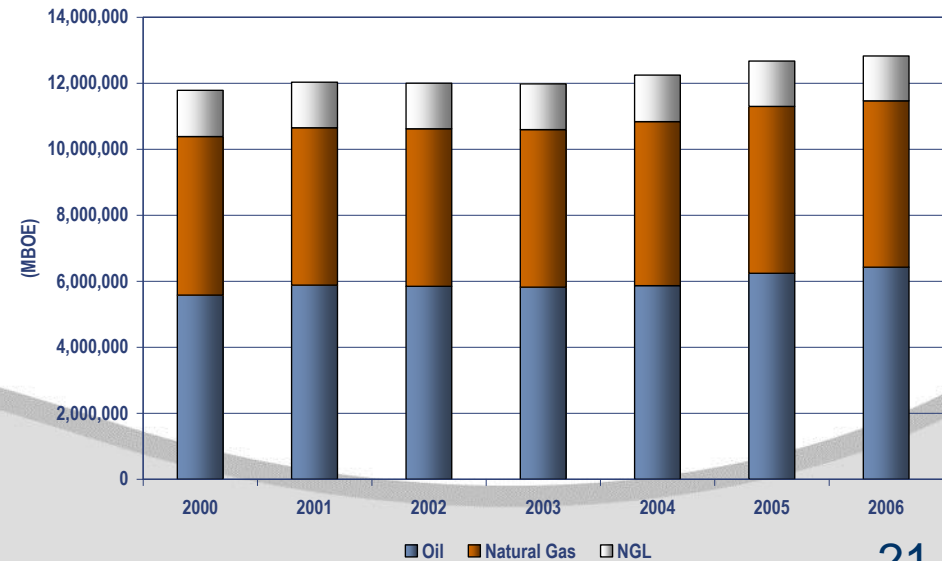
Peru: E&P Activity

- Total hydrocarbon production has increased by 50% since 2000:
 - Oil ↓19%
 - Natural gas ↑680%
 - NGLs ↑867%
- The development of the Camisea project and NGL terminal will position Peru as an important regional producer and exporter of natural gas
- Production and annual reserve bookings have both continued to increase

Total Daily Hydrocarbon Production



3P Hydrocarbon Reserves



Peru: Active E&P Companies

Active Companies

Comments

State Owned



Multinationals



Independents



- Friendly foreign investment climate and vast resource potential have led to record years for E&P contracts awarded by Perupetro in each of 2006 and 2007
- Petrobras recently announced the discovery of an estimated ~2 TCF of natural gas south of Veraz's Block 126 and north of the Camisea field. Repsol owns 41%, Petrobras 35.15% and Burlington 23.85%
- Ecopetrol jointly submitted the winning bid for Block 134 in the 2007 Bid Round with Talisman and also farmed-in for 30% on Talisman's block 101
- ConocoPhillips has an ownership interest in five exploration blocks in Peru, with 100 percent interests in two of those blocks acquired in 2006
- Talisman has steadily increased its interests in Peru over the last three years. It currently holds a 50% operated interest in Block 64, a 70% operated interest in Block 101, a 40% operated interest in Block 103 and a 55% operated interest in Block 134
- Hess acquired exploration licenses in Peru in 2006 to grow its international reserves portfolio
- Tecpetrol, a fully owned subsidiary of the Techint group, is a partner in the Camisea project
- A surge of exploration activity by independent companies has taken place at an increasing rate over the past few years
- A largely unexplored basin with vast resource potential and strong economic incentives to engage in exploration activities have been some of the main reasons fueling the increased activity levels

Block 126: Work Commitment



- The Peru License provides for a minimum work program that must be completed over seven years, separated into four Exploration Phases
- Each Exploration Phase requires a minimum work program defined in the Peru Licence by Exploration Work Units, or specific work required to be completed
- The Corporation's current exploration plan will satisfy the minimum work commitment
- To date, over 1,000 km of the existing 2D seismic data have been reprocessed and the reinterpretation of these lines is complete. Submission of a final report to Perupetro, will satisfied the requirements for the first Exploration Phase and the Corporation entered the second Exploration Phase effective Dec. 20, 2008.

Block 126: Work Commitment

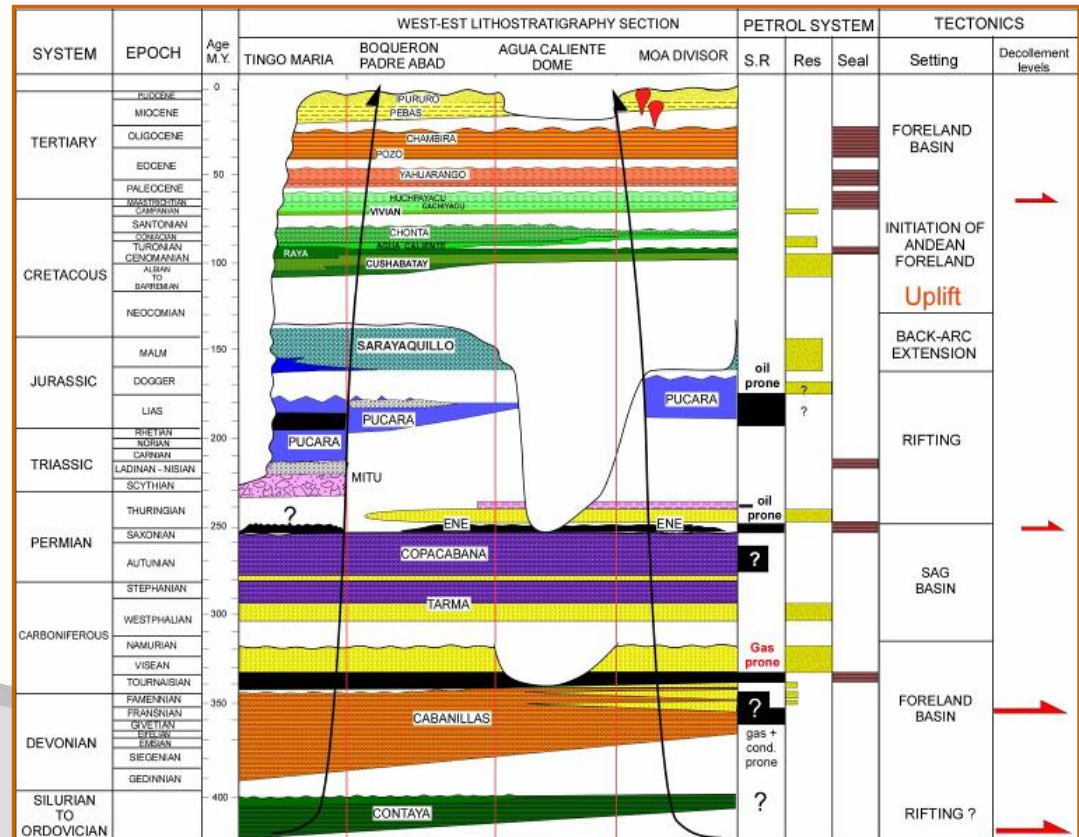
- The Peru License provides for a minimum work program that must be completed for each Exploration Phase Period in accordance with its terms:
 - the minimum work program for each of the exploration phase periods is defined in the Peru License by Exploration Work Units (“EWUs”) or specific work required to be completed by the Corporation
- The minimum work program for each exploration phase period is as follows:
 - First Exploration Phase:
 - complete 40 EWUS; or
 - reprocess and reinterpret 1,000 km of 2D seismic and geological study of the area.
 - Second Exploration Phase:
 - complete 500 EWUs; or
 - drill two exploratory wells or confirmation wells, one horizontal and one vertical.
 - Third Exploration Phase:
 - complete 250 EWUs; or
 - drill one exploratory well.
 - Fourth Exploration Phase:
 - complete 250 EWUs; or
 - drill one exploratory well.

Summary of EWU Activities

Activity Type	EWUs
2D seismic (km)	1.00
3D seismic (km ²)	3.00
2D reprocessing (km)	0.02
Gravimetry (km)	0.02
Magnetometry (km)	0.02
Studies per Exploration Phase Period	20.00
Wells Drilled (m)	
0 - 1,000	0.10 x m
1,001 - 2,000	0.13 x m
2,001 - 3,000	0.18 x m
3,001 - 4,000	0.22 x m
over 4,001	0.25 x m

Ucayali Basin: Stratigraphic Column

- The stratigraphy in the Ucayali Basin varies from west to east as well as north to south due to areas of nondeposition and erosion
- In the area of interest, a crystalline basement is overlain by a thick sequence of Paleozoic, Mesozoic and Cenozoic clastics and carbonates
- The principal reservoirs are in the U. Cretaceous Casablanca and Vivian formations, L. Cretaceous Chonta and Agua Caliente formations, Permian Ene and Copacabana formations and sandstones of the Tarma Group
- Geological studies have confirmed source rock throughout the basin



Independent Resource Assessment



- GLJ performed an independent resource assessment of one property, La Colpa (Agua Caliente formation only), under NI 51 – 101 specifications
- This estimate is more conservative than management’s estimate for the property due to the following reasons
 - Management feels oil / water contact is down structure from what GLJ assumed; this suggests larger areal extent and accumulation
 - GLJ used structural elevation of the base of oil column, in La Colpa 1X, to establish size of closure; Management feels seismic amplitude anomaly indicates oil / water contact is down structure and that closure is larger
 - GLJ derived assumptions on initial production numbers from Occidental Final Report on La Colpa 1X; Management feels these were conservative as there was limited test data and indications of well bore issues (poor cement and fluid loss for example)

Summary of GLJ Assessed Contingent Resources on the La Colpa (Agua Caliente) Property

	Low Estimate Resources	Best Estimate Resources	High Estimate Resources
Heavy Oil Recoverable Resources (MMbbls)			
Gross Lease	1.2	2.9	6.3
Total Company Interest	1.1	2.6	5.7