



Calgary, Alberta

March 2, 2010

NEWS RELEASE:      Trilogy Energy Corp.  
                                 Financial and Operating Results of Trilogy Energy Trust  
                                 For the Quarter and Year Ended December 31, 2009

Trilogy Energy Corp. (TSX: TET), formerly Trilogy Energy Trust (TSX: TET.UN) (the "Trust"), is pleased to announce its financial and operating results for the quarter and year ended December 31, 2009.

On February 5, 2010, the Trust completed a conversion (the "Conversion") from an income trust structure to a corporate structure through a business combination with a private corporation pursuant to a plan of arrangement under the Business Corporations Act (Alberta) and related transactions. The name of the resulting corporation is Trilogy Energy Corp. References to Trilogy in this press release for periods prior to February 5, 2010 are references to the Trust and for periods on or after February 5, 2010 are references to Trilogy Energy Corp.

#### **FINANCIAL AND OPERATING HIGHLIGHTS**

- Reported sales volumes for the fourth quarter of 2009 averaged 20,086 Boe/d as compared to 19,033 Boe/d for the previous quarter. On a full year basis, average sales volumes were lower at 19,780 Boe/d in 2009 as compared to 20,585 Boe/d in 2008 mainly due to reductions in capital expenditures.
- Capital expenditures (excluding acquisitions and dispositions) totaled \$28.2 million for the fourth quarter of 2009 bringing the year-to-date capital spending to \$89.5 million for 2009 (of which \$15.3 million was related to Trilogy's proposed Presley Pipeline and Kaybob North Sour Gas Plant expansion projects), as compared to \$123.7 million for 2008.
- Trilogy added 7.7 MMBoe of proved plus probable reserves during 2009 (excluding acquisitions), replacing 107 percent of produced reserves.
- Finding and development costs (including technical revisions) were \$10.85/Boe for proved reserves (\$11.19/Boe for proved plus probable reserves). Excluding costs of approximately \$15.3 million in respect of Trilogy's proposed Presley Pipeline and Kaybob North Sour Gas Plant expansion projects, Trilogy's finding and development costs would have been \$8.94/Boe for proved reserves (\$9.20/Boe for proved plus probable reserves).
- Funds flow from operations increased to \$29.4 million during the fourth quarter of 2009 as compared to \$24.9 million for the previous quarter. Increased production, higher prices and lower operating costs increased funds flow. These were offset by higher royalties, reduced realized financial instrument gains, the recording of a bad debt expense of \$4 million and increased G&A costs relating to the Conversion. The year-to-date funds flow from operations totaled \$112.5 million in 2009, a 56 percent decrease from the previous year principally attributable to lower commodity prices throughout 2009.
- Distributions declared to Unitholders of the Trust for the fourth quarter of 2009 were \$16 million or 55 percent of cash flow from operations (\$60.2 million for year-to-date 2009 or 50 percent of cash flow from operations).
- The loss before income tax in 2009 of \$39.2 as compared to earnings before income tax of \$131.7 million in 2008 is primarily attributed to the decline in natural gas prices.

## FINANCIAL AND OPERATING HIGHLIGHTS TABLE

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

|   | Three Months Ended |                   |          | Years Ended December 31 |         |          |
|---|--------------------|-------------------|----------|-------------------------|---------|----------|
|   | Dec. 31,<br>2009   | Sept. 30,<br>2009 | Change % | 2009                    | 2008    | Change % |
| <b>FINANCIAL</b>  |                    |                   |          |                         |         |          |
| Petroleum and natural gas sales   | 66,428             | 49,073            | 35       | 236,079                 | 465,297 | (49)     |
| Funds flow  |                    |                   |          |                         |         |          |
| From operations <sup>(1)</sup>  | 29,378             | 24,894            | 18       | 112,477                 | 253,866 | (56)     |
| Per unit – diluted  | 0.28               | 0.25              | 12       | 1.12                    | 2.64    | (58)     |
| Earnings  |                    |                   |          |                         |         |          |
| Earnings (loss) before tax  | (5,019)            | (12,003)          | (58)     | (39,254)                | 131,684 | (130)    |
| Per unit – diluted  | (0.05)             | (0.12)            | (58)     | (0.39)                  | 1.37    | (128)    |
| Earnings (loss) after future income tax                                   | (8,749)            | (10,794)          | (19)     | (33,362)                | 123,353 | (127)    |
| Per unit – diluted  | (0.08)             | (0.11)            | (27)     | (0.33)                  | 1.28    | (126)    |
| Distributions declared  | 16,005             | 14,812            | 8        | 60,205                  | 103,530 | (42)     |
| Per unit  | 0.15               | 0.15              | —        | 0.60                    | 1.08    | (44)     |
| Capital expenditures  |                    |                   |          |                         |         |          |
| Exploration and development   | 28,204             | 14,699            | 92       | 89,509                  | 123,721 | (28)     |
| Acquisitions, (dispositions) and other - net                              | 112                | (97)              | (215)    | (42)                    | 20,033  | (100)    |
| Net capital expenditures  | 28,316             | 14,602            | 94       | 89,467                  | 143,754 | (38)     |
| Total assets  | 893,193            | 896,082           | —        | 893,193                 | 957,589 | (7)      |
| Net debt <sup>(1)</sup>   | 246,427            | 328,778           | (25)     | 246,427                 | 299,981 | (18)     |
| Unitholders' equity   | 434,612            | 366,804           | 18       | 434,612                 | 416,097 | 4        |
| Trust Units outstanding (thousands)                                       |                    |                   |          |                         |         |          |
| - As at end of period   | 110,490            | 99,194            | 11       | 110,490                 | 95,997  | 15       |
| <b>OPERATING</b>  |                    |                   |          |                         |         |          |
| Production  |                    |                   |          |                         |         |          |
| Natural gas (MMcf/d)  | 94                 | 92                | 2        | 93                      | 97      | (4)      |
| Crude oil and natural gas liquids (Bbl/d)                                 | 4,457              | 3,740             | 19       | 4,237                   | 4,422   | (4)      |
| Total production (Boe/d @ 6:1)  | 20,086             | 19,033            | 6        | 19,780                  | 20,585  | (4)      |
| Average prices  |                    |                   |          |                         |         |          |
| Natural gas (before financial instruments) (\$/Mcf)                       | 4.60               | 3.28              | 40       | 4.33                    | 8.91    | (51)     |
| Natural gas (\$/Mcf) <sup>(2)</sup>                                       | 5.08               | 4.02              | 26       | 5.25                    | 8.96    | (41)     |
| Crude oil and natural gas liquids (before financial instruments) (\$/Bbl) | 65.32              | 62.03             | 5        | 57.37                   | 92.02   | (38)     |
| Crude oil and natural gas liquids (\$/Bbl) <sup>(2)</sup>                 | 65.32              | 62.03             | 5        | 57.34                   | 100.97  | (43)     |
| Drilling activity (gross)   |                    |                   |          |                         |         |          |
| Gas   | 5                  | 9                 | (44)     | 26                      | 46      | (43)     |
| Oil   | 1                  | 1                 | —        | 3                       | 14      | (79)     |
| D&A   | —                  | —                 | —        | —                       | 5       | (100)    |
| Total wells   | 6                  | 10                | (40)     | 29                      | 65      | (55)     |
| Success rate  | 100%               | 100%              | —        | 100%                    | 92%     | —        |

<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.

## SUBSEQUENT EVENTS

On January 13, 2010 Trilogy purchased for cancellation under its normal course issuer bid, 144,400 Trust Units at a cost of approximately \$1.2 million.

Holders of 64,661,077 Trust Units reinvested their December distributions totaling \$3.2 million through Trilogy's DRIP resulting in the issuance of additional 403,385 Trust Units on January 15, 2010.

On January 15, 2010, Trilogy announced its cash distribution for January 2010 of \$0.05 per Trust Unit. The distribution was paid on February 16, 2010 to Unitholders of record on February 1, 2010. In this same announcement, the Trust also suspended its DRIP. Accordingly, no further participation in the DRIP occurred beyond the December 2009 distribution month. Trilogy also announced its intention to terminate the DRIP concurrent with the completion of the Conversion.

On February 4, 2010, Trust unitholders voted in favor of the Conversion and all required approvals had been received. Accordingly, the Conversion occurred and Unitholders exchanged their Units of the Trust for shares of Trilogy Energy Corp. on a one-for-one basis, as more particularly described in Trilogy's information circular dated January 6, 2010.

On February 18, 2010, Trilogy declared a dividend of 3.5 cents per share to shareholders of record on March 1, 2010.

## OUTLOOK

Trilogy's guidance for 2010 is as follows:

|   |               |
|---|---------------|
| Average production  | 22,000 Boe/d  |
| Average operating costs   | \$11.50/Boe   |
| Capital expenditures excluding acquisitions, drilling credits and costs of \$23 million to complete the Presley Pipeline and Kaybob North Sour Gas Plant expansion projects | \$120 million |

## ADDITIONAL INFORMATION

A copy of Trilogy's 2009 annual report to the Shareholders, including the Management's Discussion and Analysis and audited annual consolidated financial statements and related notes can be obtained at <http://media3.marketwire.com/docs/302tet.pdf>. This report will also be made available at a later date through Trilogy's website at [www.trilogyenergy.com](http://www.trilogyenergy.com) and SEDAR at [www.sedar.com](http://www.sedar.com).

## ABOUT TRILOGY

Trilogy Energy Corp. is a petroleum and natural gas-focused Canadian energy corporation that actively acquires, develops, produces and sells natural gas, crude oil and natural gas liquids. Trilogy's common shares are listed on the Toronto Stock Exchange under the symbol "TET". Prior to the Conversion Trilogy's Trust Units were listed on the Toronto Stock Exchange under the symbol "TET.UN".

## 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 and bad debt expenses 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.

### **FORWARD-LOOKING INFORMATION**

Certain information included in this news release constitutes 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” or similar word suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information in this news release pertain to, without limitation, expected average production, average operating costs and capital expenditures for 2010. Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. Such assumptions include: current commodity price forecasts for petroleum and natural gas, current production forecasts, assumptions regarding royalties and expenses, drilling results consistent with our expectations, the ability of Trilogy to obtain equipment, services and supplies in a timely manner to carry out its activities; the ability of Trilogy and its partners to obtain drilling success consistent with expectations; the ability of Trilogy to market oil and natural gas successfully to current and new customers; the timing and costs of pipeline and storage facility construction and expansion and the ability to secure adequate product processing, transmission and transportation and the timely receipt of required regulatory approvals: among others.

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 of oil and gas prices, foreign currency, exchange rates and interest rates, volatile economic and business conditions, the ability of management to execute its business plan; 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; 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 secure adequate product transmission and transportation; Trilogy’s ability to enter into or renew leases; health, safety and environmental risks; the ability of Trilogy to add production and reserves through development and exploration activities; weather conditions; the possibility that government policies, regulations or laws, including without limitation those relating to the environment and taxation, may change or regulatory approvals may be delayed or withheld; risks associated with existing and potential future lawsuits and regulatory actions against Trilogy; uncertainty regarding aboriginal land claims and co-existing local populations; 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.

The forward-looking statements and information contained in this news release 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.

Refer to Trilogy's Management's Discussion and Analysis for additional information on forward-looking information.

## **OIL AND GAS ADVISORY**

This news release contains disclosure expressed as "Boe", "Boe/d", "Mcf/d", "MMcf/d", "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.

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