TRILOGY
ENERGY TRUST

2008 FIRST QUARTER REPORT

FINANCIAL AND OPERATING HIGHLIGHTS

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

	Three Months Ended		
	March 31, 2008	**Dec. 31, 2007**	**Change %**
FINANCIAL			
Petroleum and natural gas sales	**110,332**	95,310	16
Funds flow			
From operations[1]	**53,509**	38,674	38
Per unit – diluted	**0.56**	0.41	37
Earnings			
Earnings (loss) before tax	**4,143**	(969)	528
Per unit – diluted	**0.04**	(0.01)	500
Earnings after future income tax	**900**	6,509	(86)
Per unit – diluted	**0.01**	0.07	(86)
Distributions declared	**20,038**	22,530	(11)
Per unit	**0.21**	0.24	(12)
Capital expenditures			
Exploration and development	**51,824**	17,716	193
Acquisitions, dispositions and other - net	**(158)**	(2,200)	(93)
Net capital expenditures	**51,666**	15,516	233
Total assets	**952,526**	928,191	3
Net debt[1]	**380,591**	350,415	9
Unitholders' equity	**370,811**	382,005	(3)
Trust Units outstanding (thousands)			
- As at end of period	**95,642**	94,609	1
OPERATING			
Production			
Natural gas (MMcf/d)	**94**	98	(4)
Crude oil and natural gas liquids (Bbl/d)	**4,802**	4,734	1
Total production (Boe/d @ 6:1)	**20,467**	21,044	(3)
Average prices			
Natural gas (before financial instruments) ($/Mcf)	**8.23**	6.68	23
Natural gas ($/Mcf)[2]	**8.23**	6.68	23
Crude oil and natural gas liquids (before financial instruments) ($/Bbl)	**91.45**	80.77	13
Crude oil and natural gas liquids ($/Bbl)[2]	**86.27**	71.30	21
Drilling activity (gross)			
Gas	**32**	8	300
Oil	**3**	3	—
D&A	**3**	—	—
Total wells	**38**	11	245
Success rate	**92%**	100%	—

(1) 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.

(2) Includes realized but excludes unrealized gains and losses on financial instruments.

Message to Unitholders

May 6, 2008

Operations Review for the First Quarter 2008

- Average production 20,467 Boe/d
- $51.8 million capital expenditures
- 38 (25.6 net) wells drilled
- Average operating costs $10.66/Boe
- $53.5 million funds flow from operations
- 42 percent payout ratio based on cash flow from operations

Trilogy's first quarter 2008 production was 20,467 Boe/d, (94.0 MMcf/d of natural gas and 4,802 Bbl/d of crude oil and natural gas liquids), down slightly from previous quarter volumes of 21,044 Boe/d. The three percent decline in volumes is a reflection of decreased capital spending in the fourth quarter of 2007, natural production declines and operational issues. Extremely cold weather in January resulted in increased downtime and lower volumes produced during the quarter. Challenges such as this are not unexpected and are quickly addressed by Trilogy's field staff. Their efforts reduced the full impact that the cold weather may have created. Trilogy continues to forecast average annual production of 21,500 Boe/d for 2008.

The 2008 capital program is weighted towards the first quarter of the year. In total, Trilogy spent $51.8 million on drilling, completion, facilities and land acquisitions during the quarter. Capital expenditures represent approximately 50 percent of the original $100 million capital budget (including land) planned to be spent in 2008. Capital spending is higher in the first quarter as Trilogy accelerates its drilling and construction activity during the winter months. Total capital costs have declined over the past year as industry drilling and construction activity decreased and as a result 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 operations and responds to joint-venture opportunities.

During the quarter, Trilogy drilled 38 (25.6 net) wells, 27 (18.9 net) in the Kaybob area and 11 (6.7 net) wells in the Grande Prairie area. The results to date have been positive, resulting in 21.4 net gas wells, 1.2 net oil wells and 3.0 net dry and abandoned wells, resulting in a 92% (88% net) success ratio. The high success ratio, reflects the quality of Trilogy's drilling inventory. Trilogy intends to continue to manage the risk exposure by drilling a high percentage of our wells in areas that have multi-zone potential and high quality technical interpretations.

Trilogy acquired 2,544 net hectares in the first quarter at crown land sales for a total expenditure of $0.8 million. The acquisition of high quality acreage will permit us to maintain our prospect inventory for future development and reserve additions.

Operating costs for the quarter were $10.66 per Boe, down 18 percent from the $12.98 per Boe reported for the fourth quarter of 2007. Trilogy was active recompleting and reactivating existing wellbores to maximize production as commodity prices improved over the quarter. Costs relating to these activities have become more competitive over the past year, allowing us to be more aggressive with this type of operation. We anticipate operating costs for the year to be in line with full year guidance of $10.50 per Boe.

Funds flow from operations during the first quarter increased to $53.5 million from $38.7 million in the fourth quarter of 2007. Lower production volumes during the first quarter were offset by higher realized sales price and lower operating costs as compared to the prior quarter. Distributions to unitholders totaled $20.0 million for the quarter, representing 42 percent of cash flow from operations.

Kaybob

Trilogy completed construction of its Smoky River gas plant at the end of March. The new plant has a processing capacity of up to 20 MMcf/d with initial inlet compression capacity of 10 MMcf/d. The construction of the plant and gathering system cost approximately $8 million and is expected to allow Trilogy to produce reserves that were previously shut in and also reroute gas to realize lower operating costs. Trilogy will also now be in a position to offer third party processing to interested producers. Net fee revenue will be used to offset the initial capital investment and reduce operating costs per unit volume. Trilogy believes the plant will attract renewed attention from other area operators and, if required, Trilogy will install additional compression to maximize third party revenue.

Subsequent to the quarter Trilogy entered into an agreement with a private company to acquire assets in the Kaybob area. The transaction is expected to add approximately 500 Boe/d of production for the remainder of 2008 at a cost of approximately $23 million prior to adjustments. The assets are in the general vicinity of the new gas plant and will provide Trilogy with additional development opportunities on the acquired lands (2,020 net developed hectares and 12,467 net undeveloped hectares). The transaction is expected to close by the end of May 2008.

During the second quarter Trilogy initiated an infill drilling program on the Gething K oil pool. Trilogy plans to drill five wells into the pool: three vertical wells and two horizontal wells, to increase the ultimate recoverable reserves. The exploitation of the pool may include additional vertical and horizontal wells and a water flood to maintain reservoir pressure and maximize reserve recovery.

Grande Prairie

The first quarter was Trilogy's most active quarter to date in the Grande Prairie area. Trilogy participated in the drilling of 11 (6.7 net) wells during the quarter, resulting in 5.5 net wells cased for gas production and 1.2 net wells cased for oil production. The acreage Trilogy acquired in the Redsky and Blue Mountain acquisitions is providing significant opportunities to add value as we pursue drilling opportunities on this acreage. Trilogy anticipates drilling three to four additional wells during the balance of the year in this area.

Risk Management

As commodity prices improved during the first quarter of 2008, Trilogy hedged approximately 50 percent of its gas production from April to October 2008 and approximately 20 percent of its gas production from November 2008 to March 2009. A summary of these contracts are available in the Management Discussion and Analysis. Hedging a portion of production at current prices is expected to provide the Trust with the certainty to maintain its distribution and capital spending programs.

Outlook

Trilogy believes its large prospect inventory will continue to provide high quality drilling prospects to enable the Trust to maintain production at its forecast rate and also to replace produced reserves on an annual basis. Successful production replacement, prudent asset management, strong commodity prices and continued control of operations are expected to help support the balance sheet and provide a distribution level that is sustainable to the Trust. Acquisitions will continue to be evaluated for their strategic fit with Trilogy's business model and exploitation strategy, and will be pursued when they are considered to be accretive to unitholder value. Trilogy is confident in its strategy, its high quality assets and the proven expertise of its employees.

Certain statements included in this report constitute forward-looking statements under applicable securities legislation. Please refer to the Management's Discussion and Analysis for advisories on forward-looking statements and the assumptions, risks 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, 2008, and should be read in conjunction with the Trust's interim consolidated financial statements for the three months then ended and its annual consolidated financial statements and MD&A for the year ended December 31, 2007. 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 6, 2008.

FIRST QUARTER 2008 HIGHLIGHTS

- Sales volumes for the first quarter of 2008 averaged 20,467 Boe/d as compared to 21,044 Boe/d for the previous quarter.
- Funds flow from operations increased to $53.5 million during the first quarter of 2008 as compared to $38.7 million for the previous quarter, due mainly to higher average realized sales prices and lower operating costs and realized loss on financial instruments, offset by higher royalties.
- The first quarter 2008 earnings before tax of $4.1 million was up from the $1.0 million loss before tax posted in the fourth quarter due primarily to the abovementioned favorable changes in funds flow from operations and lower depletion and depreciation expense, offset by an increase in unrealized financial instruments losses.
- Capital expenditures totaled $51.8 million, resulting in 25.6 net wells drilled during the first quarter of 2008.
- Distributions declared to Unitholders for the first quarter were $20.0 million or 42 percent of cash flow from operations.
- 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 4,771,579 Trust Units during the period March 11, 2008 through March 10, 2009. No Trust Units were purchased through this normal course issuer bid as at March 31, 2008.

BUSINESS ENVIRONMENT

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

	Q1 2008	Q4 2007	Q1 2007
Crude Oil			
West Texas Intermediate monthly average (US$/Bbl)	**97.90**	90.68	58.27
Natural gas			
NYMEX (Henry Hub Close) monthly average (US$/MMBtu)	**8.03**	6.96	6.77
AECO monthly average (Cdn$/GJ)	**6.76**	5.69	7.07
Canadian – U.S. Dollar Quarter-end Closing Exchange Rates (Cdn$/US$)	**1.03**	0.99	1.17

RESULTS OF OPERATIONS

Operating Results Summary (In thousand dollars)	Q1 2008	Q4 2007	Q1 2007
Operating income(1)	**64,232**	50,120	59,637
Other income (expenses)	**489**	675	(44)
Realized financial instruments(2)	**(2,266)**	(4,125)	17,241
General and administrative expenses (cash portion)	**(2,766)**	(2,251)	(4,139)
Interest and financing charges	**(4,357)**	(4,977)	(6,701)
Exploration expenditures(3)	**(1,823)**	(768)	(548)
Funds flow from operations(1)	**53,509**	38,674	65,446
Non-cash operating items:			
Depletion and depreciation	**(27,549)**	(34,450)	(32,928)
Unrealized financial instruments(2)	**(15,591)**	(3,646)	(19,135)
General and administrative recovery (expense)	**(4,334)**	405	(110)
Exploration expenditures(4)	**(674)**	(1,495)	(2,742)
Gain (loss) on disposition of property, plant and equipment	**158**	670	—
Accretion on asset retirement obligations	**(1,376)**	(1,127)	(1,180)
Future income tax (expense) recovery(5)	**(3,243)**	7,478	—
Net earnings	**900**	6,509	9,351

(1) 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 operating working capital accounts. Refer to the advisory on Non-GAAP measures at the end of this MD&A.

(2) See Risk Management section below.

(3) Excluding the non-cash portion of the expenditures and including asset retirement obligations paid.

(4) Net of asset retirement obligations paid.

(5) See Income Taxes section below.

Cash Flow From Operations Per Unit of Sales Volume (Dollar per Boe)	Q1 2008	Q4 2007	Q1 2007
Gross revenue before financial instruments(1)	**57.77**	47.84	48.67
Royalties	**(12.36)**	(8.62)	(11.32)
Operating costs	**(10.66)**	(12.98)	(10.31)
Asset retirement obligation expenditures	**(0.98)**	(0.29)	(0.16)
General and administrative expenses(2)	**(1.49)**	(1.16)	(2.24)
Interest and financing charges	**(2.34)**	(2.57)	(2.68)
Exploration expenditures	**—**	(0.11)	(0.09)
Realized gain (loss) on financial instruments	**(1.22)**	(2.13)	7.83
Funds flow from operations(3)	**28.72**	19.98	29.70
Net change in operating working capital	**(3.26)**	(2.79)	0.96
Cash flow from operating activities	**25.46**	17.19	30.66

(1) Net of transportation costs and including other income.

(2) Excluding non-cash unit and stock-based compensation expense.

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

Operating Income Items

First Quarter 2008 vs. Fourth Quarter 2007 (In thousand dollars except as otherwise indicated)	**Q1 2008**	**Q4 2007**	**Increase (Decrease)** **Value**	**%**
Average sales volumes:				
Natural gas (Mcf/d)	**93,989**	97,858	(3,869)	(4)
Oil and natural gas liquids (Bbl/d)	**4,802**	4,734	68	1
Total (Boe/d)	**20,467**	21,044	(577)	(3)
Average realized prices before financial instruments and transportation:				
Natural gas ($/Mcf)	**8.23**	6.68	1.55	23
Oil and natural gas liquids ($/Bbl)	**91.45**	80.77	10.68	13
Average realized prices after financial instruments but before transportation:				
Natural gas ($/Mcf)	**8.23**	6.68	1.55	23
Oil and natural gas liquids ($/Bbl)	**86.27**	71.30	14.97	21
Petroleum and natural gas sales before financial instruments:				
Natural gas	**70,366**	60,129	10,237	17
Oil and natural gas liquids	**39,966**	35,181	4,785	14
Total petroleum and natural gas sales before financial instruments	**110,332**	95,310	15,022	16
Royalties	**(23,016)**	(16,687)	6,329	38
Operating costs	**(19,863)**	(25,135)	(5,272)	(21)
Transportation costs	**(3,221)**	(3,368)	(147)	(4)
Operating income[(1)]	**64,232**	50,120	14,112	28

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

Petroleum and Natural Gas Sales – Higher average natural gas prices resulted in a $13.9 million increase in natural gas sales, before financial instruments, offset by a $3.7 million impact of slightly lower natural gas sales volumes. Similarly, higher average oil and natural gas liquid prices contributed to an increase of $4.7 million in oil and natural gas liquids sales, before financial instruments.

Royalties – Royalties increased in conjunction with the increase in petroleum and natural gas sales during the fourth quarter. As a percentage of petroleum and natural gas sales, royalties averaged 21 percent for the first quarter of 2008 as compared to 18 percent for the previous quarter. This increase is attributable primarily to the increase in the Alberta gas reference price and partly to a reduction in gas cost allowance credits. Crown royalties on Alberta gas are calculated based on the Alberta gas reference price, which can vary significantly from Trilogy's realized corporate price. Accordingly, the fluctuation in the royalty rate as a percentage of sales is also impacted by the variability between the Alberta gas reference price and Trilogy's realized corporate price during the period.

Operating Costs – Operating costs were lower as less maintenance work was carried out during the first quarter of 2008 as compared to the previous quarter. In addition, operating costs for the fourth quarter of 2007 were impacted by third party processing and gathering fee adjustments. On a per unit basis, operating costs decreased to $10.66/Boe in the first quarter of 2008 from $12.98/Boe in the previous quarter.

First Quarter 2008 vs. First Quarter 2007 (In thousand dollars except as otherwise indicated)	**Q1 2008**	**Q1 2007**	**Increase (Decrease) Value**	**%**
Average sales volumes:				
Natural gas (Mcf/d)	**93,989**	118,436	(24,447)	(21)
Oil and natural gas liquids (Bbl/d)	**4,802**	4,736	66	1
Total (Boe/d)	**20,467**	24,475	(4,008)	(16)
Average realized prices before financial instruments and transportation:				
Natural gas ($/Mcf)	**8.23**	8.02	0.21	3
Oil and natural gas liquids ($/Bbl)	**91.45**	61.02	30.43	50
Average realized prices after financial instruments but before transportation:				
Natural gas ($/Mcf)	**8.23**	9.45	(1.22)	(13)
Oil and natural gas liquids ($/Bbl)	**86.27**	65.71	20.56	31
Petroleum and natural gas sales before financial instruments:				
Natural gas	**70,366**	85,497	(15,131)	(18)
Oil and natural gas liquids	**39,966**	26,010	13,956	54
Total petroleum and natural gas sales before financial instruments	**110,332**	111,507	(1,175)	(1)
Royalties	**(23,016)**	(24,926)	(1,910)	(8)
Operating costs	**(19,863)**	(22,702)	(2,839)	(13)
Transportation costs	**(3,221)**	(4,242)	(1,021)	(24)
Operating income[(1)]	**64,232**	59,637	4,595	8

(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 by $17.4 million due to lower sales volume, partially offset by a $2.2 million increase as a result of higher average natural gas prices. Oil and natural gas liquid sales, before financial instruments, increased by $13.0 million due to higher average oil and natural gas liquid sales prices and $1.0 million due to slightly higher sales volume. Total product sales volumes decreased in the first quarter of 2008 as a result mainly of the dispositions of the Marten Creek property during the second quarter of 2007 and certain non-core assets in southern Alberta during the third quarter of 2007.

Royalties – As a percentage of petroleum and natural gas sales, royalties averaged 21 percent in the first quarter of 2008 as compared to 22 percent in the same quarter of 2007. Crown royalties on Alberta gas are calculated based on the Alberta gas reference price, which can vary significantly from Trilogy's realized corporate price, and this variation impacts the average royalty rate. In addition, various items, including gas cost allowance credits, impact the overall rate.

Operating Costs – The decrease in operating costs in 2008 is attributable mainly to lower sales volumes as discussed above. The higher per unit operating costs of $10.66/Boe in the first quarter of 2008 as compared to $10.31 in the same quarter of 2007 was caused by an increase in maintenance projects and related expenditures.

OTHER INCOME STATEMENT ITEMS

Depletion and Depreciation Expense

	Q1 2008	Q4 2007	Q1 2007
Reported amount (thousand dollars)	**27,549**	34,450	32,928
Expense per sales volume ($/Boe)	**14.79**	17.79	14.95

Depletion and depreciation expense decreased in the first quarter of 2008 due mainly to an $8.1 million property impairment loss recorded during the fourth quarter of 2007.

Compared to the same quarter in 2007, depletion and depreciation expense decreased in the first quarter of 2008 as a result primarily of the sale of the Marten Creek property in May 2007 and certain non-core assets in southern Alberta in August 2007, which had higher depletion and depreciation rates.

General and Administrative Expenses

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

(In thousand dollars except as otherwise indicated)	Q1 2008	Q4 2007	Q1 2007
Expenses before unit-based compensation and recoveries	**6,589**	6,167	7,201
Overhead recoveries	**(3,906)**	(4,012)	(3,062)
Expenses after recoveries and before unit-based compensation	**2,683**	2,155	4,139
Unit-based compensation	**4,417**	(309)	110
Reported amount	**7,100**	1,846	4,249
Expenses after recoveries and before unit-based compensation per sales volume ($/Boe)	**1.44**	1.11	1.88

General and administrative expenses (after recoveries and before unit-based compensation) were higher during the first quarter of 2008 compared to the previous quarter due primarily to an increase in compensation expense. Trilogy's employee benefit expenditures are normally higher in the first two quarters of the year.

Compared to the same quarter in 2007, general and administrative expenses (after recoveries and before unit-based compensation), were lower during the first quarter of 2008 due primarily to higher recoveries, and lower professional and management fees and other corporate and administration costs as a result partly of cost reduction measures adopted by Trilogy. These reductions were offset by an increase in rental expense resulting from the move to Trilogy's new offices.

The fluctuations in unit-based compensation expense are attributable primarily to the changes in the periodic valuation 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 recognition of the grant date fair market value of options issued under Trilogy's unit option plan and a related party's option plan issued to Trilogy employees as described in the notes to Trilogy's consolidated financial statements.

Interest and Financing Charges

	Q1 2008	Q4 2007	Q1 2007
Reported amount (thousand dollars)	**4,357**	4,977	6,701
Expense per sales volume ($/Boe)	**2.34**	2.57	3.04

Interest and financing charges were lower during the first quarter of 2008 as compared to first and fourth quarters of 2007 due to a lower weighted average interest rate and average long-term debt balances.

Exploration Expenditures and Other

(In thousand dollars)	Q1 2008	Q4 2007	Q1 2007
Exploration expenditures	**2,497**	2,263	3,290
Gain on disposition of property, plant and equipment	**(158)**	(670)	—
Accretion on asset retirement obligations	**1,376**	1,127	1,180

Exploration expenditures consist of dry hole costs 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 currency risk, and are discussed in detail in the notes to Trilogy's March 31, 2008 interim consolidated financial statements.

The Trust had the following financial forward sales contracts outstanding as at March 31, 2008:

Description	Quantity	Price	Remaining Term
WTI Fixed Price	1,000 Bbl/d	U.S.$73.48/Bbl	April 2008 – December 2008
NYMEX Fixed Price	50,000 MMBtu/d	U.S.$8.99/MMBtu	April 2008 – October 2008
NYMEX Fixed Price	20,000 MMBtu/d	U.S.$10.02/MMBtu	November 2008 – March 2009

The above financial instruments 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 2008	Q4 2007	Q1 2007
Realized gain (loss) on financial instruments	**(2,266)**	(4,125)	17,241
Unrealized loss on financial instruments	**(15,591)**	(3,646)	(19,135)
Total loss on financial instruments	**(17,857)**	(7,771)	(1,894)
Realized gain (loss) on financial instruments per Boe ($/Boe)	**(1.22)**	(2.13)	7.83

The realized losses on financial instruments for the first quarter of 2008 and the fourth quarter of 2007 pertain to financial instrument crude oil contracts. There were no financial instrument contracts in place to cover natural gas production from April 1, 2007 through March 31, 2008. The realized gain in the first quarter of 2007 was in respect of both crude oil and natural gas contracts.

The unrealized losses on financial instruments represent the change in the fair value of outstanding contracts at the end of each quarter. 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 and new contracts entered into during the period.

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. Trilogy mitigates these risks through the development of plans, processes and policies, and executing such plans, processes and policies as necessary.

SUBSEQUENT EVENTS

Subsequent to March 31, 2008, Trilogy entered into the following forward commodity sales contracts:

Description	Quantity	Price	Term
Financial			
AECO Fixed Price	30,000 GJ/d	$9.50/GJ	November 2008 – March 2009
WTI Fixed Price	1,000 Bbl/d	U.S.$107.31/Bbl	May 2008 – December 2008
Physical			
AECO Fixed Price	30,000 GJ/d	$8.68/GJ	April 10, 2008 – June 30, 2008

Also, on April 25, 2008, Trilogy agreed to purchase certain petroleum and natural gas assets for approximately $23 million, before adjustments, effective April 1, 2008. This purchase is expected to be funded by cash flow from operations and an increase in the revolving credit facility, while it is anticipated to close in late May 2008.

LIQUIDITY AND CAPITAL RESOURCES

(In thousand dollars)	March 31, 2008	December 31, 2007
Current liabilities – net of current assets	**57,190**	23,919
Long-term debt	**323,401**	326,496
Net debt(1)	**380,591**	350,415
Unitholders' equity	**370,811**	382,005
Total	**751,402**	732,420

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

Working Capital

The working capital deficiency increased from $23.9 million as at December 31, 2007 to $57.2 million as at March 31, 2008 due primarily to the increase in accounts payable and accrued liabilities from $59.5 million at December 31, 2007 to $76.4 million at March 31, 2008 as a result primarily of higher capital spending during the first quarter of 2008 as compared to the previous quarter. In addition, the financial instruments liability increased from $7.0 million at December 31, 2007 to $22.6 million at March 31, 2008 while the unit-based compensation liability increased from $3.1 million at December 31, 2007 to $6.8 million at March 31, 2008.

The Trust's working capital deficiency is funded by cash flow from operations and draw-downs 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 $370 million revolving credit and working capital facility was $324.6 million (before unamortized discount) as at March 31, 2008. The size of this committed credit facility is based primarily on the discounted value of Trilogy's producing petroleum and natural gas assets. The revolving feature of the Trust's credit facility expires on March 27, 2009, if not extended. Upon the expiry of the credit agreement's revolving phase, amounts outstanding will have a term maturity date of one additional year.

Contractual Obligations

There was no material change to the Trust's contractual obligations as at December 31, 2007, except for the payment of previously reported obligations and new obligations that arose during the first quarter 2008 as disclosed elsewhere in this MD&A and in the March 31, 2008 interim consolidated financial statements.

Trust Units, Options and Rights

In connection with Trilogy's distribution reinvestment plan ("DRIP"), 1,033,203 Trust Units were issued from January through March 2008. Trilogy Trust had 95,641,907 Trust Units outstanding as March 31, 2008 and 95,829,868 Trust Units outstanding as at May 6, 2008.

Outstanding unit options issued under Trilogy's unit option plan were 4,052,500 unit options as at March 31, 2008 and May 6, 2008, of which 187,000 unit options were exercisable as at those dates. Outstanding unit rights issued under Trilogy's unit appreciation plan were 1,203,250 unit rights as at March 31, 2008 and 1,173,250 unit rights as at May 6, 2008, of which 810,250 unit rights and 780,250 unit rights were exercisable as at those dates, respectively.

Distributions

(In thousand dollars except where stated otherwise)	Q1 2008	Q4 2007	Q1 2007
Funds flow from operations[1]	**53,509**	38,674	65,446
Net changes in operating working capital	**(6,081)**	(5,400)	2,115
Cash flow from operations	**47,428**	33,274	67,561
Net earnings (loss)	**900**	6,509	9,351
Distributions declared[2]	**20,038**	22,530	27,770
Distributions declared per Trust Unit (in full amount)	**0.21**	0.24	0.30
Excess of cash flow from operations over distributions declared	**27,390**	10,744	39,791
Excess of distributions declared over net earnings/loss	**(19,138)**	(16,021)	(18,419)

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

(2) Including amounts reinvested under the distribution reinvestment plan.

Trilogy's distributions to its Unitholders are funded by cash flow from operating activities with the remaining cash directed towards capital spending and debt payments. 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 draw downs 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. Since 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 annual MD&A for additional discussions on distributions.)

Wells Drilled

(Number of wells)	Q1 2008		Q4 2007		Q1 2007	
	Gross(1)	Net(2)	Gross(1)	Net(2)	Gross(1)	Net(2)
Natural gas	**32**	**21.4**	8	3.7	28	20.4
Oil	**3**	**1.2**	3	3.0	1	—
Dry	**3**	**3.0**	—	—	2	1.0
Total	**38**	**25.6**	11	6.7	31	21.4

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

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

Capital Expenditures

(In thousand dollars)	Q1 2008	Q4 2007	Q1 2007
Land	**833**	509	2,317
Geological and geophysical	**—**	841	524
Drilling	**37,236**	7,795	40,612
Production equipment and facilities	**13,930**	8,748	11,513
Exploration and development expenditures	**51,999**	17,893	54,966
Proceeds received from property dispositions	**(158)**	(2,200)	—
Corporate assets	**(175)**	(177)	4
Net capital expenditures	**51,666**	15,516	54,970

Exploration and development expenditures were higher during the first quarters of 2008 and 2007 as compared to the other quarter because of seasonal access to certain areas.

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 of capital. Trilogy's effective tax rate under the legislation is currently anticipated to be 29.5 percent in 2011 and 28 percent for 2012 onward.

Trilogy recognizes a provision for future income tax in its financial statements pursuant to the enactment of the new tax legislation. The provision represents management's estimate of the difference between the book and tax basis of the Trust's assets and liabilities anticipated to exist in 2011 under current legislation 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, 2007, the following is a summary of the Trust's transactions with related parties:

- Paramount Resources, a wholly-owned subsidiary of Paramount (which owns 21.11 percent of the outstanding Trust Units at March 31, 2008), provides administrative and operating services to the Trust and its subsidiaries, pursuant to an agreement dated April 1, 2005, 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, 2008.

- 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 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)

(In thousand dollars except per unit amounts)	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Revenue after financial instruments, royalties and other income	84,643	92,306	111,540	89,450
Earnings before tax	9,351	24,582	38,338	19,819
Net earnings	9,351	24,582	38,338	19,819
Earnings per Trust Unit (in full amounts):				
Basic	0.10	0.27	0.42	0.22
Diluted	0.10	0.27	0.42	0.22

Please refer to the Results of Operations and other sections of this MD&A for the discussions on changes from the fourth quarter of 2007 to the first quarter of 2008, 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, 2007.

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, 2008.

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" 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 capital expenditures, business strategy and objectives, net revenue, future production levels, development plans and the timing thereof, operating and other costs, royalty rates etc.

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:

- the ability of Trilogy to obtain equipment, services and supplies in a timely manner to carry out its activities;
- 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 transportation;
- obtaining drilling success consistent with expectations;
- the timely receipt of required regulatory approvals;
- the ability of Trilogy to obtain financing on acceptable terms;
- the timing and estimate of reversals of temporary differences between assets and liabilities recorded for accounting and tax purposes;

- currency, exchange and interest rates; and
- future oil and gas prices.

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:

- 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 associated with obtaining timely access to areas where Trilogy's operations are to be conducted;
- 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 processing, transmission and transportation;
- Trilogy's ability to enter into or renew leases;
- fluctuations in oil and gas prices, foreign currency exchange rates and interest rates;
- 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 and acquisitions;
- Trilogy's ability to generate cash flow from operations to meet its current and future obligations;
- weather conditions;
- general economic and business conditions;
- the possibility that government policies, regulations or laws may change or governmental approvals may be delayed or withheld;
- uncertainty in amounts and timing of royalty payments and change to royalty regimes and government regulations regarding royalty payments;
- 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;
- restrictions on Trilogy's growth as a result of the SIFT rules;
- changes to environmental legislation and regulations applicable to Trilogy;
- 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.

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 minus royalties, operating costs, and transportation costs. "Net debt" is calculated as current liabilities minus current assets plus long-term debt and unit-based compensation liability. 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 or at Trilogy's website www.trilogyenergy.com.

TRILOGY ENERGY TRUST
Interim Consolidated Balance Sheets (Unaudited)
(In thousand dollars)

	As at March 31, 2008	As at December 31, 2007
ASSETS		
Current Assets		
Accounts receivable *(notes 10, 11 and 13)*	**$ 54,585**	$ 51,603
Prepaid expenses	**600**	656
	55,185	52,259
Property, plant and equipment *(note 4)*	**742,932**	721,756
Future income taxes *(note 14)*	**13,938**	13,705
Goodwill	**140,471**	140,471
	$ 952,526	$ 928,191
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities *(notes 10, 11 and 13)*	**$ 76,356**	$ 59,500
Distributions payable *(notes 8, 10, 11 and 13)*	**6,695**	6,623
Financial instruments *(notes 10 and 11)*	**22,554**	6,963
Unit-based compensation liability *(notes 9, 10 and 11)*	**6,770**	3,092
	112,375	76,178
Long-term debt *(notes 5, 10 and 11)*	**323,401**	326,496
Asset retirement obligations *(note 6)*	**59,703**	60,752
Future income taxes *(note 14)*	**86,236**	82,760
	469,340	470,008
Unitholders' equity		
Unitholders' capital *(note 7)*	**711,390**	704,100
Contributed surplus *(note 9)*	**6,212**	5,558
Accumulated deficit after distributions	**(346,791)**	(327,653)
	370,811	382,005
	$ 952,526	$ 928,191

Commitments and contingencies *(notes 6, 10, 11 and 15)*

See accompanying notes to interim consolidated financial statements.

TRILOGY ENERGY TRUST

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

(In thousand dollars except as otherwise indicated)

	Three Months Ended March 31, 2008	2007
Revenue		
Petroleum and natural gas sales	**$ 110,332**	$ 111,507
Realized gain (loss) on financial instruments *(note 11)*	**(2,266)**	17,241
Unrealized loss on financial instruments *(note 11)*	**(15,591)**	(19,135)
Royalties	**(23,016)**	(24,926)
Other	**489**	(44)
	69,948	84,643
Expenses		
Operating	**19,863**	22,702
Transportation	**3,221**	4,242
General and administrative *(notes 9 and 13)*	**7,100**	4,249
Exploration expenditures *(note 4)*	**2,497**	3,290
Gain on disposition of property, plant and equipment	**(158)**	—
Accretion on asset retirement obligations *(note 6)*	**1,376**	1,180
Depletion and depreciation *(note 4)*	**27,549**	32,928
Interest and financing charges	**4,357**	6,701
	65,805	75,292
Earnings before taxes	**4,143**	9,351
Future income taxes *(note 14)*	**3,243**	—
Net earnings / Total comprehensive income	**$ 900**	$ 9,351
Earnings per Trust Unit (in full amounts)		
— Basic	**$ 0.01**	$ 0.10
— Diluted	**$ 0.01**	$ 0.10
Weighted average Trust Units outstanding (in thousands)		
— Basic	**95,243**	92,567
— Diluted	**95,283**	92,567

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, 2008					
	Opening Balance	**Net Earnings**	**DRIP** *(Note 7)*	**Distributions Declared** *(Note 8)*	**Unit/Stock Option Recognition**	**Closing Balance**
No. of Trust Units	94,608,704	—	1,033,203	—	—	**95,641,907**
Unitholders' capital *(note 7)*	$ 704,100	$ —	$ 7,290	$ —	$ —	**$ 711,390**
Accumulated earnings	193,629	900	—	—	—	**194,529**
Accumulated distributions	(521,282)	—	—	(20,038)	—	**(541,320)**
Accumulated other comprehensive income	—	—	—	—	—	**—**
Subtotal	(327,653)	900	—	(20,038)	—	**(346,791)**
Contributed surplus *(note 9)*	5,558	—	—	—	654	**6,212**
Total unitholders' equity	$ 382,005	$ 900	$ 7,290	$ (20,038)	$ 654	**$ 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, 2008	2007
Operating activities		
Net earnings	**$ 900**	$ 9,351
Add (deduct) non-cash and other items:		
Depletion and depreciation	**27,549**	32,928
Gain on disposition of property, plant and equipment	**(158)**	—
Exploration expenditures	**2,497**	3,090
Asset retirement obligation expenditures *(note 6)*	**(1,823)**	(348)
Accretion on asset retirement obligations *(note 6)*	**1,376**	1,180
Future income tax expense *(note 14)*	**3,243**	—
Non-cash general and administrative expense *(note 9)*	**4,334**	110
Unrealized loss on financial instruments *(note 11)*	**15,591**	19,135
Funds flow from operations	**53,509**	65,446
Net changes in operating working capital	**(6,081)**	2,115
Cash flow from operating activities	**47,428**	67,561
Financing activities		
Credit facilities – draws	**42,846**	103,552
Credit facilities – repayments	**(44,862)**	(97,488)
Cash distributions to unitholders *(note 8)*	**(12,676)**	(33,324)
Cash flow used in financing activities	**(14,692)**	(27,260)
Investing activities		
Property, plant and equipment expenditures	**(51,824)**	(54,970)
Proceeds on disposition of property, plant and equipment	**158**	—
Net change in investing working capital	**18,930**	14,669
Cash flow used in investing activities	**(32,736)**	(40,301)
Change in cash / cash, end of period	**$ —**	$ —
Cash interest and financing charges paid	**$ 5,437**	$ 5,867

See accompanying notes to interim consolidated financial statements.

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 as of April 1, 2005 and May 9, 2006 and as amended 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. 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, 2007 (the "Audited Financial Statements"), except as disclosed in note 3. 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 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.

3. CHANGES IN ACCOUNTING POLICIES

On January 1, 2008, Trilogy adopted the recommendations of the Canadian Institute of Chartered Accountants Handbook Sections 3862 *(Financial Instruments – Disclosures)*, 3863 *(Financial Instruments – Presentation)* and 1535 *(Capital Disclosures)*. The adoption of these new accounting standards did not impact the amounts reported in the Trust's financial statements but it required the Trust to provide additional disclosures relating to financial instruments and the Trust's capital.

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

4. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2008			December 31, 2007		
	Cost	Accumulated Depletion and Depreciation	Net Book Value	Cost	Accumulated Depletion and Depreciation	Net Book Value
Petroleum and natural gas properties	**1,383,231**	**(646,773)**	**736,458**	1,334,534	(619,817)	714,717
Other	**8,784**	**(2,310)**	**6,474**	8,959	(1,920)	7,039
	1,392,015	**(649,083)**	**742,932**	1,343,493	(621,737)	721,756

Capital costs associated with non-producing petroleum and natural gas properties totaling approximately $126.3 million as at March 31, 2008 (December 31, 2007 - $125.6 million) were not subject to depletion. No interest costs were capitalized for the three months ended March 31, 2008 and 2007.

The costs of exploratory dry holes amounted to $2.5 million for the three months ended March 31, 2008 ($2.6 million for the three months ended March 31, 2007) and were written off and included in exploration expenditures.

5. LONG-TERM DEBT

	March 31, 2008	December 31, 2007
Revolving credit and working capital facility	**324,639**	326,655
Less unamortized discount	**(1,238)**	(159)
Carrying value of long-term debt	**323,401**	326,496
Weighted average interest rate for the period/year	**5.23%**	5.62%

The Trust has a $335 million revolving credit facility and a $35 million working capital facility with a syndicate of 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 27, 2009, 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 a 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. The $370 million borrowing base is subject to semi-annual review by the banks.

The Trust has undrawn letters of credit totaling $9.0 million as at March 31, 2008. These letters of credit reduce the amount available for draw under the Trust's working capital facility.

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

6. ASSET RETIREMENT OBLIGATIONS

	Three Months Ended March 31, 2008
Asset retirement obligations, beginning of period	**60,752**
Liabilities incurred	**1,006**
Revisions to estimates	**(1,608)**
Liabilities settled	**(1,823)**
Accretion expense	**1,376**
Asset retirement obligations, end of period	**59,703**

The undiscounted asset retirement obligations at March 31, 2008 is estimated to be $158.4 million (December 31, 2007 - $156.4 million). The credit-adjusted risk-free rate used to estimate asset retirement obligation liability ranges 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 incurrence.

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 95,641,907 Trust Units outstanding as at March 31, 2008 (94,608,704 Trust Units as at December 31, 2007). No Special Voting Rights have been issued to date.

For the three months ended March 31, 2008, 1,033,203 Trust Units were issued under Trilogy's Distribution Reinvestment Plan ("DRIP") (see note 8).

Normal Course Issuer Bid

Under a normal course issuer bid through the facilities of the Toronto Stock Exchange, Trilogy may purchase up to 4,771,579 Trust Units during the period March 11, 2008 through March 10, 2009. No Trust Units were purchased through this normal course issuer bid as at March 31, 2008.

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

8. ACCUMULATED DISTRIBUTIONS

	Three Months Ended March 31, 2008			
	Cash	DRIP	Payable	Total
Balance, beginning of period	484,399	30,260	6,623	521,282
Distributions paid and/or reinvested	12,676	7,290	—	19,966
Change in period-end accrual	—	—	72	72
Distributions declared	12,676	7,290	72	20,038
Balance, end of period	497,075	37,550	6,695	541,320

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, and the working capital and future capital requirements of the Trust. Trilogy's Trust indenture provides that the Trust must distribute to Unitholders each year, subject to any limitations imposed by any agreements with lenders, all of the Trust's net income for tax purposes for the year, net realized capital gains for the year and any other applicable amounts so that Trust will not have any liability for income tax in the year.

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.

On April 15, 2008, Trilogy announced its cash distribution for April 2008 at $0.07 per Trust Unit. The distribution is payable on May 15, 2008 to Unitholders of record on April 30, 2008.

9. UNIT BASED COMPENSATION

Unit Option Plan

A continuity of the unit option plan for the three months ended March 31, 2008 is as follows:

	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value per Option	No. of Options
Balance, beginning of period	$ 11.52	$ 1.64	4,106,500
Granted	6.89	1.00	50,000
Cancelled	11.50	1.66	(104,000)
Balance, end of period	$ 11.47	$ 1.64	4,052,500
Exercisable, end of period	$ 14.48	$ 1.90	187,000

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

The Trust has recorded a compensation expense of $0.4 million for the three months ended March 31, 2008 ($0.3 million for the three months ended March 31, 2007) 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 was determined under the binomial model using the following key assumptions:

Risk-free interest rate	—	2.55% to 4.25%
Expected life	—	4.5 to 5.5 years
Expected volatility	—	30% to 35%
Expected distributions	—	12% to 16%

Additional information about Trilogy's unit options outstanding as at March 31, 2008 is as follows:

Exercise Price Range	Weighted Average Contractual Life	Outstanding Options: Number of Options	Outstanding Options: Weighted Average Exercise Price	Exercisable Options: Number of Options	Exercisable Options: Weighted Average Exercise Price
$6.65 to $9.25	5.1	1,314,000	$ 6.71	3,000	$ 9.25
$10.25 to $11.89	3.3	1,692,500	10.87	107,750	10.82
$18.03 to $23.95	3.0	1,046,000	18.41	76,250	19.86
Total	3.8	4,052,500	$ 11.47	187,000	$ 14.48

Unit Appreciation Plan

A continuity of the unit appreciation rights for the three months ended March 31, 2008 is as follows:

	Exercise Price	No. of Unit Rights
Balance, beginning of period	$ 4.14	1,232,250
Exercised	4.05	(18,000)
Cancelled	3.99	(11,000)
Balance, end of period	$ 3.93	1,203,250
Unit rights exercisable, end of period	$ 3.93	810,250

A compensation expense of $3.8 million relating to the unit appreciation plan has been recognized in earnings for the three months ended March 31, 2008 (recovery of $0.5 million for the three months ended March 31, 2007). Of this amount, $3.7 million compensation expense ($0.5 million recovery for the three months ended March 31, 2007) resulted from the valuation of the related unit-based compensation liability and $0.1 million compensation expense (nil for the three months ended March 31, 2007) represented cash paid for the exercises of unit rights.

Non-reciprocal Awards to Trust Employees

The Trust also recognized compensation expense of $0.2 million for the three months ended March 31, 2008 ($0.4 million for the three months ended March 31, 2007) with respect to the non-reciprocal awards of stock options to Trust employees made by Paramount Resources Ltd. ("Paramount"), a related party. This amount was credited to contributed surplus.

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

10. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

Trilogy's principal financial instruments, other than financial derivatives, are its outstanding draw-downs from its credit facilities. The credit facilities are the main source of Trilogy's finances after cash flow from operations. Trilogy has other financial assets and liabilities such as accounts receivable, accounts payable and accrued liabilities, unit-based compensation liability and distributions payable, which arise directly from its operations and trust activities. 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 currency risk.

Credit Risk

Under the Services Agreement described in note 13, Paramount carries out marketing functions on behalf of the Trust. The Trust is exposed to credit risk from financial instruments to the extent of non-performance by third parties. Credit risks associated with the possible non-performance by financial instrument counterparties are minimized by entering into contracts with only highly rated counterparties and third party credit risk with credit approvals, limits on exposures to any one counterparty, and monitoring procedures.

Trilogy's production is sold to a variety of purchasers under normal industry sale and payment terms. Accounts receivable are from customers and joint venture partners in the Canadian petroleum and natural gas industry and are subject to normal credit risk. As at March 31, 2008, $4.6 million or 8.5 percent of the outstanding accounts receivable are outstanding for 90 days or more. Trilogy believes that all outstanding accounts receivable are collectible.

Liquidity Risk

Trilogy's principal sources of liquidity are its cash flow from operations and existing credit facilities. The variability of market benchmarks as noted below provides uncertainty as to the level of Trilogy's cash flow from operations. As a result, Trilogy may adjust the levels of distribution to Unitholders and capital spending to maintain its liquidity (also see note 12). A contractual maturity analysis for Trilogy's financial liabilities as at March 31, 2008 is as follows:

	Within 1 Year	After 1 Year	Total
Accounts payable and accrued liabilities	76,356	—	76,356
Financial instruments[1]	22,554	—	22,554
Distributions payable	6,695	—	6,695
Unit-based compensation liability (full intrinsic value)	7,244	—	7,244
Long-term debt and estimated interest[2]	16,914	340,315	357,229
Total	129,763	340,315	470,078

(1) Estimated settlement on fixed forward commodity contracts using forecast prices and exchange rates at March 31, 2008.
(2) Estimated interest for future periods was calculated using the weighted average interest rate for the three months ended March 31, 2008 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.

Commodity Price Risk

Inherent to Trilogy's business of producing petroleum and natural gas is the commodity price risk where fluctuations in the market price of natural gas (and oil to a lesser extent) could significantly impact the Trust's ability to generate cash flow from operations. As numerous items, including but not limited to the amounts of distributions to Unitholders, capital expenditures and debt repayments or draw-downs, are dependent upon the level of cash flow generated from operations, the fluctuation in petroleum and natural gas prices (in addition to normal operational and external risks) impacts Trilogy's liquidity.

To protect cash flow against commodity price volatility, Trilogy uses from time to time forward commodity price contracts that require financial settlement between counterparties. This financial instruments program is generally for periods of up to one year and would not exceed 50 percent of Trilogy's annual production (see note 11 for details of outstanding financial instruments as at March 31, 2008).

Interest Rate Risk

As described in note 5, Trilogy's credit facilities are subject to floating interest at the lenders' prime rate, bankers' acceptance rate or LIBOR, plus an applicable margin. The interest rate margin is determined by the lenders based on their periodic review of the Trust's results and is generally dependent upon Trilogy's debt to cash flow ratio, which may also be impacted by commodity price risk.

The draw-downs from Trilogy's credit facilities are generally in the form of bankers' acceptances with fixed terms ranging from 10 to 180 days which are then rolled-over if not repaid on their due dates. Due to the relatively short term of the bankers' acceptances, the cost of entering into interest rate swap arrangements to mitigate the impact of the fluctuation of interest rates oftentimes outweigh the benefit of such arrangements. Accordingly, there are no interest rate swap contracts outstanding as at March 31, 2008.

Foreign Currency Risk

Foreign currency rate fluctuations may impact the Trust mainly due to the outstanding U.S. Dollar denominated financial instrument contracts mentioned note 11, in addition to normal conversions of U.S. Dollar denominated revenues into Canadian Dollar. Approximately 13 percent of Trilogy's petroleum and natural gas sales for the three months ended March 31, 2008 was denominated in U.S. Dollar. Trilogy may enter into fixed forward currency contracts to mitigate the impact of foreign currency fluctuations. There are no outstanding fixed forward currency contracts as at March 31, 2008.

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

Market Risk Sensitivity Analysis

A sensitivity analysis showing how net earnings for the three months ended March 31, 2008 would have been affected by changes in commodity prices, and interest and exchange rates is set out below.

Risk Variations	Estimated Effect on Net Earnings[1]
Natural gas price change of $0.10/Mcf	691
Oil and natural gas liquids price change of U.S.$1.00/Bbl	265
US Dollar to Canadian Dollar exchange rate fluctuation of $0.01	115
Average interest rate change of 1 percent	206

(1) The effect of each risk variation is mutually exclusive.

In deriving the above analysis, specific exposures to each risk were quantified upon which the risk variations were applied. The historical information for the three months ended March 31, 2008, which were used as key inputs in the sensitivity analysis above, are as follows:

Average production:	
Natural gas	94 MMcf/d
Crude oil and natural gas liquids	4,802 Bbl/d
Average royalty as a percentage of sales	21 percent
Average exchange rate (U.S.$/Cdn$)	Cdn$1.00/U.S.$1.00
Weighted average interest rate on indebtedness	5.23 percent per annum
Income tax	Nil
Forward pricing of outstanding financial contracts	As at March 31, 2008

11. FINANCIAL INSTRUMENTS

Carrying Values

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

	March 31, 2008	December 31, 2007
Financial assets		
Receivables[1]	**54,585**	51,603
Financial liabilities		
Non-trading liabilities[1] [3]	**(89,821)**	(69,215)
Financial instruments held-for-trading[2]	**(22,554)**	(6,963)
Indebtedness[4]	**(323,401)**	(326,496)

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

(2) Carried at the estimated fair value of the related financial instruments based on third party quotations. See Forward Contracts below.

(3) Consists of accounts payable and accrued liabilities, distributions payable and unit-based compensation liability.

(4) Carried at amortized cost.

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

Forward Contracts

At March 31, 2008, the Trust had the following outstanding financial forward commodity sales contracts (also see note 15):

Description	Quantity	Price	Term
WTI Fixed Price	1,000 Bbl/d	U.S.$73.48/BBl	April 2008 – December 2008
NYMEX Fixed Price	50,000 MMBtu/d	U.S.$8.99/MMBtu	April 2008 – October 2008
NYMEX Fixed Price	20,000 MMBtu/d	U.S.$10.02/MMBtu	November 2008 – March 2009

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

The Trust's capital structure currently consists of (a) revolving long-term debt pursuant to a credit facility, (b) working capital facility pursuant to a credit facility, (c) letters of credit issued as financial security to third parties, and (d) unitholders' equity.

The objectives in managing the capital structure are to:

- utilize an appropriate amount of leverage to maximize return on unitholders' equity; and
- provide for borrowing capacity and financial flexibility to maintain the petroleum and natural gas reserve base by replacing production at competitive finding and development costs.

Management and the Board of Directors review and assess the Trust's capital structure and distribution policy at each board meeting. The financial strategy may be adjusted based on the current outlook of the underlying business, the capital required to fund the reserves program and the state of the debt and equity capital markets. In order to maintain or adjust the capital structure, the Trust may (1) issue new Trust Units, (2) issue new debt securities, (3) amend, revise, renew or extend the terms of the existing long-term debt and working capital facilities, (4) enter into new agreements establishing new credit facilities, (5) adjust the amount of distributions to unitholders, (6) reduce capital spending, and/or (7) sell non-core and/or non-strategic assets.

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

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

	March 31, 2008	December 31, 2007
Committed amount that can be drawn from credit facilities	**370,000**	370,000
Outstanding undrawn letters of credit	**(8,958)**	(8,232)
Amount that can be drawn after letters of credit	**361,042**	361,768
Long-term debt	**(323,401)**	(326,496)
Net current liabilities (working capital)	**(57,190)**	(23,919)
Net debt[(1)]	**(380,591)**	(350,415)
Add back mark-to-market valuation of financial instruments	**22,554**	6,963
Adjusted net debt[(1)]	**(358,037)**	(343,452)
Remaining available credit	**3,005**	18,316

[(1)] Net debt and adjusted net debt as calculated above are not standard terms/measures used by other.

The increase in adjusted net debt from $343.5 million at December 31, 2007 to $358.0 million at March 31, 2007 is attributable primarily to Trilogy's capital spending which is seasonally high during the winter.

13. RELATED PARTY TRANSACTIONS

Trilogy had the following transactions with Paramount, a Unitholder of the Trust.

- Pursuant to a Services Agreement dated April 1, 2005, a Paramount subsidiary provides administrative and operating services to the Trust and its subsidiaries to assist a Trust subsidiary in carrying out its duties and obligations as general partner of Trilogy's main operating entity and as the administrator of the Trust and its holding trust. Under this agreement, Paramount is reimbursed at cost for all expenses it incurs in providing the services to the Trust and its subsidiaries. The agreement is in effect until March 31, 2009 however may be terminated by either party with at least six months written notice. The amount of expenses billed and accrued as management fees under this agreement was $0.1 million for the three months ended March 31, 2008 ($0.3 million for the three months ended March 31, 2007). This amount is included as part of the general and administrative expenses in the Trust's consolidated statement of earnings.

- The Trust and Paramount also had transactions with each other arising from the normal course of business. These transactions were recorded at exchange amounts.

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

	March 31, 2008			December 31, 2007		
Presented in the Balance Sheet as	Normal Business	Services Agreement	Trust Distribution	Normal Business	Services Agreement	Trust Distribution
Accounts receivable	**1,183**	**—**	**—**	441	—	—
Accounts payable and accrued liabilities	**(157)**	**(60)**	**—**	(3,220)	(60)	—
Distributions payable	**—**	**—**	**(1,413)**	—	—	(1,168)

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

14. INCOME TAXES

The nature and tax effect of temporary differences that give rise to estimated future income tax assets and liabilities are as follows:

	March 31, 2008	December 31, 2007
Differences between the book and tax basis of the following accounts which are expected to reverse commencing January 1, 2011:		
Property, plant and equipment	**(93,672)**	(90,436)
Asset retirement obligation	**15,827**	16,096
Loss carryforwards and other	**5,547**	5,285
Net estimated future income tax liability	**(72,298)**	(69,055)

Future changes in tax rates and technical interpretations of tax legislations 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 used on the preceding items could materially affect the Trust's estimated future income tax liability.

15. SUBSEQUENT EVENTS

Subsequent to March 31, 2008, Trilogy entered into the following forward commodity sales contracts:

Description	Quantity	Price	Term
Financial			
AECO Fixed Price	30,000 GJ/d	$9.50/GJ	November 2008 – March 2009
WTI Fixed Price	1,000 Bbl/d	U.S.$107.31/Bbl	May 2008 – December 2008
Physical			
AECO Fixed Price	30,000 GJ/d	$8.68/GJ	April 10, 2008 – June 30, 2008

Also, on April 25, 2008, Trilogy agreed to purchase certain petroleum and natural gas assets for approximately $23 million, before adjustments, effective April 1, 2008. This purchase is expected to close in late May 2008.

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
Corporate Secretary

DIRECTORS

C.H. Riddell (1)
Chairman of the Board
Calgary, Alberta

J.H.T. Riddell (4)
President and Chief Executive Officer
Calgary, Alberta

M.H. Dilger (2)(4)
Vice President, Business Development
Pembina Pipeline Corporation
Calgary, Alberta

W.A. Gobert (1)(3)
Independent Businessman
Calgary, Alberta

R.M. MacDonald (2)(3)(5)
Independent Businessman and Corporate Director
Calgary, Alberta

E.M. Shier (3)(4)
Partner, Heenan Blaikie LLP
Calgary, Alberta

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

J.G. Williams (1)(2)(6)
President and Chief Executive Officer
Adeco Exploration Company Ltd.
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The Bank of Nova Scotia
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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"

Committees of the Board of Directors of Trilogy Energy Ltd. (Administrator of the Trust)
(1) Member of the Compensation Committee
(2) Member of the Audit Committee
(3) Member of the Corporate Governance Committee
(4) Member of the Environmental, Health & Safety Committee
(5) Lead Director
(6) Retiring effective at the conclusion of the Unitholders' meeting on May 15, 2008