

Form 45-106F1
Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution.

Issuer information

1. State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.

Verona Development Corp.
300-905 West Pender Street
Vancouver, BC
V6C 1L6 604-681-4653

2. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

The issuer is a reporting issuer in British Columbia.

3. Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.

- | | |
|---|---|
| <input type="checkbox"/> Bio-tech | <input type="checkbox"/> Mining |
| <input type="checkbox"/> Financial Services | <input checked="" type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Industrial | <input type="checkbox"/> Other (describe) |

Details of distribution

4. Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.
5. State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.

B.C. Securities
Commission
2006 SEP 21 PM 2:29
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May 1, 2006

6. For each security distributed:

- a. describe the type of security,
- b. state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and
- c. state the exemption(s) relied on.

The Company has issued 8,596,000 units at \$0.90 per unit, each unit was comprised of one common share and one warrant exercisable to purchase one additional common share for \$1.20 until May 1, 2008.

The exemptions relied on are NI45-106 S.2.3, NI45-106 S.2.5 and BCI 72-503.

7. Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	41	\$0.90	\$1,614,500
Ontario	8	\$0.90	\$630,500
Alberta	25	\$0.90	\$598,500
Switzerland	3	\$0.90	\$262,150
New Zealand	1	\$0.90	\$270,000
United States	8	\$0.90	\$648,000
United Kingdom	4	\$0.90	\$83,250
Cayman Islands	1	\$0.90	\$2,500,000
Hong Kong	1	\$0.90	\$180,000
U.A.E.	1	\$0.90	\$90,000
Greece	1	\$0.90	\$45,000

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
Monaco	1	\$0.90	\$22,500
Japan	1	\$0.90	\$27,000
BVI	1	\$0.90	\$225,000
BWI	1	\$0.90	\$540,000
Total number of Purchasers	99		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$7,736,400

Note 1: If securities are issued at different prices list the highest and lowest price the securities were sold for.

Commissions and finder's fees

8. Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
		Number and type of securities issued	Price per security	Exemption relied on and date of distribution	
Haywood Securities Inc. 2000-400 Burrard Street Vancouver, BC V6C 3A6	\$194,625				\$194,625
Research Capital Corporation 7 King Street, E Suite 702 Toronto, ON M5C 3C5	\$291,999.96				\$291,999.96
Blackmont Capital Inc. 550 Burrard Street, Suite 500 Vancouver, BC V6C 2B5	\$14,400				\$14,400
Raymond James Ltd. 2200-925 West Georgia Street, Vancouver, BC V6C 3L2	\$45,900				\$45,900
Wolverton Securities Ltd. 17 th Floor, 777 Dunsmuir Street, PO Box 10115, Pacific Centre, Vancouver, BC V7Y 1J5	\$5,580				\$5,580
Golden Capital Securities Ltd. Suite 168, 1177 West Hastings Street Vancouver, BC V6E 2K3	\$9,000				\$9,000
Emerald Fortune Enterprises Ltd. 300-905 West Pender Street Vancouver, BC V6C 1L6	\$180,365.04				\$180,365.04
Richard Bullock 19 Ferguson Drive Strandtown, Belfast, Northern Island BT4 2AL	\$11,500.02				\$11,500.02
Canaccord Capital Corporation Pacific Centre, 2200-609 Granville Street Vancouver, BC V7Y 1H2	\$2,000				\$2,000

9. If a distribution is made in Ontario, please include the attached "Authorization of Indirect Collection of Personal Information for Distributions in Ontario". The "Authorization of Indirect Collection of Personal Information for Distributions in Ontario" is only required to be filed with the Ontario Securities Commission.

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: September 14, 2006

VERONA DEVELOPMENT CORP.

Name of issuer (please print)

Juraj Adamec, President 604-681-4653

Print name, title and telephone number of person signing



Signature

10. State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

N/A

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Notice – Collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities or, where applicable, the regulators under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or, where applicable, the regulator in the jurisdiction(s) where the form is filed, at the address(es) listed at the end of this report.