



## 2009 FIRST QUARTER REPORT

### FINANCIAL AND OPERATING HIGHLIGHTS

(In thousand Canadian dollars except per unit amounts and where stated otherwise)

	Three Months Ended		
	March 31, 2009	Dec. 31, 2008	Change %
<b>FINANCIAL</b>			
Petroleum and natural gas sales	66,654	87,621	(24)
Funds flow			
From operations <sup>(1)</sup>	37,193	79,242	(53)
Per unit – diluted	0.38	0.83	(54)
Earnings			
Earnings (loss) before tax	(1,739)	9,489	(118)
Per unit – diluted	(0.02)	0.10	(120)
Earnings (loss) after future income tax	5,876	10,342	(43)
Per unit – diluted	0.06	0.11	(45)
Distributions declared	14,645	28,633	(49)
Per unit	0.15	0.30	(50)
Capital expenditures			
Exploration and development	37,176	22,128	68
Acquisitions, (dispositions) and other - net	52	(333)	116
Net capital expenditures	37,228	21,795	71
Total assets	949,305	957,589	(1)
Net debt <sup>(1)</sup>	312,333	299,981	4
Unitholders' equity	419,416	416,097	1
Trust Units outstanding (thousands)			
- As at end of period	98,250	95,997	2
<b>OPERATING</b>			
Production			
Natural gas (MMcf/d)	94	96	(2)
Crude oil and natural gas liquids (Bbl/d)	4,524	4,311	5
Total production (Boe/d @ 6:1)	20,211	20,289	—
Average prices			
Natural gas (before financial instruments) (\$/Mcf)	5.61	7.44	(25)
Natural gas (\$/Mcf) <sup>(2)</sup>	7.37	9.29	(21)
Crude oil and natural gas liquids (before financial instruments) (\$/Bbl)	47.03	55.50	(15)
Crude oil and natural gas liquids (\$/Bbl) <sup>(2)</sup>	46.96	126.64	(63)
Drilling activity (gross)			
Gas	10	5	100
Oil	1	—	—
D&A	—	1	—
Total wells	11	6	83
Success rate	100%	83%	—

<sup>(1)</sup> Funds flow from operations and net debt are non-GAAP terms. Funds flow from operations represents cash flow from operating activities before net changes in operating working capital accounts. Net debt is equal to long-term debt plus/minus working capital. Please refer to the advisory on Non-GAAP measures below.

<sup>(2)</sup> Includes realized but excludes unrealized gains and losses on financial instruments.

## Message to Unitholders

### Operations Review for the First Quarter 2009

- Average production 20,211 Boe/d
- \$37.2 million funds flow from operations
- \$37.2 million capital expenditures
- 11 (9.3 net) wells drilled with a 100% success rate
- Drilled and completed four operated Montney horizontal wells
- 33 percent payout ratio based on cash flow from operations
- Average operating costs \$13.39 /Boe

Trilogy's first quarter 2009 production was 20,211 Boe/d, (94.1 MMcf/d of natural gas and 4,524 Bbl/d of crude oil and natural gas liquids), in line with previous quarter production of 20,289 Boe/d. During the quarter, the Alberta Government announced the creation of the following royalty incentive programs:

- The New Well Royalty Reduction Program provides for a five percent well royalty rate over a period of one year from initial production or on 0.5 Bcf natural gas or 50MMBbls of oil production, whichever comes first, for wells that begin production after April 1, 2009
- The Drilling Royalty Credit Program provides a royalty credit of \$200 per meter drilled for all conventional wells spud between April 1, 2009 and March 31, 2010, subject to a prescribed maximum credit amount

In response to these programs, Trilogy was able to defer the commencement of production from six new wells until after April 1, 2009. Production from these wells, in addition to three wells to be tied in during the second quarter, will prospectively impact first quarter volumes. Trilogy expects that such volumes will partially assist to offset the impact of scheduled plant turnarounds at the third-party-operated Kaybob Amalgamated Gas Plant and the Trilogy-operated Kaybob North Gas Plant. Plant turnarounds are required every three to five years to ensure the gas plants are maintained in a safe and reliable condition. The maintenance work performed during turnarounds typically increase run time and reduce costs over the long term. It is anticipated that the Kaybob Amalgamated Gas Plant (Trilogy volumes approximately 1,500 Boe/d) could be down for up to six weeks and will result in a reduction of approximately 700 Boe/d over the second quarter and the Trilogy operated plant (Trilogy volumes 6,200 Boe/d) will be down for approximately ten days and will result in a reduction of approximately 680 Boe/d over the second quarter.

In total, Trilogy spent \$37.2 million on drilling, completion, and facility construction operations and land acquisitions during the quarter. Capital expenditures represent approximately 46 percent of the original \$80 million of capital (including land) budgeted to be spent in 2009. The Trust's 2009 capital program is generally weighted towards the first quarter of the year as Trilogy conducts a significant portion its drilling and construction activity during the winter months. In 2009, Trilogy deferred a portion of its first quarter capital program to either the second half of the year or to next winter's drilling season in an effort to take advantage of the above royalty credit incentive programs.

Capital costs have declined over the quarter as drilling and construction activity has decreased and contractor and supplier pricing has become more competitive. The balance of the capital budget will be spent throughout the year as the Trust executes the remainder of its planned capital expenditures and responds to joint-venture opportunities. Trilogy will continue to monitor

commodity prices, government programs and industry activity in an effort to respond to changes that may impact Trilogy's business model and strategy.

During the quarter, Trilogy drilled 11 (9.3 net) wells, all located in the Kaybob area. The results to date have been positive, resulting in 9.0 net gas wells and 0.3 net oil wells, for an overall success rate of 100 percent. The high success rate reflects Trilogy's strategy and the quality of Trilogy's drilling inventory. Trilogy intends to continue to manage the risk exposure by drilling a high percentage of its wells in areas that have multi-zone potential and high quality technical interpretations.

Trilogy acquired 2,304 net hectares at Crown land sales in the first quarter for a total expenditure of \$0.3 million. The evaluation and acquisition of high quality acreage will permit the Trust to maintain its prospect inventory for future development and potential reserve additions.

Operating costs for the quarter were \$13.39 per Boe, up 26 percent from \$10.66 per Boe during the first quarter of 2008. This significant increase was in response to operations on suspended wellbores to facilitate compliance with regulatory requirements, as well as workovers on wellbores that are only accessible in the winter months. We anticipate annual operating costs for the year to be in line with prior guidance of \$11.50 per Boe.

### **Kaybob**

Trilogy's drilling operations during the quarter were focused in the Kaybob area where Trilogy participated in the drilling of 11 (9.3 net) wells. Five wells in the first quarter program were drilled for Montney gas production, with four of these wells having been drilled horizontally in the Montney and the fifth drilled as a multi-zone vertical well that reached total depth in the Montney formation. Trilogy has reported positive results from its horizontal Montney wells and will continue to evaluate the initial production information throughout the second quarter. Production from three of the five Montney wells was deferred until after April 1, 2009 to take advantage of the reduced royalty rate on new gas wells. Initial test rates from the four most recent horizontal wells ranged from 7 to 9 MMcf/d, declining approximately 50 percent in the first six months. Rates are expected to stabilize over the balance of the first year. Actual production rates may be lower than initial production rates given plant capacity constraints.

During the second quarter of 2009, Trilogy completed the installation of an additional 10MMcf/d compressor required to optimize production from existing wells in the area. Four additional horizontal wells are planned in the third and fourth quarters. Given continued drilling and completion success, additional compression may be required by the end of the year.

Trilogy is managing the Montney reservoir development in this area by drilling wells along the length of the play in order to evaluate the reservoir quality and the horizontal development drilling opportunities. Well spacing may be increased to as many as five wells per section, where required, to maximize recovery. Trilogy's Montney interests in over 50 sections of contiguous acreage in this area may provide up to 250 potential locations over the life of the project. Trilogy is evaluating opportunities to reallocate its budgeted capital towards drilling operations to capture the benefit of the recently announced drilling incentive and reduced royalty programs, in conjunction with existing deep gas royalty program previously implemented.

### **Grande Prairie**

First quarter operations in the Grande Prairie area were limited to workovers and reactivations as the majority of Trilogy's capital employed was in the Kaybob area. Furthermore, capital spending

was reduced in the first quarter to mitigate processing capacity concerns at third-party gas plants. Drilling operations are expected to commence in the third quarter, as we execute the balance of Trilogy's budgeted capital program and take advantage of the aforementioned royalty credit programs. Trilogy anticipates drilling three to four additional wells in this area during the balance of the year.

### **Risk Management**

During the first quarter, Trilogy endeavored to pursue low risk, high return drilling opportunities during this low commodity price cycle. By reducing risk and increasing the probability of drilling successful wells throughout the year, the Trust anticipates that it will be able to obtain the 20,000 Boe/d annual production target.

### **Outlook**

Trilogy has been developing its land position and technical expertise on large, tight gas resource plays in the deep basin, resulting in the accumulation of a large inventory of high quality drilling prospects that should enable the Trust to maintain production at its forecast rate and also to replace produced reserves on an annual basis. In the current economic environment, Trilogy plans to manage its balance sheet through successful production replacement, prudent asset management, and continued control over operations. The Trust is positioning itself to respond to changes in commodity prices and government royalty and drilling incentive programs. The second quarter of 2009 is proving to be volatile as commodity prices fluctuate based on speculation in the North American natural gas markets. Trilogy's production will be negatively affected during the second quarter as a result of the previously mentioned plant turnarounds; however, Trilogy believes it can manage its assets prudently through this potentially difficult period. There is somewhat of a silver lining in performing this maintenance during the second quarter as this period is experiencing the lowest commodity prices in recent times. Trilogy is confident in its strategy, its high quality assets and the proven expertise of its employees.

*Certain statements in this Message to Unitholders constitute forward-looking statements under applicable securities legislation. Please refer to the attached Management's Discussion and Analysis for advisories on forward-looking statements and the assumptions, risk and uncertainties related to forward-looking information.*



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") provides the details of the financial condition and results of operations of Trilogy Energy Trust ("Trilogy" or the "Trust") as at and for the three months ended March 31, 2009, and should be read in conjunction with the Trust's interim consolidated financial statements and related notes for the three months then ended and its annual consolidated financial statements and MD&A for the year ended December 31, 2008. The consolidated financial statements have been prepared in Canadian Dollars in accordance with Canadian generally accepted accounting principles ("GAAP").

Readers are cautioned of the advisories on forward-looking statements, estimates, non-GAAP measures and numerical references which can be found at the end of this MD&A. This MD&A is dated and was prepared using currently available information as of May 5, 2009.

### FIRST QUARTER 2009 HIGHLIGHTS

- Funds flow from operations decreased to \$37.2 million during the first quarter of 2009 as compared to \$79.2 million for the previous quarter, primarily as a result of lower realized gains on financial instruments and lower commodity prices.
- Reported sales volumes for the first quarter of 2009 averaged 20,211 Boe/d as compared to 20,289 Boe/d for the previous quarter.
- Distributions declared to Unitholders for the first quarter of 2009 were \$14.6 million or 33 percent of cash flow from operations (\$28.6 million or 41 percent of cash flow from operations for the prior quarter).
- Capital expenditures totaled \$37.2 million for the first quarter of 2009, resulting in 9.3 net wells drilled with a success rate of 100 percent.
- The first quarter loss before tax of \$1.7 million was down from the \$9.5 million of earnings before tax posted in the fourth quarter mainly due to the reduced funds flow described above, offset by lower exploration expenditures and reduced depletion expenses caused by an impairment charge of \$24.1 million in the fourth quarter.
- Trilogy received necessary approvals for a normal course issuer bid through the facilities of the Toronto Stock Exchange. Under the normal course issuer bid, Trilogy may purchase up to 4,912,483 Trust Units during the period March 24, 2009 through March 23, 2010. No Trust Units were purchased through this normal course issuer bid as at March 31, 2009.
- Drilled and completed four Montney horizontal wells with initial test rates of 7 to 9 Mmcf/d per well. The production rates will be optimized during the second quarter as additional compression with 10 Mmcf/d of capacity is installed.
- During the quarter the Alberta government introduced the New Well Royalty Reduction Program and the Drilling Royalty Credit Program. These favorable credit programs will reduce Trilogy's royalty costs.

## BUSINESS ENVIRONMENT AND CURRENT ECONOMIC CONDITIONS

The economic recession that commenced in the United States (U.S.) has significantly impacted the global economy. In Canada, the effects of the economic downturn have been felt as evidenced by the loss of investors' confidence, limited and more expensive access to capital, tight credit controls, an increased unemployment rate and declining commodity prices, among other factors.

The significant decline in energy commodity prices has impacted Trilogy's operations, resulting in reductions to cash flow from operating activities, distributions to unitholders, forecast capital spending, and heightened counterparty risk. These financial statements do not include any adjustments that may be required should Trilogy be adversely impacted by worsening economic conditions in the foreseeable future.

The following table summarizes the key commodity price benchmarks for the comparative quarters:

	Q1 2009	Q4 2008	Q1 2008
<b>Crude Oil</b>			
West Texas Intermediate quarterly average (U.S.\$/Bbl)	43.23	58.73	97.90
<b>Natural gas</b>			
NYMEX (Henry Hub Close) quarterly average (U.S.\$/MMBtu)	4.89	6.94	8.03
AECO quarterly average (Cdn\$/GJ)	5.34	6.43	6.76
<b>Canadian – U.S. Dollar Closing Exchange Rate (Cdn\$/U.S.\$)</b>	<b>1.26</b>	1.22	1.03

## SUBSEQUENT EVENTS

Holders of 1,858,059 Trust Units have reinvested their March distributions totaling \$0.1 million through Trilogy's distribution reinvestment program, resulting in the issuance of an additional 16,061 Trust Units on April 15, 2009.

On April 15, 2009, Trilogy announced its cash distribution for April 2009 at \$0.05 per Trust Unit. The distribution will be paid on May 15, 2009 to Unitholders of record on April 30, 2009.

## RESULTS OF OPERATIONS

<b>Operating Results Summary</b> (In thousand dollars)	<b>Q1 2009</b>	<b>Q4 2008</b>	<b>Q1 2008</b>
<b>Operating income<sup>(1)</sup></b>	<b>26,899</b>	45,470	64,232
Other income	862	934	489
Realized financial instruments <sup>(2)</sup>	14,860	44,580	(2,266)
General and administrative expenses (cash portion)	(3,282)	(6,847)	(2,766)
Interest and financing charges	(1,736)	(3,185)	(4,357)
Exploration expenditures <sup>(3)</sup>	(410)	(1,710)	(1,823)
<b>Funds flow from operations<sup>(1)</sup></b>	<b>37,193</b>	79,242	53,509
<i>Non-cash operating items:</i>			
Depletion and depreciation	(26,772)	(53,420)	(27,549)
Unrealized financial instruments <sup>(2)</sup>	(9,625)	(12,509)	(15,591)
General and administrative recovery (expense)	(137)	3,255	(4,334)
Exploration expenditures <sup>(4)</sup>	(879)	(5,542)	(674)
Gain (loss) on disposition of property, plant and equipment	(52)	(114)	158
Accretion on asset retirement obligations	(1,467)	(1,423)	(1,376)
Future income tax (expense) recovery <sup>(5)</sup>	7,615	853	(3,243)
<b>Net earnings</b>	<b>5,876</b>	10,342	900

<sup>(1)</sup> Operating income and funds flow from operations are non-GAAP terms. Operating income is equal to petroleum and natural gas sales minus royalties, operating costs and transportation costs, while funds flow from operations represents cash flow from operating activities before net changes in working capital accounts. Refer to the advisory on Non-GAAP measures at the end of this MD&A.

<sup>(2)</sup> See Risk Management section below.

<sup>(3)</sup> Excluding the non-cash portion of the expenditures, and including asset retirement obligations paid for exploration expenditures.

<sup>(4)</sup> Net of asset retirement obligations paid.

<sup>(5)</sup> See Income Taxes section below.

<b>Cash Flow From Operations Per Unit of Sales Volume</b> (Dollar per Boe)	<b>Q1 2009</b>	<b>Q4 2008</b>	<b>Q1 2008</b>
Gross revenue before financial instruments <sup>(1)</sup>	35.34	45.50	57.77
Royalties	(6.69)	(7.56)	(12.36)
Operating costs	(13.39)	(13.08)	(10.66)
Asset retirement obligation expenditures	(0.22)	(0.92)	(0.98)
General and administrative expenses <sup>(2)</sup>	(1.80)	(3.67)	(1.49)
Interest and financing charges	(0.95)	(1.71)	(2.34)
Realized gain (loss) on financial instruments	8.17	23.88	(1.22)
<b>Funds flow from operations<sup>(3)</sup></b>	<b>20.46</b>	42.44	28.72
Net change in operating working capital	3.61	(4.89)	(3.26)
<b>Cash flow from operating activities</b>	<b>24.07</b>	37.55	25.46

<sup>(1)</sup> Net of transportation costs and including other income.

<sup>(2)</sup> Excluding non-cash unit and stock-based compensation expense but including the cash paid for the exercises of unit appreciation rights which expired on December 15, 2008.

<sup>(3)</sup> Refer to the advisories on non-GAAP measures and numerical references at the end of this MD&A.

## Operating Income Items

<i>First Quarter 2009 vs. Fourth Quarter 2008</i>		Increase (Decrease)			
(In thousand dollars except as otherwise indicated)		Q1 2009	Q4 2008	Value	%
Average sales volumes:					
Natural gas (Mcf/d)	94,126	95,867	(1,741)	(1.8)	
Oil and natural gas liquids (Bbl/d)	4,524	4,311	213	4.9	
Total (Boe/d)	20,211	20,289	(78)	(0.4)	
Average realized prices before financial instruments and transportation:					
Natural gas (\$/Mcf)	5.61	7.44	(1.83)	(24.6)	
Oil and natural gas liquids (\$/Bbl)	47.03	55.50	(8.47)	(15.3)	
Average realized prices after financial instruments but before transportation:					
Natural gas (\$/Mcf)	7.37	9.29	(1.92)	(20.6)	
Oil and natural gas liquids (\$/Bbl)	46.96	126.64	(79.68)	(62.9)	
Petroleum and natural gas sales before financial instruments:					
Natural gas	47,505	65,608	(18,103)	(27.6)	
Oil and natural gas liquids	19,149	22,013	(2,864)	(13.0)	
Total petroleum and natural gas sales before financial instruments	66,654	87,621	(20,967)	(23.9)	
Royalties	(12,167)	(14,117)	1,950	(13.8)	
Operating costs	(24,361)	(24,406)	45	(0.2)	
Transportation costs	(3,227)	(3,628)	401	(11.1)	
Operating income <sup>(1)</sup>	26,899	45,470	(18,571)	(40.8)	

<sup>(1)</sup> Refer to the advisories on non-GAAP measures at the end of this MD&A.

**Petroleum and Natural Gas Sales** – Natural gas sales, before financial instruments, decreased \$16.1 million due to lower average natural gas prices and \$2.0 million due to decreased production volumes. Oil and natural gas liquid sales, before financial instruments, decreased \$3.4 million due to lower average oil and natural gas liquid prices, partially offset by \$0.5 million due to increased production volumes. On a Boe per day basis, first quarter sales volumes were comparable to the previous quarter's sales volumes. Production from certain wells drilled in the first quarter will commence during the second quarter of 2009 in response to incentives introduced by the Alberta Government.

**Royalties** – As a percentage of petroleum and natural gas sales, royalties averaged 18 percent for the first quarter as compared to 16 percent for the fourth quarter. The fourth quarter rate was lower than anticipated due to adjustments relating to gas cost allowance credits and the receipt of an Alberta Royalty Tax Credit amount.

**Operating Costs** – Operating costs were relatively consistent, both in total and on a per unit basis at \$13.39/Boe for the first quarter as compared to \$13.08/Boe for the fourth quarter. Operating costs per Boe for these quarters were higher than the anticipated annual average, reflecting the opportunity to carry-out various field projects, such as workovers, during the winter season and required regulatory and compliance work.

<b>First Quarter 2009 vs. First Quarter 2008</b>			<b>Increase (Decrease)</b>	
(In thousand dollars except as otherwise indicated)	<b>Q1 2009</b>	<b>Q1 2008</b>	<b>Value</b>	<b>%</b>
Average sales volumes:				
Natural gas (Mcf/d)	<b>94,126</b>	93,989	137	0.1
Oil and natural gas liquids (Bbl/d)	<b>4,524</b>	4,802	(278)	(5.8)
Total (Boe/d)	<b>20,211</b>	20,467	(256)	(1.3)
Average realized prices before financial instruments and transportation:				
Natural gas (\$/Mcf)	<b>5.61</b>	8.23	(2.62)	(31.8)
Oil and natural gas liquids (\$/Bbl)	<b>47.03</b>	91.45	(44.42)	(48.6)
Average realized prices after financial instruments but before transportation:				
Natural gas (\$/Mcf)	<b>7.37</b>	8.23	(0.86)	(10.5)
Oil and natural gas liquids (\$/Bbl)	<b>46.96</b>	86.27	(39.31)	(45.6)
Petroleum and natural gas sales before financial instruments:				
Natural gas	<b>47,505</b>	70,366	(22,861)	(32.5)
Oil and natural gas liquids	<b>19,149</b>	39,966	(20,817)	(52.1)
Total petroleum and natural gas sales before financial instruments	<b>66,654</b>	110,332	(43,678)	(39.6)
Royalties	<b>(12,167)</b>	(23,016)	10,849	(47.1)
Operating costs	<b>(24,361)</b>	(19,863)	(4,498)	22.6
Transportation costs	<b>(3,227)</b>	(3,221)	(6)	0.2
Operating income <sup>(1)</sup>	<b>26,899</b>	64,232	(37,333)	(58.1)

(1) Refer to the advisories on non-GAAP measures at the end of this MD&A.

**Petroleum and natural gas sales** – Natural gas sales, before financial instruments, decreased \$22.4 million due to lower average natural gas prices and \$0.5 million due to decreased production volumes. Oil and natural gas liquid sales, before financial instruments, decreased \$19.4 million due to lower average oil and natural gas liquid prices and \$1.4 million due to decreased production volumes. First quarter sales volumes were slightly lower than sales volumes for the same quarter of the prior year. Production from certain wells drilled during the first quarter will commence during the second quarter of 2009 in response to incentives introduced by the Alberta Government.

**Royalties** – As a percentage of petroleum and natural gas sales, royalties averaged 18 percent for the first quarter as compared to 21 percent for the same quarter of 2008. The decrease in the effective rate for the first quarter reflects primarily lower commodity prices.

**Operating Costs** – The average operating cost per unit for the first quarter of 2009 was \$13.39/Boe as compared to \$10.66/Boe for the same quarter in 2008. The increase in operating costs of \$4.5 million for the first quarter of 2009 is mainly attributed to additional field projects, such as workovers, being performed. In response to the decline in commodity prices, Trilogy reduced its capital expenditures for 2009, however did allocate additional funds to projects undertaken for the purpose of maintaining production. In addition, certain regulatory and compliance work was carried out during the first quarter of 2009.

## OTHER INCOME STATEMENT ITEMS

### Depletion and Depreciation Expense

(In thousand dollars except as otherwise indicated)	Q1 2009	Q4 2008	Q1 2008
Reported amount (thousand dollars)	26,772	53,420	27,549
Expense per sales volume (\$/Boe)	14.72	28.62	14.79

The depletion and depreciation expense for the fourth quarter of 2008 included an impairment charge of \$24.1 million. Excluding the impact of this change, the per unit expense has remained relatively consistent through these periods.

### General and Administrative Expenses

General and administrative expenses include recoveries and unit-based compensation.

(In thousand dollars except as otherwise indicated)	Q1 2009	Q4 2008	Q1 2008
Expenses before unit-based compensation and recoveries	6,887	7,403	6,589
Overhead recoveries	(3,605)	(3,549)	(3,906)
Expenses after recoveries and before unit-based compensation	3,282	3,854	2,683
Unit-based compensation	137	(262)	4,417
Reported amount	3,419	3,592	7,100
Expenses after recoveries and before unit-based compensation per sales volume (\$/Boe)	1.80	2.06	1.44

General and administrative expenses (after recoveries and before unit-based compensation) decreased \$0.6 million between the first quarter of 2009 and fourth quarter of 2008. The decrease was primarily due to declines in consulting and incentive costs. Overhead recoveries were comparable between the two quarters.

General and administrative expenses (after recoveries and before unit-based compensation) increased \$0.6 million between the first quarter of 2009 and same quarter of 2008. The increase was primarily due to a reduction in overhead recoveries in 2009 due to decreased capital expenditures.

An amount of \$0.1 million of unit based compensation expense was recognized for the first quarter of 2009. The expense consisted of the amortization of the existing value on unit options, an acceleration of unamortized value on cancelled options in the period, and a recovery adjustment recorded on forfeited options. Forfeitures arise generally when individuals cease their employment.

In respect of the first and fourth quarters of 2008, fluctuations in unit-based compensation expense were attributable in part to the changes in the periodic revaluation of Trilogy's unit appreciation rights liability in reference to the market price of Trust Units. Unit-based compensation expense also includes the cash paid on exercised unit appreciation rights, and the amortization of the grant date fair market value of options issued under Trilogy's unit option plan, in addition to a related party's option plan issued to Trilogy employees. Trilogy's unit appreciation rights expired on December 15, 2008 and there is no current intention to make further grants under this plan.

## Interest and Financing Charges

(In thousand dollars except as otherwise indicated)	Q1 2009	Q4 2008	Q1 2008
Reported amount	1,736	3,185	4,357
Expense per sales volume (\$/Boe)	0.95	1.71	2.34

Interest and financing charges decreased \$1.5 million for the first quarter of 2009 as compared to the fourth quarter of 2008. The decrease is primarily attributed to a reduction in the effective interest rate charged on Trilogy's credit facility debt. Average credit facility debt balances for these quarters were comparable.

Interest and financing charges decreased \$2.6 million for the first quarter of 2009 as compared to the same quarter of 2008. The decrease is primarily attributed to a reduction in the effective interest rate charged on Trilogy's credit facility, in addition to a reduction in the overall credit facility debt outstanding as compared to the first quarter of 2008.

Trilogy's credit facility was extended in March 2009 (see Long-term Debt and Credit Facilities discussion below). In conjunction with the extension, the lenders increased the cost of borrowing for Trilogy through applicable interest rate margins and other fees.

## Exploration Expenditures and Other

(In thousand dollars)	Q1 2009	Q4 2008	Q1 2008
Exploration expenditures	1,289	7,252	2,497
Loss (gain) on disposition of property, plant and equipment	52	114	(158)
Accretion on asset retirement obligations	1,467	1,423	1,376

Exploration expenditures consist of exploratory dry holes, costs of uneconomic exploratory wells and geological and geophysical costs. The change in exploration expenditures is due mainly to the fluctuation in dry hole costs from period to period.

## RISK MANAGEMENT

### Financial Risks

Trilogy's main financial risks include credit risk, liquidity risk, commodity price risk, interest rate risk and foreign exchange risk, and are discussed in detail in the notes to Trilogy's December 31, 2008 consolidated financial statements. These financial risks have been heightened by the impact of the current economic downturn.

The Trust had the following financial forward sales contract outstanding as at March 31, 2009:

Description	Quantity	Price	Remaining Term
NYMEX Collar	10,000 MMBtu/d	Floor – U.S.\$9.50 Ceiling – U.S.\$13.00	April 2009 – October 2009

Financial instruments outstanding as at the balance sheet date are recognized at fair value on Trilogy's balance sheet. The change in the fair value of outstanding financial instruments, which are classified as held-for-trading, is presented as an 'unrealized gain (loss) on financial instruments' in the consolidated statements of earnings and other comprehensive income. Gains or losses arising from monthly settlement with counterparties are presented as a 'realized gain (loss) on financial instruments'. The amounts of unrealized and realized gain (loss) on financial instruments during the periods are as follows:

(In thousand dollars except as indicated)	Q1 2009	Q4 2008	Q1 2008
Realized gain (loss) on financial instruments	14,860	44,580	(2,266)
Unrealized gain (loss) on financial instruments	(9,625)	(12,509)	(15,591)
Total gain (loss) on financial instruments	5,235	32,071	(17,857)
Realized gain (loss) on financial instruments per Boe (\$/Boe)	8.17	23.88	(1.22)

The realized gains on financial instruments in the fourth quarter of 2008 included a \$31.1 million (U.S.\$24.3 million) gain from the settlement in October 2008 of certain financial instruments prior to their scheduled maturity.

The fair value accounting of financial instruments causes significant fluctuations in the unrealized gain (loss) on financial instruments due to the volatility of energy commodity prices, interest and foreign exchange rates and new contracts entered into during the period, if any. In addition, the fair value of financial instruments as at the balance sheet date may change in the future as a result of changes in these economic benchmarks upon which the fair value is primarily based. Accordingly, the amount actually realized from financial instruments may vary from such fair value.

### Operational and Other Risks

Trilogy is subject to various risks and uncertainties including those relating to its operations, environment, and other risks as discussed in the Advisories and other sections of this MD&A as well as the Trust's Annual Information Form. Trilogy mitigates these risks through the development of plans, processes and policies, and executing such plans, processes and policies as necessary.

## LIQUIDITY AND CAPITAL RESOURCES

(In thousand dollars)	March 31, 2009	December 31, 2008
Net current liabilities (assets)	12,211	(7,424)
Long-term debt	300,122	307,405
Net debt <sup>(1)</sup>	312,333	299,981
Unitholders' equity	419,416	416,097
Total	731,749	716,078

<sup>(1)</sup> Refer to the advisories on non-GAAP measures at the end of this MD&A.

### Working Capital

Working capital decreased \$19.6 million between December 31, 2008 and March 31, 2009. The decrease can be attributed partly to the realization of financial instrument gains and the resulting decrease in the financial instrument asset. In addition, accounts payable and accrued liabilities

increased as a result of the normal seasonal increase in capital expenditures during the winter drilling season, while accrued receivables decreased due to the decline in commodity prices. These changes were offset by a reduction in the accrued distribution payable as at March 31, 2009.

Any working capital deficiency is funded by cash flow from operations (see additional comments under "Distributions") and draws from the Trust's credit facilities.

### **Long-term Debt and Credit Facilities**

Long-term debt represents the outstanding draws from Trilogy's revolving credit and working capital facility described in the notes to Trilogy's interim consolidated financial statements.

Trilogy's bank debt outstanding from its revolving credit and working capital facility was \$300.3 million (before unamortized discount) as at March 31, 2009. The revolving feature of the Trust's credit facility expires on March 26, 2010, if not extended. In the event the revolving period is not extended, the revolving facility would be available for a one year term on a non-revolving basis, at the end of which time amounts drawn down under the facility would be due and payable.

The size of this committed credit facility (\$378 million as of March 31, 2009, decreasing to \$368 million, \$358 million and \$350 million on May 31, 2009, July 31, 2009 and October 31, 2009, respectively) is based primarily on the value of Trilogy's producing petroleum and natural gas assets as determined by the lenders. Trilogy's borrowing base is subject to semi-annual review by the banks.

In conjunction with the annual credit facility extension at the end of the first quarter of 2009, Trilogy's applicable interest rate margins were increased by its lenders. The margin increase, ranging from 1.5 percent to 3 percent, is dependent on certain financial ratios computed quarterly. The increase in margin is offset, in part, by a decrease in the base market interest rate currently applicable on Trilogy's borrowings.

### **Contractual Obligations**

There was no material change to the Trust's contractual obligations as disclosed at December 31, 2008.

### **Trust Units, Options and Rights**

In connection with Trilogy's distribution reinvestment plan ("DRIP"), 2,253,016 Trust Units were issued from January through March 2009 for proceeds of \$11.9 million.

Trilogy Trust had 98,249,662 Trust Units and 98,265,723 Trust Units outstanding as at March 31, 2009 and May 5, 2009, respectively.

Outstanding unit options issued under Trilogy's unit option plan were 3,767,500 unit options as at March 31, 2009 and 3,783,500 unit options as at May 5, 2009, of which 304,000 unit options and 314,000 unit options were exercisable as at those dates, respectively. All remaining unit appreciation rights were exercised prior to December 15, 2008.

In 2009, Trilogy received necessary approvals for a normal course issuer bid through the facilities of the Toronto Stock Exchange. Under the normal course issuer bid, Trilogy may purchase up to

4,912,483 Trust Units during the period March 24, 2009 through March 23, 2010. No Trust Units were purchased through this normal course issuer bid as at March 31, 2009.

## Distributions

(In thousand dollars except where stated otherwise)	Q1 2009	Q4 2008	Q1 2008
Funds flow from operations <sup>(1)</sup>	37,193	79,242	53,509
Net changes in operating working capital	6,573	(9,124)	(6,081)
Cash flow from operations	43,766	70,118	47,428
Net earnings (loss)	5,876	10,342	900
Distributions declared <sup>(2)</sup>	14,645	28,633	20,038
Distributions declared per Trust Unit (in full amount)	0.15	0.30	0.21
Excess of cash flow from operations over distributions declared	29,121	41,485	27,390
Deficiency of net earnings over distributions (distributions declared over net earnings)	(8,769)	(18,291)	(19,138)

<sup>(1)</sup> Refer to the advisories on non-GAAP measures at the end of this MD&A.

<sup>(2)</sup> Including amounts reinvested under the distribution reinvestment plan as disclosed in the notes to consolidated financial statements.

Trilogy's distributions to its Unitholders are funded by cash flow from operating activities with the remaining cash flow directed towards capital spending and debt (including any working capital deficiency) repayments. To the extent that the excess of cash flow from operations over distributions is not sufficient to cover capital spending, the shortfall is funded by draws from Trilogy's credit facilities. Trilogy intends to provide distributions to Unitholders that are sustainable to the Trust considering its liquidity and long-term operational strategy. The level of distributions is highly dependent upon cash flow generated from operations, which fluctuates significantly in relation to changes in financial and operational performance, commodity prices, interest and exchange rates and many other factors. Future distributions cannot be assured (refer to Trilogy's 2008 annual MD&A for additional discussion on distributions). As a result of a continued decline in energy commodity prices, Trilogy reduced its monthly distributions to Unitholders to \$0.05 per Trust Unit commencing for the January 2009 distribution month and continues to review the level of distributions monthly.

Trilogy's payout ratio, calculated as a percentage of distributions declared over cash flow from operations, is 33 percent for the three months ended March 31, 2009 (41 percent for the three months ended December 31, 2008).

Trilogy's 2008 annual MD&A includes additional disclosures regarding a comparison of distributions to net earnings and its productive capacity and the management thereof.

## Capital Expenditures

(In thousand dollars)	Q1 2009	Q4 2008	Q1 2008
Land	321	439	833
Geological and geophysical	1,056	620	—
Drilling	25,176	14,909	37,236
Production equipment and facilities	10,519	6,041	13,930
<b>Exploration and development expenditures</b>	<b>37,072</b>	<b>22,009</b>	<b>51,999</b>
Proceeds received from property dispositions	52	36	(158)
Property acquisitions	—	(369)	—
Corporate assets	104	119	(175)
<b>Net capital expenditures</b>	<b>37,228</b>	<b>21,795</b>	<b>51,666</b>

Exploration and development expenditures were higher during the first quarters of 2009 and 2008 as compared to the fourth quarter of 2008, given seasonal access limitations to certain areas. Capital expenditures for the first quarter of 2009 were less than the first quarter of 2008 in conjunction with Trilogy's reduced capital expenditures budget for 2009. Certain expenditures were delayed in response to the Alberta Government's announcements regarding drilling incentives and reduced royalties for wells drilled or placed on production after April 1, 2009.

## Wells Drilled

(Number of wells)	Q1 2009		Q4 2008		Q1 2008	
	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>
Natural gas	10	9.0	5	3.5	32	21.4
Oil	1	0.3	—	—	3	1.2
Dry	—	—	1	0.5	3	3.0
<b>Total</b>	<b>11</b>	<b>9.3</b>	<b>6</b>	<b>4.0</b>	<b>38</b>	<b>25.6</b>

<sup>(1)</sup> "Gross" wells means the number of wells in which Trilogy has a working interest or a royalty interest.

<sup>(2)</sup> "Net" wells means the aggregate number of wells obtained by multiplying each gross well by Trilogy's percentage of working interest.

## INCOME TAXES

In 2007, the Government of Canada enacted legislation imposing trust-level income taxes on publicly traded income trusts at a rate comparable to a combined federal and provincial corporate tax rate for the taxation years commencing January 1, 2011. Under this tax legislation, distributions from publicly traded income trusts would be treated effectively as dividends to the trust unitholders and the distribution tax would apply in respect of distributions of income as opposed to returns on capital. During the first quarter of 2009, the Government of Canada substantively enacted legislation reducing Trilogy's trust entity's effective future provincial tax rate from 13 percent to 10 percent, resulting in a reduction in the estimated liability as at March 31, 2009. The intention of the enacted legislation was to better align the effective provincial tax rate with the provincial rate in which business activities are conducted. Based on substantively enacted future income tax rates, Trilogy's effective future tax rate on trust legal entities under the legislation is currently anticipated to be 26.5 percent in 2011 and 25 percent for 2012 onward. The effective future tax rate of corporate entities under Trilogy is estimated to be 25 percent.

Trilogy recognizes a provision for future income tax in its financial statements pursuant to the enactment of the above tax legislation. The provision represents management's estimate of the

difference between the book and tax basis of trust entity assets and liabilities anticipated to exist in 2011 under current legislation, in addition to the Trust's corporate subsidiary current book and tax basis, tax effected at the above tax rates. The provision is adjusted from time to time for changes in estimates and tax rates.

Trilogy has estimated its future income taxes based on future assumptions including: operational estimates, accounting and tax pool claims and cash distributions assuming no material change to its current organizational structure is to be made prior to January 1, 2011. As currently interpreted, Canadian GAAP does not permit the incorporation of any assumptions related to a change in organizational structure into Trilogy's estimate of future income taxes until such structures are given legal effect.

## RELATED PARTY TRANSACTIONS

As described in more detail in the notes to the Trust's consolidated financial statements for the year ended December 31, 2008, the following is a summary of the Trust's transactions with related parties:

- Paramount Resources, a wholly-owned subsidiary of Paramount (which owns 23.6 percent of the outstanding Trust Units at March 31, 2009), provides administrative and operating services to the Trust and its subsidiaries, pursuant to an agreement dated April 1, 2005 (as amended), to assist Trilogy Energy Ltd. in carrying out its duties and obligations as general partner of Trilogy Energy LP and as the administrator of the Trust and Trilogy Holding Trust. The amount of expenses paid and accrued for such services was \$0.1 million for the three months ended March 31, 2009.
- In addition, the Trust and Paramount also had transactions with each other arising from normal business activities.

## QUARTERLY FINANCIAL INFORMATION

(In thousand dollars except per unit amounts)	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Revenue after financial instruments, royalties and other income	60,584	106,509	199,258	50,044
Earnings (loss) before tax	(1,739)	9,489	137,302	(19,250)
Net earnings (loss)	5,876	10,342	131,085	(18,974)
Earnings (loss) per Trust Unit (in full amounts):				
Basic	0.06	0.11	1.36	(0.20)
Diluted	0.06	0.11	1.35	(0.20)

(In thousand dollars except per unit amounts)	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Revenue after financial instruments, royalties and other income	69,948	71,527	60,521	87,603
Earnings (loss) before tax	4,143	(969)	(7,811)	18,734
Net earnings (loss)	900	6,509	(3,483)	(62,127)
Earnings (loss) per Trust Unit (in full amounts):				
Basic	0.01	0.07	(0.04)	(0.67)
Diluted	0.01	0.07	(0.04)	(0.67)

The fluctuations in Trilogy's revenue and net earnings from quarter to quarter are primarily caused by variations in production volumes, commodity prices and the related impact on royalty, and realized and unrealized gains/losses on financial instruments. In addition, future income tax estimates and changes in estimates contributed to the changes in net earnings. Please refer to the Results of Operations and other sections of this MD&A for detailed discussions on changes from the fourth quarter of 2008 to the first quarter of 2009, and to Trilogy's previously issued interim and annual MD&A for changes in prior quarters.

## **CRITICAL ACCOUNTING ESTIMATES**

The historical information in this MD&A is based primarily on the Trust's consolidated financial statements, which have been prepared in Canadian Dollars in accordance with GAAP. The application of GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Trilogy bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions.

The critical accounting estimates that are inherent in the preparation of the Trust's consolidated financial statements pertain to the accounting for petroleum and natural gas properties, estimates of reserves, impairment of petroleum and natural gas properties, asset retirement obligations, unit-based compensation and future income tax. These are discussed in the Trust's annual consolidated financial statements and MD&A as at and for the year ended December 31, 2008.

Certain of these estimates have been impacted by the current economic conditions. Trilogy continues to consider the impact of these conditions as at March 31, 2009 and beyond.

## **NEW ACCOUNTING PRONOUNCEMENTS**

### **Change in Accounting Policies**

On January 1, 2009, Trilogy adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3064 (Goodwill and Intangible Assets). CICA HB 3064 replaces CICA HB 3062 and establishes new standards for the recognition, measurement and disclosure of goodwill and intangible assets. CICA HB 3064's provisions relating to the definition and initial recognition of intangible assets are equivalent to the corresponding provisions of International Accounting Standards ("IAS") 38, Intangible Assets. A number of CICA handbooks and EIC Abstracts were amended and/or replaced as a consequence of this new standard.

## **FINANCIAL REPORTING AND DISCLOSURE CONTROLS**

There were no material changes to Trilogy's financial reporting disclosure controls and procedures and internal controls over financial reporting for the three months ended March 31, 2009.

## IFRS

In its MD&A as at December 31, 2008 Trilogy outlined its' process and status with respect to International Financial Reporting Standards ("IFRS"). During the next few months Trilogy plans to continue this work and establish the differences between the current accounting policies and IFRS. Once this is completed, Trilogy will commence estimating the impact of such differences.

## ADVISORIES

### Forward-looking Statements and Information

Certain statements included in this document 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", "budget", "goal", "objective", "possible", "probable", "projected", "scheduled", or state that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved, or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information in this document include but are not limited to statements regarding capital expenditures, business strategy and objectives, net revenue, future production levels, timing and duration of plant turnarounds, expected impact of lower commodity prices, development plans and the timing thereof, operating and other costs, royalty rates, and expected impact of proposed royalty changes, changes to income tax legislation and government incentive programs affecting the Trust, expected counterparty risk, credit limits and the cost of borrowing, the merits or anticipated outcome or timing of pending litigation, expected impact of new accounting pronouncements. Statements regarding "reserves" or "resources" are forward-looking statements, as they involve the implied assessment, based estimates and assumption that the reserves and resources described exist in the quantities predicted or estimated, and can be profitable produced in the future.

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

- future oil and gas prices;
- drilling and operational results consistent with expectations;
- the ability of Trilogy to market oil and natural gas successfully to current and new customers;
- currency, exchange and interest rates;
- assumptions based on Trilogy's current guidance;
- the ability of Trilogy to obtain equipment, services and supplies in a timely manner to carry out its activities;
- the timing and costs of plant turnaround and pipeline and storage facility construction and expansion and the ability to secure adequate product processing and transportation;
- the timely receipt of required regulatory approvals;
- the ability of Trilogy to obtain financing on acceptable terms; and
- the timing and estimate of reversals of temporary differences between assets and liabilities recorded for accounting and tax purposes;

Although Trilogy 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 Trilogy 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 Trilogy and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- fluctuations in oil and gas prices, foreign currency exchange rates and interest rates;
- the risks of the oil and gas industry, such as operational risks in exploring for, developing and producing crude oil and natural gas and market demand;
- Trilogy's ability to secure adequate product processing, transmission and transportation;
- the ability of management to execute its business plan;
- risks and uncertainties involving geology of oil and gas deposits;
- risks inherent in Trilogy's marketing operations, including credit risk;
- the uncertainty of reserves estimates and reserves life;
- the uncertainty of estimates and projections relating to future production, costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;
- Trilogy's ability to enter into or renew leases;
- health, safety and environmental risks;
- uncertainties as to the availability and cost of financing, including Trilogy's ability to extend its credit facility on an ongoing basis;
- the ability of Trilogy to add production and reserves through development and exploration activities;
- weather conditions;
- general economic and business conditions;
- the possibility that government policies, regulations, laws or incentive programs may change or governmental approvals may be delayed or withheld;
- uncertainty in amounts and timing of royalty payments and change to royalty regimes;
- imprecision in estimates of product sales, tax pools, tax shelter, tax deductions available to Trilogy, changes to tax legislation and regulation applicable to Trilogy, and timing and amounts of reversals of temporary differences between assets and liabilities recognized for accounting and tax purposes.
- uncertainty regarding aboriginal land claims and co-existing with local populations;
- risks associated with existing and potential future law suits and regulatory actions against Trilogy;
- hiring/maintaining staff;
- the impact of market competition; and
- other risks and uncertainties described elsewhere in this document or in Trilogy's other filings with Canadian securities authorities.

Additional information on these and other factors which could affect the Trust's operations or financial results are included in the Trust's most recent Annual Information Form and in other documents on file with the Canadian Securities regulatory authorities. The forward-looking statements or information contained in this document are made as of the date hereof and Trilogy 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 so required by applicable securities laws.

### **Non-GAAP Measures**

In this document, Trilogy uses the terms "funds flow from operations", "operating income" and "net debt", collectively the "Non-GAAP measures", as indicators of Trilogy's financial performance. The Non-GAAP measures do not have a standardized meaning prescribed by

Canadian generally accepted accounting principles ("GAAP") and, therefore are unlikely to be comparable to similar measures presented by other issuers.

"Funds flow from operations" refers to the cash flow from operating activities before net changes in operating working capital. The most directly comparable measure to "funds flow from operations" calculated in accordance with GAAP is the cash flow from operating activities. "Funds flow from operations" can be reconciled to cash flow from operating activities by adding (deducting) the net change in working capital as shown in the consolidated statements of cash flows.

"Operating income" is equal to petroleum and natural gas sales before financial instruments minus royalties, operating costs, and transportation costs. "Net debt" is calculated as current liabilities minus current assets plus long-term debt.. The components described for "operating income" and "net debt" can be derived directly from Trilogy's consolidated financial statements. Management believes that the Non-GAAP measures provide useful information to investors as indicative measures of performance.

Investors are cautioned that the Non-GAAP measures should not be considered in isolation or construed as alternatives to their most directly comparable measure calculated in accordance with GAAP, as set forth above, or other measures of financial performance calculated in accordance with GAAP.

### **Numerical References**

All references in this document are to Canadian Dollars unless otherwise indicated.

The columns on some tables in this document may not add due to rounding.

This document contains disclosure expressed as "Boe", "MBoe", "Boe/d", "Mcf", "Mcf/d", "MMcf", "MMcf/d", "Bcf", "Bbl", and "Bbl/d". All oil and natural gas equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas 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 well head.

### **ADDITIONAL INFORMATION**

Trilogy is a petroleum and natural gas-focused Canadian energy trust. Trilogy's Trust Units are listed on the Toronto Stock Exchange under the symbol "TET.UN". Additional information about Trilogy, including Trilogy's Annual Information Form, is available at [www.sedar.com](http://www.sedar.com) or at Trilogy's website [www.trilogyenergy.com](http://www.trilogyenergy.com).

# UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## TRILOGY ENERGY TRUST

### Interim Consolidated Balance Sheets (Unaudited)

(In thousand dollars)

	As at	
	March 31, 2009	December 31, 2008
<b>ASSETS</b>		
<b>Current Assets</b>		
Accounts receivable (notes 10, 11 and 13)	\$ 45,857	\$ 55,149
Financial instruments (notes 10 and 11)	12,562	22,187
Prepaid expenses	1,874	826
	<b>60,293</b>	<b>78,162</b>
<b>Property, plant and equipment</b> (note 4)	<b>737,756</b>	<b>728,207</b>
<b>Future income taxes</b> (note 14)	<b>10,785</b>	<b>10,749</b>
<b>Goodwill</b>	<b>140,471</b>	<b>140,471</b>
	<b>\$ 949,305</b>	<b>\$ 957,589</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 10, 11 and 13)	\$ 67,592	\$ 61,138
Distributions payable (notes 8, 10, 11 and 13)	4,912	9,600
	<b>72,504</b>	<b>70,738</b>
<b>Long-term debt</b> (notes 5, 10 and 11)	<b>300,122</b>	<b>307,405</b>
<b>Asset retirement obligations</b> (note 6)	<b>76,706</b>	<b>75,213</b>
<b>Future income taxes</b> (note 14)	<b>80,557</b>	<b>88,136</b>
	<b>457,385</b>	<b>470,754</b>
<b>Unitholders' equity</b>		
Unitholders' capital (note 7)	726,901	714,950
Contributed surplus (note 9)	9,114	8,977
Accumulated deficit after distributions	(316,599)	(307,830)
	<b>419,416</b>	<b>416,097</b>
	<b>\$ 949,305</b>	<b>\$ 957,589</b>

### Commitments and contingencies (notes 5 and 10)

See accompanying notes to interim consolidated financial statements.

# TRILOGY ENERGY TRUST

## Interim Consolidated Statements of Earnings (Loss) and Other Comprehensive Income (Unaudited)

(In thousand dollars except as otherwise indicated)

	Three Months Ended March 31	
	2009	2008
<b>Revenue</b>		
Petroleum and natural gas sales	\$ 66,654	\$ 110,332
Realized gain (loss) on financial instruments <i>(notes 10 and 11)</i>	14,860	(2,266)
Unrealized loss on financial instruments <i>(notes 10 and 11)</i>	(9,625)	(15,591)
Royalties	(12,167)	(23,016)
Other income	862	489
	<b>60,584</b>	<b>69,948</b>
<b>Expenses</b>		
Operating	24,361	19,863
Transportation	3,227	3,221
General and administrative <i>(notes 9 and 13)</i>	3,419	7,100
Exploration expenditures	1,289	2,497
Loss (gain) on disposition of property, plant and equipment	52	(158)
Accretion on asset retirement obligations <i>(note 6)</i>	1,467	1,376
Depletion and depreciation <i>(note 4)</i>	26,772	27,549
Interest and financing charges	1,736	4,357
	<b>62,323</b>	<b>65,805</b>
<b>Earnings (loss) before taxes</b>	<b>(1,739)</b>	<b>4,143</b>
<b>Future income tax expense (benefit) <i>(note 14)</i></b>	<b>(7,615)</b>	<b>3,243</b>
<b>Net earnings / Total comprehensive income</b>	<b>\$ 5,876</b>	<b>\$ 900</b>
<b>Earnings per Trust Unit (in full amounts)</b>		
— Basic	\$ 0.06	\$ 0.01
— Diluted	\$ 0.06	\$ 0.01
<b>Weighted average Trust Units outstanding (in thousands)</b>		
— Basic	97,260	95,243
— Diluted	97,303	95,283

See accompanying notes to interim consolidated financial statements.

## TRILOGY ENERGY TRUST

### Interim Consolidated Statements of Unitholders' Equity (Unaudited)

(In thousand dollars except Trust Unit information)

	Three Months Ended March 31, 2009				
	Outstanding Trust Units	Paid-in Capital	Accumulated Deficit	Contributed Surplus	Unitholders' Equity
Opening balance	95,996,646	\$ 714,950	\$ (307,830)	\$ 8,977	\$ 416,097
Net earnings	—	—	5,876	—	5,876
Distribution reinvestment plan (notes 7 and 8)	2,253,016	11,951	—	—	11,951
Distributions declared (note 8)	—	—	(14,645)	—	(14,645)
Unit/stock option recognition (note 9)	—	—	—	137	137
Closing balance	98,249,662	\$ 726,901	\$ (316,599)	\$ 9,114	\$ 419,416

	Three Months Ended March 31, 2008				
	Outstanding Trust Units	Paid-in Capital	Accumulated Deficit	Contributed Surplus	Unitholders' Equity
Opening balance	94,608,704	\$ 704,100	\$ (327,653)	\$ 5,558	\$ 382,005
Net earnings	—	—	900	—	900
Distribution reinvestment plan (notes 7 and 8)	1,033,203	7,290	—	—	7,290
Distributions declared (note 8)	—	—	(20,038)	—	(20,038)
Unit/stock option recognition (note 9)	—	—	—	654	654
Closing balance	95,641,907	\$ 711,390	\$ (346,791)	\$ 6,212	\$ 370,811

See accompanying notes to interim consolidated financial statements.

**TRILOGY ENERGY TRUST**  
**Interim Consolidated Statements of Cash Flows (Unaudited)**  
(In thousand dollars)

	Three Months Ended March 31	
	2009	2008
<b>Operating activities</b>		
Net earnings (loss)	\$ 5,876	\$ 900
Add (deduct) non-cash and other items:		
Depletion and depreciation	26,772	27,549
Loss (gain) on disposition of property, plant and equipment	52	(158)
Exploration expenditures	1,289	2,497
Asset retirement obligation expenditures <i>(note 6)</i>	(410)	(1,823)
Accretion on asset retirement obligations <i>(note 6)</i>	1,467	1,376
Future income tax expense <i>(note 14)</i>	(7,615)	3,243
Non-cash general and administrative expense	137	4,334
Unrealized loss on financial instruments <i>(note 11)</i>	9,625	15,591
Net changes in operating working capital	6,573	(6,081)
<b>Cash flow from operating activities</b>	<b>43,766</b>	<b>47,428</b>
<b>Financing activities</b>		
Credit facilities – draws	28,567	42,846
Credit facilities – repayments	(36,041)	(44,862)
Distributions to unitholders <i>(note 8)</i>	(7,382)	(12,676)
<b>Cash flow used in financing activities</b>	<b>(14,856)</b>	<b>(14,692)</b>
<b>Investing activities</b>		
Property, plant and equipment expenditures	(37,176)	(51,824)
Proceeds on disposition of property, plant and equipment	(52)	158
Net change in investing working capital	8,318	18,930
<b>Cash flow used in investing activities</b>	<b>(28,910)</b>	<b>(32,736)</b>
<b>Change in cash / cash, end of period</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Cash interest and financing charges paid</b>	<b>\$ 1,545</b>	<b>\$ 5,437</b>

See accompanying notes to interim consolidated financial statements.

## TRILOGY ENERGY TRUST

### Notes to Interim Consolidated Financial Statements (Unaudited)

March 31, 2009

(Tabular amounts expressed in thousand dollars except as otherwise indicated)

#### 1. GENERAL

Trilogy Energy Trust ("Trilogy" or the "Trust") is an open-ended unincorporated investment trust governed by the laws of the Province of Alberta and created pursuant to its Trust Indenture dated February 25, 2005, as amended and restated from time to time. The Trust is managed by Trilogy Energy Ltd., the administrator of the Trust. The beneficiaries of the Trust are the holders of Trust Units (the "Unitholders").

The interim consolidated financial statements of Trilogy have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are expressed in Canadian Dollars.

#### 2. ACCOUNTING CHANGES

##### Change in Accounting Policies

In conjunction with the transition to IFRS (as discussed below), the CICA issued several new standards that harmonize Canadian GAAP to IFRS, including Handbook Section 3064 (*Goodwill and Intangible Assets*). CICA HB 3064 replaces CICA HB 3062 and establishes new standards for the recognition, measurement and disclosure of goodwill and intangible assets. CICA HB 3064's provisions relating to the definition and initial recognition of intangible assets are equivalent to the corresponding provisions of International Accounting Standards ("IAS") 38, *Intangible Assets*. A number of CICA handbook and EIC Abstracts were amended and/or replaced as a consequence of this new standard. CICA HB 3064 was effective January 1, 2009 for Trilogy but did not impact its financial statements.

##### Future Accounting Changes

The Accounting Standards Board of Canada confirmed that effective January 1, 2011, International Financial Reporting Standards ("IFRS") will become Canadian GAAP for publicly accountable enterprises. The impact of this change to Trilogy's future consolidated financial statements is not yet reasonably determinable and estimable at this time.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements of the Trust follow the same accounting policies and basis of presentation as the audited consolidated financial statements as at and for the year ended December 31, 2008 (the "Audited Financial Statements"), except as disclosed in note 2. These interim financial statement note disclosures do not include all of those required by Canadian GAAP applicable for annual financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the Audited Financial Statements.

Trilogy's consolidated financial statements include the accounts of the Trust and its wholly-owned subsidiaries. The timely preparation of these interim consolidated financial statements in conformity with Canadian GAAP requires that management make estimates and assumptions and use judgment that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, including those relating to the accounting for petroleum

## TRILOGY ENERGY TRUST

### Notes to Interim Consolidated Financial Statements (Unaudited)

March 31, 2009

(Tabular amounts expressed in thousand dollars except as otherwise indicated)

and natural gas properties, estimates of reserves, impairment of petroleum and natural gas properties, asset retirement obligations, unit-based compensation and future income tax. Such estimates primarily relate to unsettled transactions and events as of the date of the interim consolidated financial statements. Actual results could differ materially from those estimates.

#### 4. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2009			December 31, 2008		
	Cost	Accumulated Depletion and Depreciation	Net Book Value	Cost	Accumulated Depletion and Depreciation	Net Book Value
Petroleum and natural gas properties	1,512,706	(780,227)	732,479	1,477,303	(754,669)	722,634
Other	9,142	(3,865)	5,277	9,038	(3,465)	5,573
	<b>1,521,848</b>	<b>(784,092)</b>	<b>737,756</b>	<b>1,486,341</b>	<b>(758,134)</b>	<b>728,207</b>

Capital costs associated with non-producing petroleum and natural gas properties totaling approximately \$111.5 million as at March 31, 2009 (December 31, 2008 - \$112.5 million) were not subject to depletion. No interest costs were capitalized for the three months ended March 31, 2009 and 2008.

The costs of exploratory dry holes and uneconomic wells, amounting to \$0.2 million for the three months ended March 31, 2009 (\$2.5 million for the three months ended March 31, 2008), were written off and included in exploration expenditures.

#### 5. LONG-TERM DEBT

	March 31, 2009	December 31, 2008
Revolving credit and working capital facility	300,313	307,787
Less unamortized discount	(191)	(382)
Carrying value of long-term debt	<b>300,122</b>	<b>307,405</b>
Weighted average interest rate for the period/year	<b>2.3%</b>	4.46%

The Trust has a \$343 million revolving credit facility (decreasing to \$333 million, \$323 million and \$315 million on May 31, 2009, July 31, 2009 and October 31, 2009, respectively) and a \$35 million working capital facility with a syndicate of mostly Canadian banks. Borrowing under the facility bears interest at the lenders' prime rate, bankers' acceptance rate or LIBOR, plus an applicable margin dependent on certain conditions. The facilities are available on a revolving basis for a period of at least 364 days and can be extended a further 364 days upon request. The revolving phase of this credit facility expires on March 26, 2010, if not extended. In the event the revolving period is not extended, the revolving facility would be available for a one year term on a non-revolving basis, at the end of which time amounts drawn down under the facility would be due and payable. The working capital facility would continue on a revolving basis for the one year term. Advances drawn on the Trust's facility are secured by a fixed and floating charge debenture over the assets of the Trust. Trilogy's borrowing base is subject to semi-annual review by the banks.

The Trust has undrawn letters of credit totaling \$9.6 million as at March 31, 2009. These letters of credit reduce the amount available for draw under the Trust's working capital facility.

## TRILOGY ENERGY TRUST

### Notes to Interim Consolidated Financial Statements (Unaudited)

March 31, 2009

(Tabular amounts expressed in thousand dollars except as otherwise indicated)

#### 6. ASSET RETIREMENT OBLIGATIONS

	Three Months Ended March 31, 2009
Asset retirement obligations, beginning of period	75,213
Liabilities incurred	436
Revisions in estimate	—
Liabilities settled	(410)
Accretion expense	1,467
Asset retirement obligations, end of period	76,706

The undiscounted asset retirement obligations at March 31, 2009 are estimated to be \$183.7 million (December 31, 2008 - \$182.6 million). The credit-adjusted risk-free rates used to estimate asset retirement obligation liabilities range from 7.875 to 8.5 percent. These obligations will be settled based on the expected life of the underlying assets, the majority of which are expected to be paid after 10 to 30 years and will be funded from the general resources of the Trust at the time of removal.

#### 7. UNITHOLDERS' CAPITAL

##### Authorized

The authorized capital of the Trust is comprised of an unlimited number of Trust Units and an unlimited number of Special Voting Rights. Compared to the holders of the Trust Units, holders of Special Voting Rights are not entitled to any distributions of any nature from the Trust nor have any beneficial interest in any property or assets of the Trust on termination or winding-up of the Trust.

##### Issued and Outstanding

Trilogy had 98,249,662 Trust Units outstanding at March 31, 2009 (95,996,646 Trust Units as at December 31, 2008). No Special Voting Rights have been issued to date.

For the three months ended March 31, 2009, 2,253,016 (\$11,950,576) Trust Units were issued under Trilogy's Distribution Reinvestment Plan ("DRIP") (see note 8).

##### Normal Course Issuer Bid

Pursuant to a normal course issuer bid program, Trilogy may purchase and cancel up to 4,912,483 Trust Units during the period March 24, 2009 through March 23, 2010. No Trust Units were purchased through this normal course issuer bid as at March 31, 2009.

## TRILOGY ENERGY TRUST

### Notes to Interim Consolidated Financial Statements (Unaudited)

March 31, 2009

(Tabular amounts expressed in thousand dollars except as otherwise indicated)

#### 8. ACCUMULATED DISTRIBUTIONS

	Three Months Ended March 31, 2009			
	Cash	DRIP	Payable	Total
Balance, beginning of period	538,355	76,857	9,600	624,812
Distributions paid or reinvested	7,382	11,951	—	19,333
Change in period-end accrual	—	—	(4,688)	(4,688)
Distributions declared	7,382	11,951	(4,688)	14,645
Balance, end of period	545,737	88,808	4,912	639,457

The Trust intends to make cash distributions to Unitholders at a level that supports the sustainability of the Trust. Such distributions are at the sole discretion of the Trust and subject to numerous factors including, but not limited to, the financial performance of the Trust, debt covenants and obligations including credit availability, and the working capital and future capital requirements of the Trust.

Trilogy's DRIP program provides eligible Unitholders with the opportunity to reinvest their cash distributions, on each distribution payment date, for additional Trust Units at a price equal to 95 percent of the average market price as defined by the plan.

#### 9. UNIT BASED COMPENSATION

##### Unit Option Plan

A continuity of the unit option plan for the three months ended March 31, 2009 is as follows:

	Weighted Average	Weighted Average	No. of Options
	Exercise Price	Grant Date Fair Value per Option	
Balance, beginning of period	\$ 10.18	\$ 1.41	4,765,500
Granted	—	—	—
Exercised	—	—	—
Cancelled or forfeited	18.00	2.18	(998,000)
Balance, end of period	8.11	1.20	3,767,500
Exercisable, end of period	8.98	1.42	304,000

The Trust recorded a compensation expense of \$0.1 million for the three months ended March 31, 2009 (\$0.4 million for the three months ended March 31, 2008) representing the recognition of the grant date fair value of outstanding unit options, with a corresponding credit to contributed surplus. The fair value of options granted was determined under the binomial model using the following key assumptions:

	Options Granted in	2008
Risk-free interest rate		2.07% to 3.08%
Expected life		4.5 to 5.6 years
Expected volatility		35%
Expected distributions		9.5% to 23.4%

Additional information about Trilogy's unit options outstanding as at March 31, 2009 is as follows:

Exercise Price Range	Weighted	Outstanding Options	Exercisable Options
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## TRILOGY ENERGY TRUST

### Notes to Interim Consolidated Financial Statements (Unaudited)

March 31, 2009

(Tabular amounts expressed in thousand dollars except as otherwise indicated)

	Average Contractual Life Remaining	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
\$4.85 to \$6.98	4.6	2,093,000	\$5.89	140,500	\$6.67
\$8.38 to \$10.72	2.1	1,066,000	\$10.61	135,500	\$10.70
\$11.11 to \$12.88	3.2	608,500	\$11.37	28,000	\$12.26

#### Unit Appreciation Rights Plan

All remaining unit appreciation rights were paid as at the expiry date of December 15, 2008 and no further amounts are anticipated to be recorded under this plan as there is no current intention to make further grants of unit appreciation rights. A compensation expense of \$3.8 million relating to the unit appreciation plan was recognized in earnings for the three months ended March 31, 2008. Of this amount, \$3.7 million compensation expense resulted from the valuation of the related unit-based compensation liability and \$0.1 million compensation expense represented cash paid for the exercises of unit rights.

#### 10. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

Trilogy's principal financial instruments, other than financial derivatives, are its outstanding amounts drawn from its credit facilities. The credit facilities and the DRIP are the main source of Trilogy's finances after cash flow from operations. Trilogy has other financial assets and liabilities arising directly from its operations and trust activities, including accounts receivable, accounts payable and accrued liabilities, unit-based compensation liability and distributions payable. Trilogy also enters into financial derivative transactions, the purpose of which is to mitigate the impact of market volatility.

The main risks arising from Trilogy's financial instruments are credit risk, liquidity risk, commodity price risk, interest rate risk and foreign exchange risk. These risks are explained in detail in the notes to the consolidated financial statements as at December 31, 2008. The following disclosure provides updated information to March 31, 2009:

##### Credit Risk

As at March 31, 2009, 8.9 million or 19.5 percent of the outstanding accounts receivable are outstanding for 90 days or more (December 31, 2008, \$8.2 million or 14.9%). Also included in accounts receivable at March 31, 2009 is a \$3.6 million receivable (of which \$3.6 million is outstanding for more than 90 days) from a customer which has filed for protection under the Companies' Creditors Arrangement Act. Trilogy believes it has the ability to set off certain amounts payable, which are sufficient to offset any receivable amount, to this customer against the outstanding receivable.

## TRILOGY ENERGY TRUST

### Notes to Interim Consolidated Financial Statements (Unaudited)

March 31, 2009

(Tabular amounts expressed in thousand dollars except as otherwise indicated)

#### Liquidity Risk

A contractual maturity analysis for Trilogy's financial liabilities as at March 31, 2009 is as follows:

	Within 1 Year	After 1 Year	Total
Accounts payable and accrued liabilities	67,592	—	67,592
Distributions payable	4,912	—	4,912
Long-term debt and estimated interest <sup>(1) (2)</sup>	6,903	307,025	313,928
<b>Total</b>	<b>79,407</b>	<b>307,025</b>	<b>386,432</b>

<sup>(1)</sup> Estimated interest for future periods was calculated using the weighted average interest rate for the three months ended March 31, 2009 applied to the debt principal balance outstanding as at that date. Principal repayment is assumed one year after the expiry of the current revolving phase of the credit facility.

<sup>(2)</sup> Refer to Note 5 (Long-Term Debt).

## 11. FINANCIAL INSTRUMENTS

#### Carrying Values

Set out below are the carrying amounts by category of Trilogy's financial assets and liabilities as reflected in the financial statements.

	March 31, 2009	December 31, 2008
<b>Financial assets</b>		
Receivables <sup>(1)</sup>	45,857	55,149
Financial instruments held-for-trading <sup>(3)</sup>	12,562	22,187
<b>Financial liabilities</b>		
Non-trading liabilities <sup>(1) (2)</sup>	(72,504)	(70,738)
Indebtedness <sup>(4)</sup>	(300,122)	(307,405)

<sup>(1)</sup> Carried at cost which approximates the fair value of the assets or liabilities due to the short-term nature of the accounts.

<sup>(2)</sup> Consists of accounts payable, accrued liabilities and distributions payable.

<sup>(3)</sup> Carried at the estimated fair value of the related financial instruments. See Forward Contracts below.

<sup>(4)</sup> Carried at amortized cost.

#### Forward Contracts

At March 31, 2009, the Trust had the following outstanding financial forward commodity sales contract:

Description	Quantity	Price	Remaining Term
<i>Sales Contract</i>			
NYMEX Collar	10,000 MMBtu/d	Floor – U.S.\$9.50 Ceiling – U.S.\$13.00	April 2009 – October 2009

The Trust classified these financial instruments as held-for-trading and therefore has recognized the fair value of such financial instruments on the balance sheet. The estimated fair values of these

## TRILOGY ENERGY TRUST

### Notes to Interim Consolidated Financial Statements (Unaudited)

March 31, 2009

(Tabular amounts expressed in thousand dollars except as otherwise indicated)

financial instruments are based on quoted prices or, in their absence, third-party market indicators and forecasts.

The changes in the fair value associated with the above financial contracts are recorded as an unrealized gain or loss on financial instruments in the statement of earnings. Gains or losses arising from monthly settlements with counterparties are recognized as a realized gain or loss in the statement of earnings.

## 12. CAPITAL DISCLOSURE

A comparison of Trilogy's debt structure against the committed amount on existing credit facilities at the balance sheet dates is as follows:

	March 31, 2009	December 31, 2008
Committed amount that can be drawn from credit facilities	378,000	378,000
Outstanding undrawn letters of credit	(9,661)	(9,373)
<b>Amount that can be drawn after letters of credit</b>	<b>368,339</b>	<b>368,627</b>
Long-term debt (note 5)	(300,122)	(307,405)
Net current assets (liabilities)	(12,211)	7,424
Net debt <sup>(1)</sup>	(312,333)	(299,981)
Mark-to-market valuation of financial instruments	(12,562)	(22,187)
<b>Adjusted net debt<sup>(1)</sup></b>	<b>(324,895)</b>	<b>(322,168)</b>
Remaining available credit	43,444	46,459

<sup>(1)</sup> Net debt and adjusted net debt as calculated above are not standard terms/measures used by others.

The increase in adjusted net debt from \$322.1 million at December 31, 2008 to \$324.9 million at March 31, 2009 is attributable primarily to lower cash flow from operations and higher capital expenditures for the quarter, as compared to the fourth quarter of 2008, net of Trilogy's DRIP.

## 13. RELATED PARTY TRANSACTIONS

Trilogy had the following transactions with Paramount Resources Ltd. ("Paramount"), a Unitholder of the Trust.

- The amount of expenses billed and accrued as fees from Paramount to Trilogy was \$0.1 million for the three months ended March 31, 2009 (\$0.1 million for the three months ended March 31, 2008). This amount is included as part of the general and administrative expenses in the Trust's interim consolidated statement of earnings.
- The Trust and Paramount also had transactions with each other arising from the normal course of business.

All of the above transactions were recorded at exchange amounts.

## TRILOGY ENERGY TRUST

### Notes to Interim Consolidated Financial Statements (Unaudited)

March 31, 2009

(Tabular amounts expressed in thousand dollars except as otherwise indicated)

The amounts due from (to) Paramount as at the balance sheet dates are as follows:

Presented in the Balance Sheet as	March 31, 2009			December 31, 2008		
	Normal Business	Services Agreement	Trust Distribution	Normal Business	Services Agreement	Trust Distribution
Accounts receivable	215	—	—	222	—	—
Accounts payable and accrued liabilities	(415)	(30)	—	(159)	(120)	—
Distributions payable	—	—	(1,160)	—	—	(2,234)

#### 14. INCOME TAXES

The nature and tax effect of temporary differences and unused carryforwards that give rise to future income tax assets and liabilities as at March 31, 2009 and December 31, 2008 are as follows:

Description of Temporary Differences and Carryforwards	March 31, 2009	December 31, 2008
Property, plant and equipment	(91,814)	(101,150)
Asset retirement obligation	18,735	20,536
Loss carryforwards and other	3,307	3,227
Net future income tax liability	(69,772)	(77,387)

Future changes in tax rates and technical interpretations of the new legislation could materially affect management's estimate of the Trust's future income tax liability. The amount and timing of reversals of temporary differences will be dependent upon, among other things, the Trust's future operating results, acquisitions and dispositions of assets and liabilities, and its distribution policy. A change in the assumptions on the preceding items could materially affect the Trust's estimated future income tax liability.

#### 15. SUBSEQUENT EVENTS

Holders of 1,858,059 Trust Units have reinvested their March distributions totaling \$0.1 million through Trilogy's distribution reinvestment program, resulting in the issuance of an additional 16,061 Trust Units on April 15, 2009.

On April 15, 2009, Trilogy announced its cash distribution for April 2009 at \$0.05 per Trust Unit. The distribution will be paid on May 15, 2009 to Unitholders of record on April 30, 2009.

# CORPORATE INFORMATION

## OFFICERS

**J.H.T. Riddell**  
President and Chief Executive Officer

**M.G. Kohut**  
Chief Financial Officer

**J.B. Williams**  
Chief Operating Officer

**G.L. Yester**  
General Counsel & Corporate Secretary

## DIRECTORS

**C.H. Riddell** <sup>(1)</sup>  
Chairman of the Board  
Calgary, Alberta

**J.H.T. Riddell** <sup>(4)</sup>  
President and Chief Executive Officer  
Calgary, Alberta

**M.H. Dilger** <sup>(2)(4)</sup>  
Chief Operating Officer  
Pembina Pipeline Corporation  
Calgary, Alberta

**D.A. Garner** <sup>(2)</sup>  
Independent Businessman  
Calgary, Alberta

**W.A. Gobert** <sup>(1)(3)</sup>  
Independent Businessman  
Calgary, Alberta

**R.M. MacDonald** <sup>(2)(3)(5)</sup>  
Independent Businessman and Corporate Director  
Calgary, Alberta

**E.M. Shier** <sup>(3)(4)</sup>  
General Counsel, Corporate Secretary & Manager,  
Land, Paramount Resources Ltd.  
Counsel to Heenan Blaikie LLP  
Calgary, Alberta

**D.F. Textor** <sup>(1)</sup>  
Portfolio Manager,  
Dorset Energy Fund  
Partner, Knott Partners Management LLC  
Locust Valley, New York

## Committees of the Board of Directors of Trilogy Energy Ltd. (Administrator of the Trust)

<sup>(1)</sup> Member of the Compensation Committee

<sup>(2)</sup> Member of the Audit Committee

<sup>(3)</sup> Member of the Corporate Governance Committee

<sup>(4)</sup> Member of the Environmental, Health & Safety Committee

<sup>(5)</sup> Lead Director

## HEAD OFFICE

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## AUDITORS

PricewaterhouseCoopers LLP  
Calgary, Alberta

## BANKERS

**Bank of Montreal**  
Calgary, Alberta

**The Bank of Nova Scotia**  
Calgary, Alberta

**Canadian Imperial Bank of Commerce**  
Calgary, Alberta

**Royal Bank of Canada**  
Calgary, Alberta

**ATB Financial**  
Calgary, Alberta

**Société Général**  
Calgary, Alberta

## CONSULTING ENGINEERS

**Paddock Lindstrom and Associates Ltd.**  
Calgary, Alberta

## REGISTRAR AND TRANSFER AGENT

**Computershare Investor Services Inc.**  
Calgary, Alberta  
Toronto, Ontario

## STOCK EXCHANGE LISTING

**The Toronto Stock Exchange**  
"TET.UN"