TRILOGY ENERGY CORP.

Q1 / First quarter report 2015

	Three Months Ended		
	March 31, 2015	**December 31, 2014**	**Change %**
FINANCIAL			
Petroleum and natural gas sales	**81,846**	129,555	(37)
Funds flow			
From operations[1]	**33,898**	78,011	(57)
Per share - diluted	**0.27**	0.62	(57)
Earnings			
Loss before tax	**(28,447)**	(54,464)	(48)
Per share - diluted	**(0.23)**	(0.43)	(47)
Loss after tax	**(20,662)**	(133,331)	(85)
Per share - diluted	**(0.16)**	(1.06)	(84)
Dividends declared	**-**	8,819	(100)
Per share	**-**	0.070	(100)
Capital expenditures			
Exploration, development, land, and facility	**47,263**	63,299	(25)
Acquisitions (dispositions) and other - net	**466**	9,330	(95)
Net capital expenditures	**47,729**	72,629	(34)
Total assets	**1,592,668**	1,618,953	(2)
Net debt[1]	**765,041**	751,603	2
Shareholders' equity	**554,719**	572,135	(3)
Total shares outstanding (thousands)			
- As at end of period [2]	**125,854**	125,854	-
OPERATING			
Production			
Natural gas (MMcf/d)	**125**	130	(4)
Oil (Bbl/d)	**6,874**	8,251	(17)
Natural gas liquids (Boe/d)	**5,396**	6,058	(11)
Total production (Boe/d @ 6:1)	**33,041**	35,938	(8)
Average prices before financial instruments			
Natural gas ($/Mcf)	**3.20**	4.06	(21)
Crude Oil ($/Bbl)	**48.58**	70.95	(32)
Natural gas liquids ($/Boe)	**32.77**	48.78	(33)
Average realized price	**27.52**	39.18	(30)
Drilling activity (gross)			
Gas	**8**	7	14
Oil	**5**	10	(50)
Total wells	**13**	17	(24)

(1) Funds flow from operations and net debt are non-GAAP terms. Please refer to the advisory on Non-GAAP measures below.

(2) Excluding shares held in trust for the benefit of Trilogy's officers and employees under the Company's Share Incentive Plan. Includes Common Shares and Non-voting Shares. Refer to the notes to the interim consolidated financial statements for additional information.

Operations Update for the First Quarter 2015

- Average production of 33,041 Boe/d
- $47.7 million net capital expenditures
- Average operating costs $9.32/Boe
- Operating netback $15.60/Boe
- $33.9 million funds flow from operations ($0.27/share, fully diluted)
- 13 (7.2 net) wells drilled, all drilled horizontally with a 100 percent success rate
- Drilled 2 (2.0 net) horizontal oil wells in the Kaybob Montney Oil Pool
- Drilled 3 (2.5 net) horizontal Presley Montney gas wells
- Drilled 3 (1.0 net) horizontal Duvernay shale condensate/oil wells
- Drilled 1 (1.0 net) horizontal Gething oil well

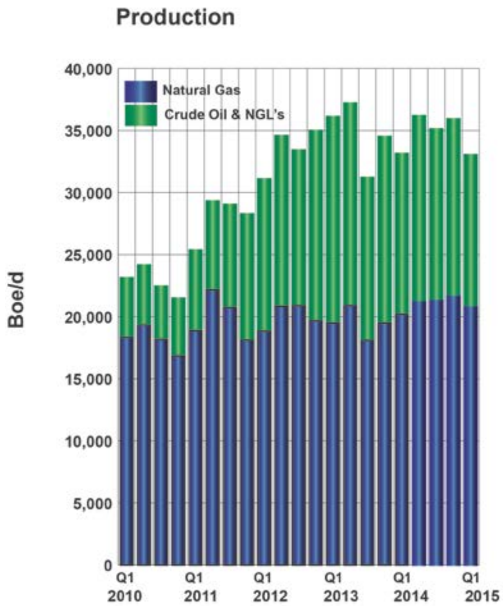
Production and Capital Spending

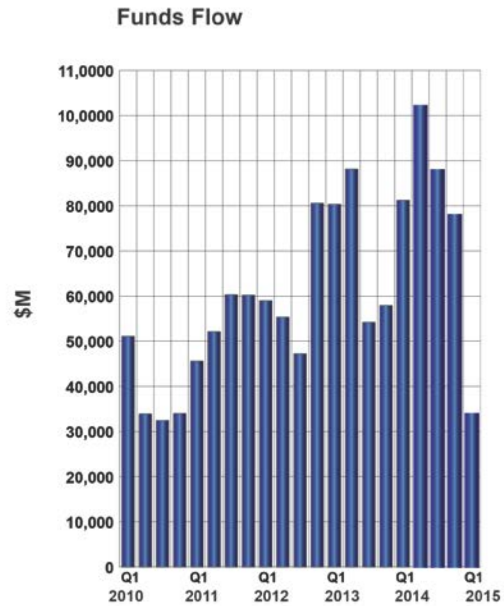
Trilogy's first quarter 2015 production was 33,041 Boe/d (124.6 MMcf/d of natural gas, 6,874 Bbl/d of crude oil and 5,396 Boe/d of natural gas liquids) a decrease of 8 percent from fourth quarter 2014 production of 35,938 Boe/d. This decrease in daily production volumes primarily reflects lower capital spending in the fourth quarter of 2014 and the first quarter of 2015, as no new wells were brought on production during the period and production that was deemed uneconomic in the current commodity price environment was shut-in. Capital allocated to Duvernay projects typically has a longer lead time, such that wells drilled and completed during the first quarter of the year are expected to be on production in the third quarter. Additionally, Montney and Gething wells drilled during the first quarter will be completed after spring break–up, when surface conditions improve and the cost of services are expected to be lower. In the current commodity price environment, Trilogy is committed to operating within cash flow and will accelerate the development of its assets as commodity prices improve.

During the first quarter of 2015, Trilogy spent $47.7 million on drilling, completions, production facilities and land acquisitions. This represents approximately 27 percent of the $174.3 million spent in the first quarter of 2014. Capital spending to date reflects approximately 47 percent of Trilogy's current $100 million annual capital budget. Capital was allocated to the drilling of 9 (6.5 net) wells during the quarter, while most of the completion capital was deferred until commodity prices improve. The Company's capital expenditures for the balance of the year will be directed towards projects that have strategic value and to preserving Trilogy's land position on its key growth plays.

Given current production and the initial results from the wells drilled to date in 2015, and assuming no unplanned plant and pipeline outages in the Kaybob and Grand Prairie areas, Trilogy believes it is on track to reach its previously released annual production guidance of 30,000 Boe/d.

At the end of the first quarter Trilogy was drawn approximately $469 million on its revolving credit facility with sufficient capacity to continue participating in strategic projects. Trilogy will be considering non-core asset rationalization to provide the additional liquidity that may be required to grow the asset base faster than the existing credit facility would allow. Trilogy believes that its core asset base has the potential to significantly increase the company's production and will move the key growth plays forward when commodity prices improve.





Operating Costs

Operating costs in the first quarter of 2015 were $9.32/Boe, down 8 percent from fourth quarter 2014 operating costs of $10.11/Boe and down 24 percent from $12.23/Boe in the first quarter of 2014. Operating costs within the past quarter have decreased due to a significant reduction in the number of well work-overs and maintenance projects that were deferred in the current commodity price environment. However, it is expected that these projects will be completed when commodity prices improve. Additional cost savings were realized by shutting in uneconomic production with higher lifting and operating costs. Trilogy has been focused on reducing costs in all aspects of its operations and will continue to work with employees, contractors and suppliers to reduce its full cycle cost structure associated with Trilogy's operations.

On each of its major producing properties, Trilogy continues to evaluate, develop and execute on its long term operating and development plans to reduce costs, maximize production and provide stable growth. Execution of these plans takes time and a tremendous amount of planning to ensure producing properties are developed and produced at stable and sustainable rates.

Trilogy anticipates the combined benefits from its cost reduction initiatives and prudent capital allocation may further reduce operating costs for the balance of the year, however annual operating costs are currently being forecasted to average approximately $10.00/Boe.

Profitability

Trilogy's operating netback of $15.60/Boe in the first quarter of 2015, on a per unit of production basis, was down 49 percent from $30.81/Boe in the first quarter of 2014 and down 42 percent when compared to $26.94/Boe in the fourth quarter of 2014. This quarter-over-quarter decrease in operating netback was attributed to the significant decrease in realized commodity prices in the current quarter offset, in part, by reduced royalties and operating costs.

Trilogy's funds flow from operations for the first quarter of 2015 were $33.9 million, down 58 percent from $81.2 million in the first quarter 2014 and down 57 percent from $78.0 million in the fourth quarter 2014.

Drilling and Land Sale Activity

During the first quarter of 2015, Trilogy participated in drilling 13 (7.2 net) wells, as compared to 31 (24.1 net) wells in the first quarter of 2014. The majority of Trilogy's drilling operations in the quarter targeted Montney crude oil and liquids-rich gas prospects (5.0 net wells), Duvernay oil/condensate locations (1.0 net well) and the Gething formation (1.0 net well). Other targeted formations included the Cardium, Dunvegan and Bluesky. Trilogy intends to continue to focus on crude oil and liquids-rich natural gas prospects in order to maximize investment returns when commodity prices improve.

Trilogy acquired 1,280 net acres at Alberta Crown land sales during the first quarter of 2015. At December 31, 2014, Trilogy had approximately 611,600 net acres of developed and undeveloped land, of which Trilogy believes a significant portion has multi-zone development potential. Through ongoing evaluation and acquisition of high quality acreage, Trilogy intends to maintain its prospect inventory for future development and potential reserve additions.

Operating Area Updates

Kaybob

Trilogy's drilling operations during the first quarter of this year were primarily focused in the Kaybob area, where Trilogy participated in the drilling of 12 (6.7 net) wells. All of these wells were drilled horizontally into the Cardium, Dunvegan, Bluesky, Gething, Montney and Duvernay formations for oil, condensate and liquids-rich natural gas production. Trilogy continues to evaluate the productivity, reserve potential and economics of all wells drilled in the region in order to assess additional development and exploitation potential of its acreage.

Through the balance of the year, Trilogy expects that it will participate as to its working interest in non-operated projects that are developing oil, condensate and liquids-rich gas in the Duvernay formation. Trilogy will reduce the operated component of its capital spending as much as possible until there are signs that commodity prices are trending higher.

Kaybob Montney Oil Development

During the first quarter, Trilogy drilled 2.0 net wells to further develop the western portion of the Kaybob Montney oil pool, bringing the total number of wells drilled into the pool to 111. These oil wells will produce approximately 30 to 35 percent of their expected reserves in the first year of production. Accordingly, Trilogy plans to defer the completion until the cost of services reflects the current commodity price environment and the start-up of these wells will be delayed until such time that crude oil prices improve. As a result of the current conditions, production from the Kaybob Montney oil pool has declined to 9,290 Boe/d for the first quarter of 2015.

For the quarter, Trilogy's operating income for the Kaybob Montney oil pool was $24.44/Boe, accounting for approximately 28 percent of the Company's quarterly production and 47 percent of its quarterly operating income. Production declined through most of the first quarter as a result of reduced capital spending in the fourth quarter of 2014 and first quarter of 2015,. Trilogy believes that it is prudent to preserve its best projects until commodity prices provide the returns commensurate with the cost to find and develop the resource.

Through the balance of 2015 Trilogy will be monitoring crude oil price forecasts and will begin to reinvest in these assets when prices begin to improve and enable it to take advantage of the capital it has invested in this area over the past four years. Trilogy believes that future investments will provide the opportunity for the Company to grow crude oil production from this development to as much as 10,000 Bbl/d and 30 MMcf/d with the production infrastructure that is currently in place.

Presley Montney Gas Development

In total, Trilogy drilled 3 (2.5 net) wells into the Presley Montney gas pool during the first quarter. These wells will be completed following spring break-up, which is expected to be late in the second quarter or early in the third quarter depending on surface conditions and the cost of completion services. Trilogy will continue to monitor commodity prices and allocate future capital based on type well economics.

Trilogy's operating income for this property averaged $14.94/Boe in the first quarter of 2015, reflecting the decrease in natural gas prices during the quarter. This property produced approximately 8,394 Boe/d for the quarter, which is approximately 25 percent of corporate production and 26 percent of the Company's operating income.

Trilogy believes that this area has the potential to provide significant production growth for the Company in the right commodity price environment and will continue to develop a plan to increase production when commodity prices increase.

Duvernay Shale Oil/Gas Development

Trilogy has budgeted approximately $60 million towards non-operated Duvernay projects in 2015, with approximately $40 million of the total to be spent in the second half of the year. In the first quarter, Trilogy participated in the drilling of 3 (1.0 net) Duvernay horizontal wells. The majority of the remaining capital is budgeted for Trilogy to participate as to its 30 percent working interest in 2 non-operated multi-well pads in the volatile oil window. These 2 wells are expected to spud after break-up and competed late in the current year if time permits.

During the first quarter, Trilogy participated as to its 33.33 percent working interest in 3 non-operated Duvernay horizontal wells in the gas condensate window of the Duvernay play. The lands were set to expire in 2015 and non-participation in any of the drilling operations would have led to forfeiture of Trilogy's interest in the corresponding section of land where the well was drilled. One additional well (0.33 net) is expected to be drilled in the same region following break-up to ensure the land does not expire. The multi-stage fracture stimulation was completed on 1 well, while the remaining 2 wells will be fracture stimulated following spring break-up.

The 3 wells drilled in the first quarter were drilled as single wells and will have higher drilling and completion costs than those wells drilled from multi-well pads, where fixed costs are spread over more wells and operational efficiencies can be achieved. It is expected that subsequent wells drilled on the single well pads should be lower in cost as they will benefit from the roads, surface lease construction and pipelines that were constructed for the first well. The Company anticipates drilling, completion and tie-in costs for multi-well pads should be in the $10-$13 million per well range while single well pads would be in the $13-$17 million range, depending on surface conditions, length of road and pipeline, length of lateral and number of fracture stimulations in the horizontal lateral, among other variables.

Trilogy is encouraged with the progress that has been made by industry in the past three years with respect to the understanding and development of the Duvernay play. The evolution of drilling, completion and production techniques has led to some very positive results in recent wells. The continued advancements in Duvernay shale completion techniques have provided for improved initial production rates and what is expected to be greater ultimate recoverable reserves. The current commodity price environment has challenged the relative economics of the Duvernay in the different regions of the play however Trilogy believes that commodity prices will rebound to a level that will prove the Duvernay to be a high quality shale play with attractive economics. Trilogy plans to continue to move its Duvernay project towards full scale commercial development and will be considering all options to advance the play in the near term.

Gething Oil Development

Trilogy participated in the drilling of 1 (1.0 net) horizontal oil well targeting the Gething formation during the first quarter of 2015 to maintain a section of land that was due to expire. The well was drilled from an existing surface location at 4-22-63-19W5M to a bottom hole at 3-20-63-19W5M (the "3-20 well"). The 3-20 well was rig released on February 6, 2015 at a total depth of 4,509 meters, including the 2,574 meter horizontal lateral. The well is expected to be completed in the third or fourth quarter with a 23 stage water based fracture stimulation. Trilogy anticipates that pool development will continue when commodity prices begin to show signs of improvement.

Grande Prairie

During the first quarter of 2015, Trilogy participated in the drilling of 1 (0.5 net) Montney horizontal location in the Grande Prairie area to manage expiring lands. This well is expected to be completed later in the year.

First quarter production from the Company's Grande Prairie properties averaged 1,634 Boe/d, and was impacted by plant downtime at Sexsmith and Wembley. It is anticipated that production will decline slowly through the year as shut-in production is brought back on stream to offset natural declines. Barring any unforeseen plant outages or production restrictions, Trilogy has forecast 2015 production from these assets to be approximately 1,500 Boe/d.

Trilogy remains optimistic regarding the future development of the Grande Prairie area. In 2015, Trilogy will continue to develop its prospect inventory on its current land base to ensure economic projects are developed as commodity prices and access to processing infrastructure improves. The Company will continue to evaluate the possibility of rationalizing some of the assets in the Grande Prairie area.

Outlook

Trilogy has continued to develop its land position and technical expertise in large, tight liquids-rich gas and oil resource plays in the Deep Basin. The Company believes that it has accumulated a large inventory of high quality vertical and horizontal drilling prospects that should provide the opportunity, in the long term, to grow annual production and replace produced reserves. Trilogy believes it is positioned at the end of the first quarter to meet its annual guidance for 2015 as follows:

- Average production — 30,000 Boe/d (~35% oil and NGLs)
- Average operating costs — $10.00 /Boe
- Capital expenditures — $100 million

In the current natural gas and crude oil commodity price environment, Trilogy expects to manage its balance sheet through continued production, non-core asset rationalization and disciplined capital spending. As a growth-oriented corporation, Trilogy must remain flexible in order to respond to changes in commodity prices and believes it can manage its assets prudently through the year as its production base declines. Trilogy is confident in its strategy, its high quality assets and the proven expertise of its employees.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") provides the details of the financial condition and results of operations of Trilogy Energy Corp. ("Trilogy" or the "Company") for the three months ended March 31, 2015, and should be read in conjunction with the Company's interim consolidated financial statements and related notes for the same three months ended, (the "Interim Financial Statements) and its December 31, 2014 annual consolidated financial statements ("Annual Financial Statements") and related MD&A. The Interim Financial Statements have been prepared in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS").

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 available information as of May 6, 2015.

Financial and Operating Highlights

- Reported sales volumes for the first quarter of 2015 were lower at 33,041 Boe/d as compared to 35,938 Boe/d for the previous quarter.
- Net capital expenditures totaled $47.7 million as compared to $174.3 million for the first quarter of 2014.
- In total 13 (7.2 net) wells were drilled in the quarter as compared to 31 (24.1 net) wells in the first quarter of 2014.
- Operating expenditures decreased to $27.7 million or $9.32 per Boe in the quarter compared to $36.5 million or $12.23 per Boe for first quarter of 2014
- Funds flow from operations (1) decreased to $33.9 million as compared to $78 million for the previous quarter (Q1 2014 - $81.2 million).
- Capacity under Trilogy's revolving credit facility as at March 31, 2015 was $246.1 million.

The reduced production, capital and operating expenditure levels reflect Trilogy's commitment to preserve shareholder value and promote financial sustainability during the low liquids and gas commodity price environment. Significant effort was placed on reducing Trilogy's cost structure and on negotiating reductions on supplier costs. Capital spent was to participate in prudent operated and non-operated joint interest operations while most operated completion activities were delayed until commodity prices show meaningful signs of improvement from first quarter lows.

(1) Refer to Non-GAAP measures in the MD&A

Business Environment and Economic Conditions

World oil over-supply concerns surfacing in the latter half of 2014 continued to weigh on realized oil and liquids prices received in Canada through the first quarter of 2015. In the United States ("U.S."), crude oil stocks reached record inventories and strong domestic oil production levels were mostly unchanged during the quarter. This factor, combined with continued supply pressure from countries including the Organization of the Petroleum Exporting Countries (OPEC) and Russia continued to reinforce over-supply concerns. Strength in the U.S. dollar relative to the Canadian dollar provided a partial offset to the reduction in oil prices, increasing the price realized in Canada. Significant market volatility in the price for oil through the quarter reinforced the diversity and uncertainty in the market as to the timing and extent of a recovery in oil and liquids prices.

Similarly, gas prices continued to weaken in 2014 through to the current quarter. Moderate temperatures experienced throughout most of North America in 2014 and 2015 failed to draw significantly on gas storage levels. This factor, combined with strong, continuing supply levels from industry, continued to place downward pressure for the price of natural gas over this period.

The above referenced reduction in commodity prices continues to have a direct and profound impact on Canadian oil and gas producers. Producers have had to quickly react to the depressed commodity price environment in an effort to preserve shareholder value and their existence as a going concern. Financing initiatives, asset rationalization programs, capital allocation decisions, labour reductions and other cost reduction strategies have been crucial measures that industry has had to adopt in an effort to mitigate the low commodity price environment and successfully compete as an industry in Canada. As commodity prices regain strength, Trilogy expects to continue profitably exploiting its current land base, focusing on plays that meet its investment return criteria of current commodity prices and growing production over the long-term. Trilogy is confident in the success of its business model and its ability to generate long-term shareholder value.

The following table summarizes the key commodity price benchmarks for the following periods:

	Q1 2015	Q4 2014	Q1 2014
Crude Oil			
West Texas Intermediate monthly average (U.S.$/Bbl)	**48.63**	**73.15**	98.68
Canadian Light Sweet monthly average (Cdn$/Bbl)	**53.23**	**75.11**	100.18
Natural Gas			
NYMEX (Henry Hub close) monthly average (U.S.$/MMBtu)	**2.81**	**3.85**	4.73
AECO monthly average (Cdn$/GJ)	**2.75**	**3.63**	5.63
Canada - U.S. dollar closing exchange rate (Cdn$/U.S.$1)	**1.27**	**1.15**	1.10

Business Overview and Strategy

Trilogy is a growing petroleum and natural gas-focused Canadian energy corporation that actively develops, produces and sells natural gas, crude oil and natural gas liquids. Trilogy's geographically concentrated assets are primarily high working interest properties that provide abundant low risk infill drilling opportunities and good access to infrastructure and processing facilities, many of which are operated and controlled by Trilogy. The Company continues to focus its exploitation efforts on play types with better economics, including those that contain oil and natural gas liquids and which utilize horizontal drilling and multi-stage fracture completion techniques.

Trilogy's successful operations are dependent upon several factors, including but not limited to, the price of energy commodity products, the effectiveness of the Company's approach to managing commodity price volatility, capital spending allocations, Trilogy's ability to maintain desired levels of production, control over its infrastructure, its efficiency in developing and operating properties and its ability to control costs. As at the date hereof, significant uncertainty exists as to the extent and timing of any increase in the realized price for oil, gas and natural gas liquids in North America. However, Trilogy is encouraged by industry's efforts to progress finding a balance to the commodity oversupply concern; the impacts of these efforts may take an extended period to materialize into improved commodity prices.

Trilogy quickly responded to adopt meaningful measures aimed at sustaining its financial health and to preserve shareholder value which included:

- Reducing its capital expenditure budget for 2015 to levels in-line with expected cash flows from operations;
- The discontinuance of Trilogy's monthly dividend for periods subsequent to November 2014;
- Performing on-going detailed reviews of its asset base to identify opportunities to increase operational efficiencies and reduce costs;
- The shut-in of limited production volumes deemed uneconomic at current commodity price levels;
- Negotiating with third party contractors and service providers to reduce Trilogy's cost of their goods and services;
- Implementing reductions to salary and other benefits to its officers and employee base, and
- Exploring opportunities to rationalize non-core properties and/or obtain external sources of financing to provide additional funding required to ultimately accelerate the development of its asset base.

Operating Results Summary

	Three Months Ended		
(In thousand dollars except as otherwise indicated)	**March 31, 2015**	**December 31, 2014**	**March 31, 2014**
Operating income[1]	**43,161**	80,362	97,454
Other income	**4,274**	1,237	384
Realized financial instrument gains (losses) [2]	**(277)**	8,440	(2,775)
Actual decommissioning and restoration costs	**(742)**	(971)	(3,189)
Operating netback[1]	**46,416**	89,068	91,874
Interest and financing charges[3]	**(8,593)**	(9,094)	(8,647)
General and administrative expenses	**(3,925)**	(1,963)	(1,984)
Funds flow from operations[1]	**33,898**	78,011	81,243
Non-cash items:			
Depletion and depreciation	**(57,507)**	(68,076)	(50,418)
Unrealized financial instrument gains (losses)[2]	**(727)**	(2,089)	(1,591)
Share based compensation	**(3,246)**	(2,153)	(3,842)
Exploration expenditures[4]	**(1,466)**	(4,734)	(2,284)
Amortization of financing fees	**(341)**	(785)	(373)
Impairments	**-**	(60,002)	-
Gains (losses) on disposal of assets	**(35)**	5,934	(239)
Accretion on decommissioning and restoration liability[5]	**(481)**	(221)	1,699
Deferred income tax recovery (expense)	**7,785**	(78,867)	(7,010)
Unrealized foreign exchange gains (losses)	**1,459**	(349)	202
Profit (loss) and comprehensive income	**(20,662)**	(133,331)	17,386

(1) Refer to the advisory on Non-GAAP measures at the end of this MD&A

(2) See Risk Management section in this MD&A

(3) Excludes amortization of financing fees

(4) Includes costs associated with impairments, geological and geophysical and expired mineral lease costs

(5) Equals the accretion in excess of or below actual amounts paid on decommissioning and restoration activities in the period

Funds Flow from Operations

Per Unit of Sales Volume (Dollar per Boe)	Three Months Ended March 31, 2015	December 31, 2014	March 31, 2014
Sales	**27.52**	39.18	52.79
Transportation costs	**(1.71)**	(1.41)	(1.49)
Royalties	**(1.98)**	(3.36)	(6.40)
Operating costs	**(9.32)**	(10.11)	(12.23)
Operating income[1]	**14.50**	24.30	32.68
Other income	**1.44**	0.37	0.13
Realized financial instruments gains (losses) [2]	**(0.09)**	2.55	(0.93)
Actual decommissioning and restoration costs	**(0.25)**	(0.29)	(1.07)
Operating netback[1]	**15.60**	26.93	30.81
Interest and financing charges[3]	**(2.89)**	(2.75)	(2.90)
General and administrative expenses	**(1.32)**	(0.59)	(0.67)
Funds flow from operations[1]	**11.39**	23.59	27.24

(1) Refer to the advisory on Non-GAAP measures at the end of this MD&A

(2) See Risk Management section in this MD&A

(3) Excludes amortization of financing fees

Operating Income Items

First Quarter 2015 vs. Fourth Quarter 2014 (In thousand dollars except as otherwise indicated)	Q1 2015	Q4 2014	Increase (Decrease) Value	%
Average sales volumes:				
Natural gas (Mcf/d)	**124,627**	129,773	(5,146)	(4)
Oil (Bbl/d)	**6,874**	8,251	(1,377)	(17)
Natural gas liquids (Boe/d)	**5,396**	6,058	(662)	(11)
Total (Boe/d)	**33,041**	35,938	(2,897)	(8)
Liquids Composition (percentage)	**37**	40	(3)	-
Average realized prices before financial instruments and transportation:				
Natural gas ($/Mcf)	**3.20**	4.06	(0.86)	(21)
Oil ($/bbl)	**48.58**	70.95	(22.38)	(32)
Natural gas liquids ($/Boe)	**32.77**	48.78	(16.02)	(33)
Average realized price	**27.52**	39.18	(11.66)	(30)
Average realized prices after financial instruments [(1)] and before transportation:				
Natural gas ($/Mcf)	**3.20**	4.09	(0.89)	(22)
Oil ($/bbl)	**48.58**	81.98	(33.40)	(41)
Natural gas liquids ($/Boe)	**32.77**	48.78	(16.02)	(33)
Average realized price	**27.52**	41.82	(14.30)	(34)
Operating income[(2)]				
Natural gas	**35,881**	48,506	(12,625)	(26)
Oil	**30,052**	53,861	(23,808)	(44)
Natural gas liquids	**15,912**	27,187	(11,275)	(41)
Total petroleum and natural gas sales before financial instruments	**81,846**	129,555	(47,708)	(37)
Royalties	**(5,893)**	(11,111)	(5,218)	(47)
Operating costs	**(27,707)**	(33,415)	(5,708)	(17)
Transportation costs	**(5,085)**	(4,667)	418	9
Operating income[(2)]	**43,161**	80,362	(37,201)	(46)

(1) Includes only realized financial instrument gains and losses on oil and gas commodity hedges

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

Comparison of First Quarter 2015 over Fourth Quarter 2014

Petroleum and Natural Gas Sales before Financial Instruments and Transportation – Oil sales decreased by $23.8 million due to lower realized prices ($17 million) and on reduced sales volumes ($6.8 million). NGL sales decreased by $11.3 million due to lower realized prices ($8.9 million) and on reduced sales volumes ($2.4 million). Natural gas sales decreased by $12.6 million due to lower realized prices ($10.3 million) and on reduced sales volumes ($2.3 million). Trilogy's production was lower over the prior quarter in the absence of new well production to replace natural production declines. The declines were also attributed to the shut-in of limited production volumes determined to be uneconomic to produce in the current commodity price environment. Finally, compression, third-party plant and sales pipeline disruptions in the quarter also contributed to lower production.

Royalties – Royalties decreased primarily on the impact of lower commodity prices on the effective royalty rate and on benefits applied through Alberta's New Well Royalty Incentive and Natural Gas Deep Drilling Credit Programs. The aforementioned decline in production also contributed to lower royalties in the quarter.

Operating and Transportation Costs – Operating costs were lower in the quarter primarily on reduced workover, and maintenance projects undertaken and on the absence of costs incurred on the aforementioned shut-in production volumes. Trilogy also began experiencing the benefits of lower supply and service costs negotiated with counterparties in the quarter. Transportation costs increased in the quarter in conjunction with a strengthening of the U.S. dollar for U.S. destined gas, and on higher costs incurred to secure short-term gas transportation contracts in response to certain third party sales gas pipeline disruptions in the quarter.

First Quarter 2015 vs. First Quarter 2014 (In thousand dollars except as otherwise indicated)	**Q1 2015**	**Q1 2014**	**Increase (Decrease)** **Value**	**%**
Average sales volumes:				
Natural gas (Mcf/d)	**124,627**	121,062	3,565	3
Oil (Bbl/d)	**6,874**	7,440	(566)	(8)
Natural gas liquids (Boe/d)	**5,396**	5,518	(122)	(2)
Total (Boe/d)	**33,041**	33,135	(94)	-
Liquids Composition (percentage)	**37**	39	(2)	-
Average realized prices before financial instruments and transportation:				
Natural gas ($/Mcf)	**3.20**	6.19	(2.99)	(48)
Oil ($/Bbl)	**48.58**	91.64	(43.07)	(47)
Natural gas liquids ($/Boe)	**32.77**	57.56	(24.79)	(43)
Average realized price	**27.52**	52.79	(25.27)	(48)
Average realized prices after financial instruments [(1)] and before transportation:				
Natural gas ($/Mcf)	**3.20**	6.19	(2.99)	(48)
Oil ($/Bbl)	**48.58**	87.31	(38.74)	(44)
Natural gas liquids ($/Boe)	**32.77**	57.56	(24.79)	(43)
Average realized price	**27.52**	51.82	(24.30)	(47)
Operating income[(2)]				
Natural gas	**35,881**	67,486	(31,605)	(47)
Oil	**30,052**	61,367	(31,313)	(51)
Natural gas liquids	**15,912**	28,584	(12,672)	(44)
Total petroleum and natural gas sales before financial instruments	**81,846**	157,436	(75,590)	(48)
Royalties	**(5,893)**	(19,074)	(13,181)	(69)
Operating costs	**(27,707)**	(36,476)	(8,769)	(24)
Transportation costs	**(5,085)**	(4,432)	653	15
Operating income[(2)]	**43,161**	97,454	(54,293)	(56)

(1) Includes only realized financial instrument gains and losses on oil and gas commodity hedges

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

Comparison of First Quarter 2015 over First Quarter 2014

Petroleum and Natural Gas Sales before Financial Instruments and Transportation – Oil sales decreased by $31.3 million due to lower volumes ($2.5 million) and on lower realized prices ($28.8 million). NGL sales decreased by $12.7 million due to lower realized NGL prices ($12.3 million) and on lower sales volumes ($0.4 million). Natural gas sales decreased by $31.6 million due to lower realized prices ($32.6 million) offset, in part, by higher volumes ($1.0 million). 2014 first quarter production began to reflect increased gas and NGL production from Trilogy's Duvernay Shale play, offsetting reduced oil and solution gas production at its Montney oil play. This trend was consistent in 2014 through to the current quarter.

Royalties – Royalties decreased primarily on lower commodity prices and the impact to Trilogy's the effective royalty rate. Relative increased benefits applied through Alberta's New Well Royalty Incentive and Natural Gas Deep Drilling Credit Programs also contributed to reduce Trilogy's effective royalty rate.

Operating and Transportation Costs – Operating costs decreased on reduced workover, pipeline repair and maintenance costs incurred in 2015 in addition to the absence of costs incurred on limited shut-in production volumes. Trilogy also began experiencing the benefits of lower supply and service costs negotiated with counterparties in the quarter. Transportation costs increased in the quarter in conjunction with a strengthening of the U.S. dollar for U.S. destined gas, and on higher costs incurred to secure short-term gas transportation contracts in response to certain third party sales gas pipeline disruptions in the quarter.

Depletion and Depreciation Expense

	Three Months Ended		
(In thousand dollars except as otherwise indicated)	**March 31, 2015**	**December 31, 2014**	**March 31, 2014**
Reported amount	**57,507**	68,076	50,418
Expense per sales volume ($/Boe)	**19.34**	20.59	16.91

The change in depletion and depreciation expense over the above periods was primarily a function of the production levels in the respective periods relative to the Company's estimated oil and gas reserves on a proved developed producing basis. Lower production in the first quarter of 2015 over the prior quarter, primarily at Trilogy's Montney oil play, contributed to a reduction in depletion expense and on a per unit of production basis. Year over year, depletion increased in total and on a unit of production basis on higher finding and development costs and the related increase in Trilogy's asset base, relative to its reserves on a proved, developed, producing basis.

Exploration and Evaluation Expenditures

	Three Months Ended		
(In thousand dollars except as otherwise indicated)	**March 31, 2015**	**December 31, 2014**	**March 31, 2014**
Expired mineral leases	**1,483**	1,305	1,337
Impairments	**-**	3,421	-
Geological and geophysical	**(17)**	9	947
Exploration and evaluation expenses	**1,466**	4,734	2,284
Expense per sales volume ($/Boe)	**0.49**	1.43	**0.77**

Exploration and evaluation expenditures consist of the costs of expired leases, impairments on exploratory wells and geological and geophysical costs. Exploratory wells, by their nature, have increased risks and uncertainties that could translate into cost over-runs and reduced production and reserve additions. Impairments are a reflection of these challenges and represent costs incurred in excess of the benefit Trilogy expects to obtain from the well. Early-stage exploration activities and their associated costs progress Trilogy's knowledge base in the play, with an ultimate goal of extracting, developing and producing oil and gas reserves at attractive returns. Refer to note 9 of the Annual Financial Statements and note 7 of the interim financial statements for more information on exploration and evaluation activities and impairments thereon. The change in exploration and evaluation expenditures between the above periods was due mainly to an impairment recorded on an exploratory well in the fourth quarter of 2014 and on varying levels of seismic expenditures incurred.

General and Administrative Expenses

(In thousand dollars except as otherwise indicated)	Three Months Ended March 31, 2015	December 31, 2014	March 31, 2014
Salaries and other benefits	**7,371**	5,732	7,109
Office and communications	**1,150**	1,235	1,013
Corporate and other	**795**	636	897
Overhead recoveries and reclassifications to operating costs	**(5,391)**	(5,641)	(7,034)
Reported amount	**3,925**	1,963	1,984
Expense per sales volume ($/Boe)	**1.32**	0.59	0.67

General and administrative expenses were higher over the prior quarter, primarily on a reduction recorded (in the fourth quarter of 2014) to Trilogy's estimated future cash compensation liability. Varying levels of Trilogy operated capital and operating projects also contributed to changes in the overhead recoveries recorded in the above periods.

Share Based Compensation

(In thousand dollars except as otherwise indicated)	Three Months Ended March 31, 2015	December 31, 2014	March 31, 2014
Share Incentive Plan	**533**	(429)	438
Share Option Plan	**2,713**	2,582	3,404
Reported Amount	**3,246**	2,153	3,842
Expense per sales volume ($/Boe)	**1.09**	0.65	1.29

The reduced share based compensation expense in the fourth quarter of 2014 was attributed primarily to a reduction in Trilogy's estimated 2014 Share Incentive Plan grant. Reduced amortization on historical share option grants and a lower option fair value on a December 2014 Share Option Plan grant also contributed to the reduced expense in the first quarter of 2015 and fourth quarter of 2014 over the first quarter of 2014. Regarding the Company's Share Option Plan, changes in the share price, risk free interest rates, volatility assumptions, dividend yields, and expected life of the options on grant date will impact the associated fair value attributed to an option, in addition to volatility in the number of share options granted in a particular year. Refer to Note 11 of the Interim Financial Statements for more information on share based compensation expense.

Interest, Financing, and Accretion Charges

(In thousand dollars except as otherwise indicated)	Three Months Ended March 31, 2015	December 31, 2014	March 31, 2014
Accretion on decommissioning and restoration liability	**1,224**	1,192	1,490
Interest and other finance costs [1]	**8,938**	9,878	9,020
Expense per sales volume ($/Boe)	**3.01**	2.99	3.02

[1] Includes the amortization of financing fees

Accretion charges represent the increase in the decommissioning and restoration liability associated with the passage of time. Accretion on the Company's decommissioning and restoration liability for three months ended March 31, 2015 was consistent with the prior quarter. Year over year, accretion was lower primarily as a result of a reduction in the long-term interest rate used to present value the related liability at December 31, 2014 and March 31, 2015 which also reduced the related accretion expense in the related quarters

Interest expense for the first quarter of 2015 was lower over the prior quarter primarily on reduced lender margins, bankers' acceptance interest rates and reduced amortization of financing costs on Trilogy's revolving credit facility, partially offset by an increase in borrowings on the same debt. Interest expense for the first quarter of 2015 over the same quarter in 2014 was approximately equal, as the aforementioned reduction in margins and interest rates mostly offset the quarter's increase in average debt levels on the revolving credit facility. For additional information on Trilogy's long-term debt, refer below under the "Long-term Debt" section of this MD&A and to note 9 of the Interim Financial Statements.

Risk Management

Financial Risks

Trilogy's main financial risks include credit risk, liquidity risk, commodity price risk, interest rate risk and foreign exchange risk, and are discussed in detail in the notes to Trilogy's 2014 annual financial statements, the advisories and other sections of this MD&A as well as the Company's Annual Information Form.

The financial instruments outstanding on the applicable balance sheet dates are recognized at fair value on Trilogy's balance sheet. The change in the fair value of outstanding financial instruments, which are classified as financial assets and liabilities at fair value through profit or loss, are presented as an 'unrealized gain (loss) on financial instruments' in the Consolidated Statement of comprehensive income (loss). 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:

	Three Months Ended		
(In thousand dollars except as otherwise indicated)	**March 31, 2015**	**December 31, 2014**	**March 31, 2014**
Realized gain (loss) on financial instruments	**(277)**	8,440	(2,775)
Unrealized loss on financial instruments	**(727)**	(2,089)	(1,591)
Total gain (loss) on financial instruments	**(1,004)**	6,351	(4,366)
Realized gain (loss) on financial instruments ($/Boe)	**(0.09)**	2.55	(0.93)

Trilogy may enter into oil, gas, power, interest, and foreign exchange contracts to manage its exposure to fluctuations in the price of oil, gas, electricity, interest, and foreign exchange rates. Trilogy also enters into drilling and other service contracts to secure access to these services and to manage exposure to pricing fluctuations thereon.

Realized gains and losses on derivative financial instruments in 2014 occurred primarily as a result of variances in the market price of oil as compared to Trilogy's average hedged price during those periods. A decrease in the current and forward price for electricity in the first quarter was the primary factor for the realized and unrealized loss. Refer to notes 17 and 18 of the Interim Financial Statements for more information on realized and unrealized financial instruments gains and losses.

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

The following is a summary of the derivative contract in place as at the date of this report:

Power

Financial Forward Sale		
Term	**MW/h**	**Average CAD Price/MW/h**
2015 through 2016	6	$50.44

Operational and Other Risks

Trilogy is subject to various risks and uncertainties including those relating to its operations, environment, and other risks as discussed in the Advisories and other sections of this MD&A as well as the Company's Annual Information Form.

Liquidity and Capital Resources

(In thousand dollars except as otherwise indicated)	**March 31, 2015**	**December 31, 2014**
Current liabilities net of current assets	**61,982**	50,463
Long-term debt	**703,059**	701,140
Net debt[1]	**765,041**	751,603
Shareholders' equity	**554,719**	572,135
Total	**1,319,760**	1,323,738

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

Refer to note 16 of the Interim Financial Statements and note 22 of the Annual Financial Statements for further disclosures on liquidity and capital management.

Working Capital

The working capital deficiency is funded by cash flow from operations and draw-downs from the Company's revolving credit facility. Fluctuations in Trilogy's working capital deficit arises primarily on production levels, commodity price change, capital expenditure levels and valuation changes in its derivative financial instruments.

Long-term Debt

Long-term debt represents the outstanding draws from Trilogy's revolving credit facility in addition to borrowings under its Senior Unsecured Notes as described below and in note 9 of Trilogy's Interim Financial Statements. Timing differences between capital expenditures made and any related operational benefit thereon will create substantial volatility in Trilogy's debt levels.

Revolving Credit Facility

Trilogy's bank debt outstanding under its revolving credit facility was $408.2 million (before prepaid interest and unamortized financing costs) as at March 31, 2015. The credit facility is 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. The credit facility, as at the date hereof, has the following significant terms:

- total commitments of $725 million, consisting of a $35 million working capital tranche and a $690 million revolving tranche;

- a maturity date of April 30, 2017;
- The revolving credit facility is subject to semi-annual borrowing base reviews, occurring approximately in April and September of each year. In the event that the lending syndicate reduces the borrowing base below the amount drawn at the time of the redetermination, Trilogy has 60 days to eliminate any shortfall by providing additional security or guarantees satisfactory to the lenders or repaying amounts in excess of the redetermined borrowing base;
- advances drawn on the credit facility are secured by a fixed and floating charge debenture over the assets of the Company.

In conjunction with the Senior Unsecured Notes issued in 2012 (see below), quarterly financial covenants were established in respect of the Revolving Credit Facility, namely:

- a ratio of “Consolidated Debt” to “Adjusted EBITDA” for the twelve month period then ended of not greater than 4.0.
- a ratio of “Senior Debt” to “Adjusted EBITDA” for the twelve month period then ended of not greater than 3.0.;

See Non-GAAP disclosures for defined terms.

As at March 31, 2015, the Company is in compliance with all debt covenants.

The effective interest rate on Trilogy’s revolving credit facility for the quarter (excluding other financing costs) was 2.75 percent. (March 31, 2014 – 3.81 percent).

The size of the committed credit facilities is based primarily on the value of Trilogy’s producing petroleum and natural gas assets as determined by the lenders. Note 16 of the Interim Financial Statements provides a comparison of Trilogy’s debt structure against the committed amount on existing credit facilities at the listed balance sheet dates therein.

In conjunction with the current commodity price environment, a heightened risk exists that Trilogy may exceed its financial covenant limits in the latter part of 2015. In addition to the aforementioned measures that Trilogy has taken to preserve the Company’s financial health, Trilogy is also in discussions with its revolving credit facility lenders to review its borrowing base and to amend the terms of these covenants.

Senior Unsecured Notes

In December 2012 the Company issued $300 million principal amount of 7.25 percent Senior Unsecured Notes due December 13, 2019 (the “Notes”). Proceeds from the issuance were used to reduce existing indebtedness under Trilogy’s Revolving Credit Facility. Transaction costs of $5.8 million were capitalized and will be amortized into income over the life of the debt using the effective interest rate method. Refer to note 15 of the Annual Financial Statements.

Interest is payable semi-annually in arrears on June 13 and December 13 of each year. The Notes rank pari passu with all of Trilogy’s senior indebtedness and are subordinated to all secured indebtedness, which includes Trilogy’s Revolving Credit Facility indebtedness.

The Company has the option, prior to December 13, 2015, to redeem the Notes as follows:

- up to an aggregate of 35 percent of the principal amount may be redeemed at 107.25 percent, plus applicable interest with the net cash proceeds of any equity offerings.
- some or the entire principal amount may be redeemed, generally, at a make-whole price to the holders of the Notes, plus applicable interest, subject to certain conditions.

The Company also has the option to redeem the Notes at a price of 103.625 percent, beginning December 13, 2015, decreasing down to 100 percent after December 13, 2018.

To the extent the Company experiences a change of control, each holder of the Notes will have the right to require the Company to repurchase, at 101 percent, all or part of such holder's Notes. The notes were initially recognized at fair value net of transactions costs and are subsequently measured at amortized cost using an effective interest rate of 7.53 percent. (December 31, 2014 – 7.53 percent).

The Note indenture contains covenants that, among other things, limit the ability of the Company to:

- incur additional indebtedness;
- make restricted payments, including certain investments and the payment of dividends;
- grant certain liens;
- enter into certain transactions with affiliates; and
- effect asset sales, mergers and consolidations.

Contractual Obligations

For a detailed account of Trilogy's commitments, refer to note 25 of the 2014 Annual Consolidated Financial Statements and related Management Discussion and Analysis. No material change occurred as at March 31, 2015 in respect of Trilogy's estimated contractual obligations from those disclosed at December 31, 2014.

Shares, Options and Rights

The following provides a continuity of outstanding share capital:

	Common Shares[1]	Non-Voting Shares	Total		Amount
Shares as at December 31, 2013	99,338,484	25,835,862	125,174,346	$	1,092,727
Issued - Share Option Plan	717,500	-	717,500		8,670
Share issuance	5,000,000	(5,000,000)	-		-
Share Incentive Plan purchases	(190,000)	-	(190,000)		(5,107)
Vesting of Share Incentive Plan awards	151,678	-	151,678		4,327
Shares as at December 31, 2014	**105,017,662**	**20,835,862**	**125,853,524**	**$**	**1,100,616**
Shares as at March 31, 2015	**105,017,662**	**20,835,862**	**125,853,524**	**$**	**1,100,616**

[1] Net of Common Shares held in trust for the benefit of employees and officers under Trilogy's Share Incentive Plan.

Outstanding share options issued under Trilogy's share option plan were 8,181,500 as at March 31, 2015 and 8,970,360 share options as at the date hereof, of which 3,257,000 share options and 3,662,420 share options were exercisable as at those dates, respectively. Refer to note 11 of the Interim Financial Statements for additional disclosures.

Dividends

(In thousand dollars except where stated otherwise)	Three Months Ended March 31, 2015	December 31, 2014	March 31, 2014
Funds flow from operations[1]	**33,898**	78,011	81,243
Net changes in operating working capital	**13,390**	(3,145)	(4,579)
Cash flow from operating activities	**47,288**	74,866	76,664
Net earnings (loss)	**(20,662)**	(133,331)	17,386
Dividends declared	**-**	8,819	13,165
Dividends declared per share (in full amount)	**-**	0.070	0.105
Payout Ratio [1]	**0%**	12%	17%
Excess of cash flow from operations over dividends declared	**47,288**	66,047	63,499
Excess (deficiency) of net earnings (loss) over dividends	**(20,662)**	(142,150)	4,221

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

Trilogy's dividends to its Shareholders, to the extent declared, are funded by cash flow from operating activities with the remaining cash flow directed towards capital spending and, if applicable, the repayment of debt. To the extent that the excess of cash flow from operations over dividends is not sufficient to cover capital spending, the shortfall is generally funded by drawdowns from Trilogy's credit facilities. In conjunction with the low commodity price environment (refer to the Business Overview and Strategy in this MD&A), Trilogy discontinued its monthly dividend subsequent to November 2014. Trilogy's payout ratio, calculated as the percentage of dividends declared over cash flow from operating activities, was 0 percent for the three months ended March 31, 2015 (12 percent for the three months ended December 31, 2014). The current quarter's deficiency of net loss over dividends reflects primarily the impact of lower commodity prices on the Company's earnings. The same deficiency for the fourth quarter of 2014 primarily reflects the impact on earnings for a write down to Trilogy's deferred tax asset (Refer to Income Tax section in this MD&A) in addition to impairments recorded on exploration and evaluation, property, plant, and equipment, and goodwill assets in the fourth quarter. Refer to notes 8, 9, 10, and 11 of the Annual Financial Statements.

Capital Expenditures

(In thousand dollars except where stated otherwise)	Three Months Ended March 31, 2015	December 31, 2014	March 31, 2014
Land	53	-	6
Geological and geophysical	(16)	9	947
Drilling, completions, and tie-ins	43,180	54,618	150,036
Production equipment and facilities	4,046	8,671	18,878
	47,263	63,299	169,867
Proceeds from property dispositions	-	(7,169)	(21)
Property acquisitions	424	16,282	4,224
Corporate assets	42	217	234
Net capital expenditures	47,729	72,629	174,305

Capital expenditures decreased in the quarter as compared to previous quarters as Trilogy reduced its 2015 capital program in light of the current low commodity price environment. Capital spent was to participate in prudent operated and non-operated joint interest operations while most operated completion activities were delayed until commodity prices show meaningful signs of improvement from first quarter lows.

Wells Drilled

(Number of wells)	March 31, 2015		December 31, 2014		March 31, 2014	
	Three Months Ended					
	Gross[1]	Net[2]	Gross[1]	Net[2]	Gross[1]	Net[2]
Natural gas	8	4.2	7	1.2	11	6.0
Oil	5	3.1	10	4.3	20	18.1
Total	13	7.2	17	5.6	31	24.1

[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.

Income Taxes

In January 2014, the Company received a letter from the Canada Revenue Agency ("CRA") advising Company that, subject to submissions by Trilogy, it was proposing to reassess Company's income tax filings related to its 2010 conversion from an income trust to a corporation. The proposed reassessments sought to disallow certain tax pools in the amount of $728 million. During the quarter, Trilogy and the CRA ultimately resolved the dispute through an agreement which resulted in:

- no cash tax outlay by Trilogy for the taxation years 2010 through 2014;
- a provision to Trilogy's Statement of Comprehensive Income for the year ended December 31, 2014 to write down a portion of Trilogy's deferred tax asset;
- the elimination of potentially costly and time consuming court proceedings; and
- management being able to focus more fully on Trilogy's operations to enhance shareholder value.

The Company recorded a future income tax recovery of $7.8 million for the quarter ($78.9 million future income tax expense in the fourth quarter of 2014). The Company's statutory tax rate of 25 percent was increased to an effective tax rate of 27 percent as a result of share based compensation amounts deducted in computing a loss before tax which are not deductible for tax purposes. Refer to note 8 of the Interim Financial Statements for additional tax disclosures.

Trilogy's management estimates that it will not be cash taxable in the foreseeable future given their tax pool balances and expectations of, among other things, future capital expenditure levels and funds flow from operations.

Related Party Transactions

Trilogy had certain transactions with Paramount Resources ("Paramount"), a wholly-owned subsidiary of Paramount Resources Ltd. which owns approximately 15.2 percent of the equity in the Company. The amount of expenses billed and accrued in respect of services provided by Paramount to the Company under a services agreement was $0.1 million for the three months ended March 31, 2015. The Company and Paramount also had transactions with each other arising from normal business activities. These transactions were recorded at the fair value of the transacted amount.

Outlook information

Trilogy has continued to develop its land position and technical expertise in large, tight liquids-rich gas and oil resource plays in the Deep Basin. The Company believes that it has accumulated a large inventory of high quality vertical and horizontal drilling prospects that should provide the opportunity, in the long term, to grow annual production and replace produced reserves. Trilogy believes it is positioned at the end of the first quarter to meet its annual guidance for 2015 as follows:

Average production	30,000 Boe/d (~35 percent oil and natural gas liquids)
Average operating costs	$10.00 /Boe

Capital expenditures	$100 million

In the current natural gas and crude oil commodity price environment, Trilogy expects to manage its balance sheet through continued production, non-core asset rationalization and disciplined capital spending. As a growth-oriented corporation, Trilogy must remain flexible in order to respond to changes in commodity prices and believes it can manage its assets prudently through the year as its production base declines. Trilogy is confident in its strategy, its high quality assets and the proven expertise of its employees.

Quarterly Financial Information

(In thousand dollars except per share amounts)	**Q1 2015**	**Q4 2014**	**Q3 2014**	**Q2 2014**
Revenue after financial instruments, royalties and other income	**80,686**	125,683	147,685	147,690
Earnings (loss) before tax	**(28,447)**	(54,464)	36,714	37,612
Net earnings (loss)	**(20,662)**	(133,331)	26,700	28,234
Earnings (loss) per Share (in full amounts):				
Basic	**(0.16)**	(1.06)	0.21	0.22
Diluted	**(0.16)**	(1.06)	0.21	0.22

	Q1 2014	**Q4 2013**	**Q3 2013**	**Q2 2013**
Revenue after financial instruments, royalties and other income	134,581	110,992	103,555	144,222
Earnings (loss) before tax	24,396	(10,531)	(10,936)	25,826
Net earnings (loss)	17,386	(8,740)	(9,454)	20,017
Earnings (loss) per Share (in full amounts):				
Basic	0.14	(0.07)	(0.08)	0.17
Diluted	0.14	(0.07)	(0.08)	0.17

The fluctuations in Trilogy's revenue and net earnings from quarter to quarter are primarily caused by variations in production volumes, realized oil and natural gas prices and the related impact on royalties, realized and unrealized gains/losses on financial instruments. Impairments and other charges to deferred tax assets, exploratory and evaluation assets, property, plant, and equipment, goodwill and expiry of mineral land leases can also create significant volatility in Trilogy's net earnings. Please refer to the Results of Operations and other sections of this MD&A for detailed financial and operational variances between reporting periods and to Trilogy's previously issued annual MD&A for changes in prior periods.

Critical Accounting Estimates

The historical information in this MD&A is based primarily on the Company's consolidated financial statements, which have been prepared in Canadian Dollars in accordance with IFRS. The application of IFRS 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 following are the estimates and judgments applied by management that most significantly affect the Company's financial statements:

Reserves Estimation

The capitalized costs of oil and gas properties are amortized to expense on a unit-of-production basis at a rate calculated by reference to proved developed reserves determined in accordance with National Instrument 51-101 and the Canadian Oil and Gas Evaluation Handbook. Commercial reserves are determined using best estimates of oil and gas in place, recovery factors, future development and extraction costs and future oil and gas prices. Proved reserves are those reserves that have a reasonable certainty (normally at least 90% confidence) of being recoverable under existing economic and political conditions, with existing technology. Probable reserves are based on geological and/or engineering data similar to that used in estimates of proved reserves, but technical, contractual, or regulatory uncertainties preclude such reserves from being classified as proved. Aggregate corporate proved plus probable reserves are attributed to known accumulations that have a greater or equal to 50% confidence level of recovery.

Exploration and Evaluation Expenditures

Exploration and evaluation costs are initially capitalized with the intent to establish commercially viable reserves. Exploration and evaluation assets include undeveloped land and costs related to exploratory wells. Exploration costs related to geophysical and geological activities are immediately charged to income as incurred. The Company is required to make estimates and judgments about future events and circumstances regarding the economic viability of extracting the underlying resources. The costs are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. Changes to project economics, resource quantities, expected production techniques, unsuccessful drilling, expired mineral leases, production costs and required capital expenditures are important factors when making this determination. If an exploration and evaluation project is determined to be unsuccessful, all associated costs in excess of the expected future benefit are charged to net income. If commercial reserves are established, the relevant costs are transferred from exploration and evaluation to development and production assets which are classified as property, plant, and equipment. Assets are reviewed for impairment prior to any such transfer. Refer to note 7 of the Interim Financial Statements for further details.

Impairment of Non-financial Assets

Impairment is evaluated at the cash-generating unit (“CGU”) level. The determination of CGU’s requires judgment in defining the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGU’s have been determined based on similar geological structure, shared infrastructure, geographical proximity, commodity type and similar exposures to market risks.

The recoverable amounts of Trilogy’s cash-generating units and individual assets have been determined based on fair values less costs of disposal. This calculation requires the use of estimates and assumptions. Oil and gas prices and other assumptions will change in the future, which may impact Trilogy’s recoverable amount calculated and may therefore require a material adjustment to the carrying value of property, plant and equipment and goodwill. Trilogy monitors internal and external indicators of impairment relating to its exploration and evaluation assets, property, plant and equipment and goodwill. Refer to note 10 and 11 of the 2014 Annual Financial Statements for further details about methods and assumptions used in estimating net recoverable amounts.

Decommissioning and Restoration Costs

Decommissioning and restoration costs will be incurred by Trilogy at the end of the operating lives of Trilogy’s oil and gas properties. The ultimate decommissioning and restoration costs are uncertain and cost estimates can vary in response to many factors including assumptions of inflation, present value discount rates on future liabilities, changes to relevant legal requirements and the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditures can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. Refer to note 10 of the Interim Financial Statements for further details.

Share-based Payments

Trilogy measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date they are granted. Estimating fair value requires the determination of the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires the determination of the most appropriate inputs to the valuation model including the expected life of the option, risk free interest rates, volatility and dividend yield and making assumptions about them. Refer to note 11 of the Interim Financial Statements for further details.

Deferred Income Tax Assets

Trilogy recognizes a benefit related to deferred income tax assets. Assessing the recoverability of deferred income tax assets requires Trilogy to make significant estimates related to expectations of future taxable income based on forecasted cash flows from operations. Trilogy also makes interpretations and judgements on uncertain tax positions of applicable tax laws. Such judgements include determining the likelihood of Trilogy's tax positions being successfully challenged by tax authorities based on information from relevant tax interpretations and tax laws. To the extent such interpretations are challenged by the tax authorities or future cash flows and taxable income differ significantly from estimates, the ability of Trilogy to realize its deferred tax assets recorded at the balance sheet date may be compromised. Refer to note 8 of the Interim Financial Statements for further details.

Financial Instruments

The estimated fair values of financial assets and liabilities, by their very nature, are subject to measurement uncertainty due to their exposure to credit, liquidity and market risks. Furthermore, the Company may use derivative instruments to manage oil and gas commodity price, foreign currency, power, and interest rate exposures. The fair values of these derivatives are determined using valuation models which require assumptions concerning the amount and timing of future cash flows and discount rates. Management's assumptions rely on external observable market data including quoted commodity prices and volatility, interest rate yield curves and foreign exchange rates. The resulting fair value estimates may not be indicative of the amounts realized or settled in current market transactions and as such are subject to measurement uncertainty. Refer to note 16, 17 and 18 of the Interim Financial Statements for further details.

New Accounting Pronouncements

There were no new accounting standards that were effective January 1, 2015. Future accounting pronouncements with a potential impact on the Company are summarized in Note 5 of the 2014 Annual Consolidated Financial Statements.

Internal Control over Financial Reporting

There were no changes in Trilogy's internal controls over financial reporting that occurred during the period covered by this MD&A that has materially affected, or is reasonably likely to materially affect, its internal controls over financial reporting.

Advisories

Certain statements included in this document (including this MD&A and the Review of Operations) constitute forward-looking statements under applicable securities legislation. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "budget", "goal", "objective", "possible", "probable", "projected", "scheduled", or state that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved, or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information in this document include but are not limited to statements regarding:

- business strategy and objectives for 2015 and beyond (including the development of the Kaybob Montney oil and gas pools, the Duvernay shale play, the Gething oil development and Trilogy's Grande Prairie assets);
- future commodity prices for crude oil, natural gas, NGLs and related products;
- forecast capital expenditures and the amount, timing and allocation thereof (including budgeted expenditures for the Duvernay shale play, the Montney oil and gas pools, and the Gething oil development);
- estimates of future production volumes and growth, the sources and timing thereof and the relative content of crude oil, natural gas and NGLs therein;
- Trilogy's ability to alter its capital spending program to further reflect market instability;
- Management's intention to reduce costs, control capital spending, preserve capital, maintain financial health and live within cash flow;
- statements regarding management's intention to rationalize non-core assets;

- estimated reserves, reserve replacement, and the undiscounted and discounted present value of future net revenues therefrom (including the forecasted prices and costs and timing of expected production volumes and future development capital);
- development plans and operational plans and strategies (including plans for drilling and completion programs) and the anticipated timing, cost, sources of funding, and expected benefits thereof;
- the potential for development of Trilogy's assets (including the Kaybob Montney oil and gas pools, the Duvernay shale gas development and the Gething oil pool, among others); estimates of drilling inventories; tenure, prospectivity of Trilogy's current and future land holdings; and the nature and timing of Trilogy's plans to further maintain, delineate and exploit these and other assets;
- Trilogy's intention to consider all options to advance its Duvernay shale project in the near future;
- projected capacity availability at Trilogy-operated and third party facilities and pipelines, run-times, expected facility downtime and timing and extent of associated impact on production;
- operating, finding and development, decommissioning, restoration and other costs and the anticipated results of Trilogy's cost cutting measures;
- royalty rates and applicability of government incentive and royalty programs affecting Trilogy;
- approach to declaring dividends;
- future expenditures and future allowances relating to environmental matters and Trilogy's ability to comply with same;
- projections as to cash flow, funds flow from operations, future earnings and other measures of profit;
- Trilogy's expectations regarding the size and term of its bank credit facility, access to capital and the cost of borrowing;
- pro-forma debt levels and reduction of net debt;
- projected results of hedging contracts and other financial instruments;
- income taxation of Trilogy; estimates of tax assets, tax pools and Trilogy's future taxability; and the effect of the resolution of the tax dispute with the CRA on remaining tax pools and deferred tax assets;
- the expected impact of new accounting pronouncements; and
- other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, and results of operations or performance.

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

- future crude oil, natural gas, condensate, natural gas liquids and other commodity pricing and supply;
- foreign currency, exchange and interest rates;
- royalty rates, taxes and capital, operating, general & administrative and other costs;
- general business, economic, industry and market conditions;
- geology applicable to Trilogy's land holdings;
- current production forecasts and the relative content of crude oil, natural gas and NGLs therein;
- the ability of Trilogy and its industry partners to obtain drilling and operational results, improvements and efficiencies consistent with expectations;
- well economics;
- decline rates;
- projected capital investment levels and the successful and timely implementation of capital projects;
- anticipated timelines and budgets being met in respect of drilling programs and other operations;
- the ability of Trilogy to obtain on acceptable terms the required capital to finance its exploration, development and other operations;
- credit facility and terms and anticipated amendments to financial covenant limits thereunder;
- the ability of Trilogy to repay its debt when due;
- the ability of Trilogy to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its evaluations and activities;
- the ability of Trilogy to secure adequate product processing, transportation, fractionation and storage capacity on acceptable terms or at all and assumptions regarding the timing and costs of other outages and turnarounds;
- the ability of Trilogy to market its oil, natural gas, condensate, other natural gas liquids and other products successfully to current and new customers;
- cash flow consistent with expectations;
- continuity of government royalty and regulatory regimes, including drilling and royalty incentive programs and their application to Trilogy's

operations;

- the timely receipt of required regulatory approvals;
- continuity of the mutually beneficial NGL Recovery Agreement with Aux Sable Canada LP and pricing thereunder until November 2015 and Trilogy's ability to thereafter enter into one or more other arrangements having, in the aggregate, less favorable terms relative to the existing Aux Sable Agreement;
- the continuation of assumed tax regimes, estimates and projections in respect of the application of tax laws and estimates of deferred tax amounts, tax assets and tax pools;
- the extent of Trilogy's liabilities; and
- other assumptions inherent in current guidance.

Although Trilogy believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Trilogy can give no assurance that such expectations will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Trilogy and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- fluctuations in crude oil, natural gas, condensate and other natural gas liquids and commodity prices;
- fluctuations in foreign currency exchange rates and interest rates;
- the uncertainty of estimates and projections relating to future revenue, future production, NGLs yields, taxes, costs and expenses;
- the risks of the oil and gas industry, such as operational risks in exploring for, developing and producing crude oil, natural gas, condensate and other natural gas liquids, and market demand;
- risks and uncertainties involving the geology of oil and gas;
- the uncertainty of reserves and resource estimates;
- the ability of Trilogy to add production and reserves through development and exploration activities;
- Trilogy's ability to secure adequate product processing, transmission, transportation, fractionation and storage capacity on a timely basis or at all;
- potential disruptions or unexpected technical difficulties in designing, developing, or operating new, expanded, or existing facilities (including third party operated facilities);
- risks inherent in Trilogy's marketing operations, including credit and other financing risks and the risk that Trilogy may not be able to enter into
- availability of equipment, goods, services and personnel in a timely manner and at an acceptable cost;
- health, safety, security and environmental risks;
- The timing and cost of future abandonment and reclamation obligations and potential liabilities for environmental damage and contamination;
- environmental, regulatory and compliance risks including those potentially associated with greenhouse gases and hydraulic fracturing;

arrangements for the sale of its crude oil natural gas and/or natural gas liquids on acceptable terms or at all;

- the ability to generate sufficient cash flow from operations and obtain financing on acceptable terms to fund planned exploration, development, construction and operational activities and to meet current and future obligations, including costs of anticipated projects and repayment of debt;
- the possibility that Trilogy will not commence or complete a process to evaluate opportunities to advance its Duvernay shale assets in the near future or at all;
- uncertainties as to the availability and cost of financing, including Trilogy's ability to extend its credit facility on an ongoing basis;
- Trilogy's ability to maintain targeted or required ratios within its credit and debt arrangements, and the risks of not maintaining such required ratios, including early debt repayment and/or other penalties;
- volatile business, economic and market conditions;
- general risks related to strategic and capital allocation decisions, including potential delays or changes in plans with respect to exploration or development projects or capital expenditures and Trilogy's ability to react to same;
- weather conditions;
- the possibility that government policies, regulations or laws may change, including risks related to the imposition of moratoriums;
- the ability to obtain required governmental or regulatory approvals in a timely manner, and to enter into and maintain leases and licenses;
- uncertainty in amounts and timing of royalty payments and applicability of and change to royalty regimes and incentive programs including, without

limitation, the Natural Gas Deep Drilling Program and the Drilling Royalty Credit Program;
- imprecision in estimates of product sales, commodity prices, capital expenditures, tax pools, tax shelter, tax deductions available to Trilogy, changes to and the interpretation of tax legislation and regulations;
- uncertainty regarding results of objections to Trilogy's exploration and development plans by third party industry participants, aboriginal and local populations and other stakeholders;
- risks associated with existing and potential lawsuits, regulatory actions, audits and assessments;
- changes in land values paid by industry;
- risks associated with Trilogy's mitigation strategies including insurance and hedging activities;
- risks related to the actions and financial circumstances of Trilogy agents and contractors, counterparties and joint venture partners, including renegotiation of contracts;
- the ability of management to execute its business plan; and
- other risks and uncertainties described elsewhere in this document and in Trilogy's other filings with Canadian securities authorities, including its Annual Information Form.

The foregoing lists are not exhaustive. Additional information on these and other factors which could affect the Company's operations or financial results are included in the Company's most recent Annual Information Form and in other documents on file with the Canadian Securities regulatory authorities. The forward-looking statements or information contained in this document are made as of the date hereof and Trilogy undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Non-GAAP Measures

Certain measures used in this document, including "adjusted EBITDA", "consolidated debt", "finding and development costs", "funds flow from operations", "operating income", "net debt", "operating netback", "payout ratio", "recycle ratio" and "senior debt" collectively the "Non-GAAP measures" do not have any standardized meaning as prescribed by IFRS and previous GAAP and, therefore, are considered Non-GAAP measures. Non-GAAP measures are commonly used in the oil and gas industry and by Trilogy to provide Shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. However, given their lack of standardized meaning, such measurements are unlikely to be comparable to similar measures presented by other issuers.

"Adjusted EBITDA" refers to "Funds flow from operations" plus cash interest and tax expenses and certain other items that do not appear individually in the line items of the Company's financial statements.
"Consolidated debt" generally includes all long-term debt plus any issued and undrawn letters of credit.

"Finding and development costs" refers to all current year net capital expenditures, excluding property acquisitions and dispositions with associated reserves, and including changes in future development capital on a proved or proved plus probable basis. "Finding and development costs per Barrel of oil equivalent" ("F&D $/Boe") is calculated by dividing finding and development costs by the current year's reserve extensions, discoveries and revisions on a proved or proved plus probable reserve basis. Management uses finding and development costs as a measure to assess the performance of the Company's resources required to locate and extract new hydrocarbon reservoirs.

"Funds flow from operations" refers to the cash flow from operating activities before net changes in operating working capital as shown in the consolidated statements of cash flows. Management utilizes funds flow from operations as a key measure to assess the ability of the Company to finance dividends, operating activities, capital expenditures and debt repayments.

"Operating income" is equal to petroleum and natural gas sales before financial instruments and bad debt expenses minus royalties, operating costs, and transportation costs. "Operating netback" refers to Operating income plus realized financial instrument gains and losses and other income minus actual decommissioning and restoration costs incurred. Operating income and operating netback are used by management to measure operating results of discrete oil and gas properties' performance without reference to capital and organizational structure and corporate and general administrative costs.

“Net debt” is calculated as current liabilities minus current assets plus long-term debt. Management utilizes net debt as a key measure to assess the liquidity of the Company.

“Payout ratio” refers to dividends divided by cash flow from operations. This measure assists in providing a more complete understanding of the Company’s ability to fund future dividends to Shareholders from cash flow from operations.

“Recycle ratio” is equal to “Operating netback” on a production barrel of oil equivalent for the year divided by “F&D $/Boe” (computed on a proved or proved plus probable reserve basis as applicable). Management uses this metric to measure the profitability of the Company in turning a barrel of reserves into a barrel of production.

“Senior debt” is generally defined as “Consolidated debt” but excluding any indebtedness under the Senior Unsecured Notes.

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 IFRS, as set forth above, or other measures of financial performance calculated in accordance with IFRS.

Numerical References

All references in this document and Trilogy’s functional currency are in Canadian Dollars unless otherwise indicated. The columns on some tables in this document may not add due to rounding.

Oil and Gas Advisory

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 (6:1). 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. For Q1 2015, the ratio between Trilogy’s average realized oil price and the average realized natural gas price was approximately 15:1 (“Value Ratio”). The Value Ratio is obtained using the Q1 2015 average realized oil price of $48.58 (CAD$/Bbl) and the Q1 2015 average realized natural gas price of $3.20 (CAD$/mcf). This Value Ratio is significantly different from the energy equivalency ratio of 6:1 and using a 6:1 ratio would be misleading as an indication of value.

The (i) reserves, (ii) future net revenue and related forecast prices and costs and (iii) production history and estimates disclosed herein and reported in the InSite Report include certain of those NGL within Trilogy's natural gas stream that are currently, and are in the future expected to be, quantified or extracted and for which Trilogy is paid based on market rates. For such purposes, it has been assumed that (a) the NGL Volumes Recovery Agreement with Aux Sable Canada LP (“NGL Volumes Recovery Agreement”) will be in place until November 30, 2015 and (b) after November 30, 2015, annual volumes of Trilogy’s NGL sold under the NGL Volumes Recovery Agreement will be instead sold under one or more other arrangements having, in the aggregate, less favorable terms relative to the existing agreement. As a result of such change in Trilogy’s arrangements for selling its NGL, future net revenues from Trilogy’s NGL are currently expected to be lower in the foreseeable future as it is anticipated that Trilogy will receive a smaller share of the market price for its NGL. As at December 31, 2014, the NGL sold under the NGL Volumes Recovery Agreement represented approximately 13.6% of Trilogy's proved plus probable NGL reserve volumes, approximately 2.8% of Trilogy's total proved plus probable reserve volumes, approximately 3.0% of the net present value of Trilogy's future net revenue before taxes discounted at 10% using forecast prices and costs and approximately 5.2% of Trilogy's production. If these NGL were instead reported as part of Trilogy's natural gas, it would increase Trilogy's natural gas reserves (since these are notionally reduced for shrinkage attributable to the extraction of these NGL) and decrease Trilogy's NGL reserves and production accordingly, but would have no effect on Trilogy's future net revenues.

Well Test Data: Well flow test data is not necessarily indicative of long-term performance or of ultimate recovery of reserves.

Additional Information

Trilogy's common shares are listed on the Toronto Stock Exchange under the symbol "TET". Additional information about Trilogy, including Trilogy's Annual Information Form, is available at www.sedar.com or at Trilogy's website www.trilogyenergy.com.

Consolidated Interim Balance Sheet (unaudited)
(in thousand Canadian dollars)

	Note	March 31, 2015	December 31, 2014
ASSETS			
Current assets			
Trade and other receivables	*15, 16, 17*	**40,112**	56,130
Prepaids		**515**	348
		40,627	56,478
Non-current assets			
Property, plant and equipment	*6, 7*	**1,359,484**	1,374,853
Exploration and evaluation assets	*6, 7*	**90,949**	86,025
Deferred tax asset	*8*	**663**	652
Goodwill		**100,945**	100,945
Total assets		**$ 1,592,668**	$ 1,618,953
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	*15, 16, 17*	**$ 94,777**	$ 105,198
Interest payable	*9*	**6,495**	1,132
Derivative financial instruments	*16, 17, 18*	**1,337**	611
		102,609	106,941
Non-current liabilities			
Long-term debt	*9, 16, 17*	**703,059**	701,140
Decommissioning and restoration liability	*10*	**229,462**	228,145
Deferred tax liability	*8*	**2,819**	10,592
Total liabilities		**1,037,949**	1,046,818
Shareholders' equity			
Shareholders' capital	*11, 12*	**1,100,616**	1,100,616
Contributed surplus		**52,947**	49,701
Accumulated deficit		**(598,844)**	(578,182)
		554,719	572,135
Total shareholders' equity and liabilities		**$ 1,592,668**	$ 1,618,953

See accompanying notes to the consolidated interim financial statements

Consolidated Interim Statement of Comprehensive Income (unaudited)
(in thousand Canadian dollars except per share amounts)

	Note	Three months ended March 31, 2015	2014
Revenue and other			
Petroleum and natural gas sales	*19*	**$ 81,846**	$ 157,436
Royalties		**(5,893)**	(19,074)
Revenue		**75,953**	138,362
Other income		**5,737**	585
Loss on derivative financial instruments	*16, 17, 18*	**(1,004)**	(4,366)
		80,686	134,581
Expenses			
Operating and production		**27,707**	36,476
Transportation		**5,085**	4,432
Depletion, depreciation, and impairments	*6*	**57,507**	50,418
Exploration and evaluation	*7*	**1,466**	2,284
Losses on disposal of assets		**35**	239
General and administrative		**3,925**	1,984
Share-based compensation	*11*	**3,246**	3,842
Accretion on decommissioning and restoration liability	*10*	**1,224**	1,490
Interest and other finance costs	*9*	**8,938**	9,020
		109,133	110,185
Net income (loss) before income tax		**(28,447)**	24,396
Income tax expense (recovery)			
Deferred	*8*	**(7,785)**	7,010
Comprehensive income (loss)		**$ (20,662)**	$ 17,386
Earnings (loss) per share	*13*		
- Basic		**$ (0.16)**	0.14
- Diluted		**$ (0.16)**	0.14

See accompanying notes to the consolidated interim financial statements

Consolidated Interim Statement of Changes in Equity (unaudited)

(In thousand Canadian dollars except share information)

	Outstanding Common and Non-Voting Shares [1]		Share Capital		Contributed Surplus		Accumulated Deficit		Shareholders' Equity
Balance at January 1, 2014	125,174,346	$	1,092,727	$	41,875	$	(468,753)	$	665,849
Net income for the period	-		-		-		17,386		17,386
Share options exercised *(note 11, 12)*	174,000		1,813		(717)		-		1,096
Dividends declared	-		-		-		(13,165)		(13,165)
Share Incentive Plan purchases, net of grants vested *(note 11, 12)*	(187,953)		(5,047)		(60)		-		(5,107)
Share-based compensation *(note 11)*	-		-		3,842		-		3,842
Balance at March 31, 2014	125,160,393	$	1,089,493	$	44,940	$	(464,532)	$	669,901
Net loss for the period	-		-		-		(78,397)		(78,397)
Share options exercised *(note 11, 12)*	543,500		6,857		(2,346)		-		4,511
Dividends declared	-		-		-		(35,253)		(35,253)
Share Incentive Plan purchases, net of grants vested *(note 11, 12)*	149,631		4,266		(4,266)		-		-
Share-based compensation *(note 11)*	-		-		11,373		-		11,373
Balance at December 31, 2014	**125,853,524**	**$**	**1,100,616**	**$**	**49,701**	**$**	**(578,182)**	**$**	**572,135**
Net loss for the period	-		-		-		(20,662)		(20,662)
Share-based compensation *(note 11)*	-		-		3,246		-		3,246
Balance at March 31, 2015	**125,853,524**	**$**	**1,100,616**	**$**	**52,947**	**$**	**(598,844)**	**$**	**554,719**

[1] Net of Common Shares held in trust for the benefit of employees and officers under Trilogy's Share Incentive Plan (refer to notes 11 and 12 for additional disclosures).

See accompanying notes to the consolidated interim financial statements

Consolidated Interim Statement of Cash Flows (unaudited)

(in thousand Canadian dollars except as otherwise indicated)

	Note	Three months ended March 31, 2015		2014	
Operating activities					
Net income (loss) before income tax		$	**(28,447)**	$	24,396
Adjustments for non-cash and other items:					
Unrealized losses on derivative financial instruments	*16, 17, 18*		**727**		1,591
Unrealized foreign exchange gains			**(1,459)**		(201)
Depletion, depreciation, and impairments	*6*		**57,507**		50,418
Exploration and evaluation	*7*		**1,466**		2,284
Loss on disposal of assets			**35**		239
Amortization of finance fees			**341**		373
Share based compensation	*11*		**3,246**		3,842
Accretion on decommissioning and restoration liability	*10*		**1,224**		1,490
Decommissioning and restoration costs in period	*10*		**(742)**		(3,189)
Change in non-cash working capital	*14*		**13,390**		(4,579)
Cash flow from operating activities			**47,288**		76,664
Investing activities					
Exploration and evaluation expenditures	*7*		**(6,040)**		(27,193)
Property, plant and equipment expenditures	*6*		**(41,295)**		(142,908)
Property acquisitions	*6*		**(394)**		(4,203)
Restricted cash decrease (increase)			**-**		5,898
Change in non-cash working capital	*14*		**(2,597)**		76,956
Cash flow used in investing activities			**(50,326)**		(91,450)
Financing activities					
Draws on revolving credit facility	*9*		**3,038**		31,956
Dividends paid to Shareholders			**-**		(13,159)
Share incentive plan purchases	*11, 12*		**-**		(5,107)
Shares issued	*11, 12*		**-**		1,096
Cash flow from financing activities			**3,038**		14,786
Change in cash			**-**		-
Cash balance, beginning of period			**-**		-
Cash balance, end of period			**-**		-
Cash interest paid		$	**3,542**	$	2,926

See accompanying notes to the consolidated interim financial statements

1. General

Trilogy Energy Corp. ("Trilogy" or the "Company") 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 registered office is located at 1400, 332 – 6th Avenue SW, Calgary, Alberta and its petroleum and natural gas extractive operations are situated primarily in the Province of Alberta.

References are made to ("Shares"), consisting of common shares ("Common Shares") and non-voting shares ("Non-Voting Shares").

2. Basis of Preparation

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in section I of the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook") which requires publicly accountable enterprises to prepare their financial statements using International Financial Reporting Standards ("IFRS").

These condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, IAS 34 – Interim financial reporting ("IAS 34").

The policies applied in these Interim Financial Statements are based on IFRS issued and outstanding as of May 6, 2015, the date the Interim Financial Statements were approved for release by Trilogy's Audit Committee on behalf of Trilogy's Board of Directors.

The Interim Financial Statements note disclosures do not include all of those required by IFRS for annual financial statements. These Interim Financial Statements should be read in conjunction with the Company's "2014 Annual Consolidated Financial Statements".

The Interim Financial Statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value (note 17 and 18).

The Interim Financial Statements include the accounts of the Company and its wholly-owned subsidiaries as the Company obtains all of the economic benefits of the operations of its operating subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries include those entities (including special purpose entities), which Trilogy controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing control over another entity. Subsidiaries are fully consolidated from the date on which control is obtained and are de-consolidated from the date that control ceases.

3. Significant Accounting Judgments, Estimates and Assumptions

The Company makes estimates and assumptions concerning the future that may, by definition, differ from actual results. The estimates and judgments applied by management that most significantly affect the Company's financial statements include: reserve estimation, exploration and evaluation expenditures, impairment of non-financial assets, decommissioning and restoration costs, share-based payments, deferred income taxes, and financial instruments. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within reporting periods. Additional information on these estimates and judgements are disclosed in note 3 of the 2014 Annual Consolidated Financial Statements.

March 31, 2015 (in thousand Canadian dollars except as otherwise indicated)

4. Summary of Significant Accounting Policies

The Interim Financial Statements of the Company follow the same accounting policies and basis of presentation as described in note 4 of the 2014 Annual Consolidated Financial Statements.

5. New Accounting Pronouncements

There were no new accounting standards that were effective January 1, 2015. Future accounting pronouncements with a potential impact on the Company are summarized in Note 5 of the 2014 Annual Consolidated Financial Statements.

6. Property, Plant and Equipment

	Oil and Gas Properties	Corporate Assets	Total
Cost:			
Balance at December 31, 2013	2,783,416	13,829	2,797,245
Additions to property, plant, and equipment	364,649	900	365,549
Additions/revisions to future estimated decommissioning and restoration costs (Note 10)	35,390	-	35,390
Transfers from intangible exploration and evaluation assets (Note 7)	66,442	-	66,442
Acquisitions	15,066	-	15,066
Disposals	(16,890)	(21)	(16,911)
Balance at December 31, 2014	3,248,074	14,708	3,262,781
Additions to property, plant, and equipment	**41,270**	**42**	**41,312**
Additions/revisions to future estimated decommissioning and restoration costs (Note 10)	**835**	**-**	**835**
Transfers between exploration & evaluation assets and property, plant, and equipment (Note 7)	**(367)**	**-**	**(367)**
Acquisitions	**389**	**-**	**389**
Disposals	**(31)**	**-**	**(31)**
Balance at March 31, 2015	**3,290,170**	**14,750**	**3,304,919**

	Oil and Gas Properties	Corporate Assets	Total
Accumulated depletion, depreciation and impairment losses:			
Balance at December 31, 2013	1,642,892	9,298	1,652,190
Depletion and depreciation charge	227,056	782	227,838
Impairment charge	20,476	-	20,476
Disposals	(12,555)	(19)	(12,574)
Balance at December 31, 2014	1,877,868	10,061	1,887,930
Depletion and depreciation charge	**57,283**	**224**	**57,507**
Balance at March 31, 2015	**1,935,151**	**10,285**	**1,945,437**
Net carrying value			
At December 31, 2014	1,370,206	4,647	1,374,853
At March 31, 2015	**1,355,019**	**4,465**	**1,359,484**

March 31, 2015 (in thousand Canadian dollars except as otherwise indicated)

The cost of property, plant and equipment include amounts in respect of the provision for decommissioning and restoration obligations of $194.8 million as at March 31, 2015 (December 31, 2014: $193.9). Property, plant and equipment with a carrying value of $72.1 million as at March 31, 2015 (December 31, 2014: $37.3 million) include development assets under construction that are not being depreciated. No borrowing costs were capitalized to property, plant and equipment in respect of the referenced periods.

Acquisitions in 2014 included oil and gas properties in the Kaybob area for cash consideration of $16.3 million ($16.7 million gross cost net of $0.4 million for purchase price adjustments) and the Grande Prairie area for cash consideration of $4.2 million ($5.5 million gross cost net of $1.3 million for purchase price adjustments).

The cash consideration was allocated as follows:

	2014
Fair value of net assets acquired	
Property, plant, and equipment	**15,066**
Exploration and evaluation	**8,820**
Decomissioning liability	**(3,363)**
Total net assets acquired	**20,523**
Consideration	
Cash	**20,523**
Total purchase price	**20,523**

Dispositions in 2014 included oil and gas properties in the Grande Prairie area for cash consideration of $7.2 million resulting in a gain of $5.9 million.

7. Exploration and Evaluation Assets

	Undeveloped Land	Exploratory Wells	Total Exploration and Evaluation Expenditures
Cost			
Balance at December 31, 2013	68,685	23,968	92,653
Additions	238	59,368	59,606
Expensed	(3,725)	(3,421)	(7,146)
Transfers to property, plant and equipment (Note 6)	117	(66,559)	(66,442)
Acquisitions	8,820	-	8,820
Dispositions	(1,467)	-	(1,466)
Balance at December 31, 2014	72,668	13,356	86,025
Additions	**53**	**5,986**	**6,040**
Expensed	**(1,483)**	**-**	**(1,483)**
Transfers between exploration & evaluation assets and property, plant, and equipment (Note 7)	**367**	**-**	**367**
Balance at March 31, 2015	**71,605**	**19,342**	**90,949**

March 31, 2015 (in thousand Canadian dollars except as otherwise indicated)

The following table reflects exploration and evaluation expenditures that were charged to income:

	Three months-ended March 31	
	2015	**2014**
Expired mineral leases	**1,483**	1,337
Geological and geophysical costs	**(17)**	947
Exploration and evaluation expenditures	**1,466**	2,284

Exploration and evaluation expenditures include costs associated with geological and geophysical costs which are immediately expensed to the consolidated statement of comprehensive income.

8. Income Tax

The movement in deferred income tax assets and (liabilities) are as follows:

Net Deferred Income Tax Asset/(Liability)	Property, Plant, & Equipment	Risk Management	Decommissioning Liabilities	Losses & Other	Total
At December 31, 2013	(127,772)	1,300	47,901	173,900	95,329
Recovery (expense)	56,037	(1,147)	9,135	(169,294)	(105,269)
At December 31, 2014	(71,735)	153	57,036	4,606	(9,940)
Recovery (expense)	**(2,333)**	**182**	**329**	**9,607**	**7,785**
At March 31, 2015	**(74,068)**	**334**	**57,365**	**14,213**	**(2,155)**

As at March 31, 2015, Trilogy has a deferred tax asset of $0.7 million and a deferred tax liability of $2.8 million for a net deferred tax liability amount of $2.1 million.

A $7.8 million deferred income tax recovery was charged to the consolidated interim statement of comprehensive income (March 31, 2014 – $7 million). The amount and timing of reversals of temporary differences will be dependent upon, among other things, the Company's future operating results, and acquisitions and dispositions of assets and liabilities. Legislative changes in tax rates or successful challenges by tax authorities of Trilogy's interpretation of tax legislation could materially affect the Company's estimate of current and deferred income taxes.

Trilogy has tax losses of $114.2 million that are available for carry forward against future taxable income of the entities in which the losses arose. Of this amount, a deferred tax asset has been recognized for $45.7 million of the losses, representing the Company's probable estimate of future taxable income that could be applied to the total losses.

In 2014, the Company received a letter from the Canada Revenue Agency ("CRA") advising the Company that, subject to submissions by Trilogy, it was proposing to reassess the Company's income tax filings related to its conversion from an income trust to a corporation in early 2010. The proposed reassessments sought to disallow certain tax pools in the amount of $728 million. During the first quarter of 2015, the Company resolved this tax dispute. As a result, a provision was recorded in 2014 to write down the Company's deferred tax asset by $82 million.

The Company has temporary differences in respect of its investments in Canadian subsidiaries for which no deferred taxes have been recorded. As no taxes are expected to be paid in respect of the temporary differences related to its investment in Canadian subsidiaries, the Company has not determined the amount of those temporary differences.

9. Long-Term Debt

Revolving Credit Facility

Trilogy has a revolving senior secured credit 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. The credit facility has the following significant terms:

- total commitments of $725 million, consisting of a $35 million working capital tranche and a $690 million revolving tranche.
- a maturity date of April 30, 2017.
- The revolving credit facility is subject to semi-annual borrowing base reviews, occurring approximately in April and September of each year. In the event that the lending syndicate reduces the borrowing base below the amount drawn at the time of the redetermination, Trilogy has 60 days to eliminate any shortfall by providing additional security or guarantees satisfactory to the lenders or repaying amounts in excess of the redetermined borrowing base;
- advances drawn on the credit facility are secured by a fixed and floating debenture charge over the assets of the Company.

Quarterly financial covenants on the Revolving Credit Facility include:

- a ratio of "Consolidated Debt" to "Adjusted EBITDA" for the twelve month period then ended of not greater than 4.0.
- a ratio of "Senior Debt" to "Adjusted EBITDA" for the twelve month period then ended of not greater than 3.0.;

The following four measures are considered Non-GAAP measures:

"Adjusted EBITDA" refers to "Funds flow from operations" plus cash interest and tax expenses and certain other items that do not appear individually in the line items of the Company's financial statements.

"Funds flow from operations" refers to the cash flow from operating activities before net changes in operating working capital as shown in the consolidated statements of cash flows.

"Consolidated debt" generally includes all long-term debt plus any issued and undrawn letters of credit.

"Senior debt" is generally defined as "Consolidated debt" but excluding any indebtedness under the Senior Unsecured Notes.

As at March 31, 2015, the Company is in compliance with all debt covenants.

The effective interest rate on Trilogy's revolving credit facility for the period (excluding other financing costs) was 2.75 percent. (March 31, 2014 – 3.81 percent).

The Company has letters of credit totalling $9.9 million as at March 31, 2015 (December 31, 2014: $9.6 million). These letters of credit reduce the amount available for draw.

As at March 31, 2015, the Company netted against its credit facility balance U.S cash holdings having a Canadian equivalent of $20.4 million (December 31, 2014 - $5.6 million) as it periodically converts its U.S. cash holdings to Canadian dollars to repay the credit facility.

Senior Unsecured Notes

On December 13, 2012, the Company issued $300 million in Senior Unsecured Notes at par value. The notes bear interest semi-annually at 7.25 percent per annum and will mature on December 13, 2019. Interest payable was $6.5 million at March 31, 2015 and $1.1 million at December 31, 2014. The notes rank pari passu with all of Trilogy's existing indebtedness and are subordinated to all secured indebtedness which includes debt under Trilogy's revolving credit facility.

March 31, 2015 (in thousand Canadian dollars except as otherwise indicated)

The Company, may at its own option, prior to December 13, 2015, redeem the notes at various premiums. To the extent the Company experiences a change in control, each note holder will have the right to require the Company to re-purchase, at 101 percent, all or part of each holders' notes. The notes were initially recognized at fair value net of transactions costs and are subsequently measured at amortized cost using an effective interest rate of 7.53 percent. (March 31, 2014 – 7.53 percent).

Long-term debt as at March 31, 2015 and December 31, 2014 is comprised of the following:

	Three months-ended March 31, 2015	Twelve months-ended December 31, 2014
Revolving credit facility	**408,218**	406,329
Less prepaid interest and unamortized financing costs	**(1,228)**	(1,053)
Carrying value	**406,990**	405,276
Senior unsecured notes	**300,000**	300,000
Less unamortized financing costs	**(3,931)**	(4,136)
Carrying value	**296,069**	295,864
Total carrying value of long term debt	**703,059**	701,140

Interest expense for the three months ended March 31, 2015 and 2014 is comprised of the following:

	Three months-ended March 31	
	2015	**2014**
Senior unsecured notes	**5,363**	5,363
Credit facility interest, charges, and other interest	**3,234**	3,284
Amortization of finance fees	**341**	373
Total interest and finance costs	**8,938**	9,020

10. Decommissioning and Restoration Liability

	Three months-ended March 31, 2015	Twelve months-ended December 31, 2014
Balance - beginning of period	**228,145**	191,606
Liabilities incurred	**835**	13,091
Liabilities acquired	**-**	3,363
Liabilities disposed	**-**	(3,263)
Liabilities settled	**(742)**	(4,741)
Accretion	**1,224**	5,792
Revision to estimates	**-**	22,296
Balance – end of period	**229,462**	228,145

The Company has estimated the undiscounted value of the decommissioning and restoration obligation to be $231.3 million as at March 31, 2015 (December 31, 2014: $231.1 million).

Settlement of this obligation is expected to be paid over the next 30 years and will be funded from the general resources of the Company. The estimated future cash out flows as at March 31, 2015 and December 31, 2014, respectively, have been discounted using an average risk free rate of approximately 2.2 percent and an inflation rate of 2.0 percent.

March 31, 2015 (in thousand Canadian dollars except as otherwise indicated)

11. Share-Based Payment Plans

The share-based payment expense recognized for employee services received for the three months ended are as follows:

	Three months-ended March 31 2015	2014
Expense arising from:		
Share Incentive Plan	**533**	438
Share Option Plan	**2,713**	3,404
Total expense arising from share-based payment transactions	**3,246**	3,842

The Company has a share incentive plan ("SIP") for employees and officers that annually awards rights to receive Common Shares. Common Shares are purchased in the open market and held by an independent trustee until completion of the vesting period. The fair value of the Common Shares awarded is recognized in share-based compensation over the vesting period, with a corresponding charge to equity. The Common Shares, while held in trust, are recorded as a reduction of share capital.

The following table provides a continuity of the SIP Common Shares held in trust at the beginning and end of the following periods:

	Three months-ended March 31, 2015	Twelve months-ended December 31, 2014
Beginning	**132,448**	94,126
Purchases	**-**	190,000
Vested	**-**	(151,678)
Ending	**132,448**	132,448

The cost to the Company of the Common Shares held in trust was $3.6 million as at March 31, 2015 and December 31, 2014, respectively, and was recorded as a reduction to Common Shares outstanding and shareholder capital. Conversely, the vesting of Share Incentive Plan awards increases Common Shares outstanding and shareholder capital.

The Company also has a long-term incentive plan that awards share options to eligible directors, officers and employees (the "Share Option Plan"). Under this plan, holders of vested share options are able to subscribe for the equivalent number of Common Shares at the exercise price within the contractual period prescribed in the governing option agreement. The exercise price of the options is equal to the average trading price five days prior to the grant. The contractual life of each option granted is typically 4.5 to 5.5 years.

March 31, 2015 (in thousand Canadian dollars except as otherwise indicated)

The following table provides a continuity of the share options outstanding at the beginning and end of the following periods:

	Three months-ended March 31, 2015		Twelve months-ended December 31, 2014	
	Weighted Average Exercise Price	**No. of Options**	**Weighted Average Exercise Price**	**No. of Options**
Outstanding at January 1	**$ 22.20**	**8,236,500**	$ 23.78	7,267,500
Granted	**7.63**	**40,000**	11.90	1,940,000
Exercised	**-**	**-**	7.83	(717,500)
Forfeited	**23.75**	**(71,000)**	29.29	(253,500)
Expired	**10.19**	**(24,000)**	-	-
Outstanding at period end	**$ 22.15**	**8,181,500**	$ 22.20	8,236,500
Exercisable at period end	**$ 23.00**	**3,257,000**	$ 22.94	3,306,000

The weighted average fair value of options granted during the period was $2.57 per option (2014: $3.84). The significant inputs into the model were as follows:

	March 31, 2015	December 31, 2014
Dividend yield (percent)	Nil	nil to 1.57
Expected volatility (percent)	43	38
Risk-free interest rate (percent)	0.76 to 0.80	1.39 to 1.73
Expected life of options (years)	4 - 5	4 - 5

The range of exercise prices of the outstanding options and exercisable options as at March 31, 2015 were as follows:

		Outstanding Options		Exercisable Options	
Exercise Price Range	**Weighted Average Contractual Life Remaining**	**Number of Options**	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
$7.59 to $11.27	3.9	2,373,500	$9.85	572,500	$8.40
$11.28 to $26.87	1.1	1,176,000	$12.35	868,000	$12.22
$26.88 to $28.05	4.0	1,515,000	$26.94	311,000	$26.96
$28.06 to $28.35	3.1	1,645,000	$28.27	655,000	$28.27
$28.35 to $38.74	2.2	1,472,000	$38.05	850,500	$38.34
Total	3.0	8,181,500	$22.15	3,257,000	$23.00

March 31, 2015 (in thousand Canadian dollars except as otherwise indicated)

12. Issued Capital

Trilogy is authorized to issue an unlimited number of Common Shares and an unlimited number of Non-Voting Shares all without par value. The Non-Voting Shares are the same as the Common Shares except they do not carry any voting rights.

The following provides a continuity of outstanding share capital:

	Common Shares[1]	Non-Voting Shares	Total	Amount
Shares as at December 31, 2013	99,338,484	25,835,862	125,174,346	$ 1,092,727
Issued - Share Option Plan	717,500	-	717,500	8,670
Share issuance	5,000,000	(5,000,000)	-	-
Share Incentive Plan purchases	(190,000)	-	(190,000)	(5,107)
Vesting of Share Incentive Plan awards	151,678	-	151,678	4,327
Shares as at December 31, 2014	**105,017,662**	**20,835,862**	**125,853,524**	**$ 1,100,616**
Shares as at March 31, 2015	**105,017,662**	**20,835,862**	**125,853,524**	**$ 1,100,616**

[1] Net of Common Shares held in trust for the benefit of employees and officers under Trilogy's Share Incentive Plan

In April of 2014, Trilogy elected to convert 5 million outstanding non-voting shares to common shares on the basis of one common share for each non-voting share.

Also, in 2014, the Company received the necessary approvals to make a normal course issuer bid ("NCIB") through the facilities of the Toronto Stock Exchange. Trilogy may purchase up to 6,490,470 of its Common Shares. Purchases under the bid may be made during the period beginning on December 16, 2014 and ending on December 15, 2015, or on such earlier date as Trilogy may complete its purchases under the bid. No purchases have been made under the NCIB as at March 31, 2015.

13. Earnings (Loss) per share

The following table reflects the income (loss) and share data used in the basic and diluted earnings per share calculations:

	Three months-ended March 31	
	2015	**2014**
Net earnings (loss) used in the calculation of total basic and diluted earnings per share	**(20,662)**	17,386
Weighted average number of shares for the purposes of basic earnings per share	**125,853,524**	125,071,589
Effect of dilution	**NIL**	1,782,524
Weighted average number of shares	**125,853,524**	**126,854,113**
Earnings (loss) per share – Basic	**(0.16)**	0.14
Earnings (loss) per share – diluted	**(0.16)**	0.14

As at March 31, 2015, the Company had 132,448 of dilutive securities.

March 31, 2015 (in thousand Canadian dollars except as otherwise indicated)

14. Reconciliation of Changes in Non-Cash Working Capital

	Three months-ended March 31	
	2015	**2014**
Decrease (increase) in trade, other receivables and prepaids	**15,851**	13,530
Increase (decrease) in trade, other payables and interest payable	**(5,058)**	(85,907)
	10,793	(72,377)
Changes in non-cash operating working capital	**13,390**	(4,579)
Changes in non-cash investing working capital	**(2,597)**	76,956

15. Related Party Transactions

Trilogy had the following transactions with Paramount Resources Ltd. ("Paramount"):

- Pursuant to a services agreement, a Paramount subsidiary provides limited administrative services to the Company. The agreement may be terminated by either party with at least six months written notice. The amount of expenses billed and accrued under this agreement was $0.1 million for the three months ended March 31, 2015 (March 31, 2014 - $0.1 million). Costs associated with this agreement are included as part of the general and administrative expenses in the Company's consolidated statement of comprehensive income.

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

March 31, 2015		
Presented in the Balance Sheet as	**Normal Business**	**Services Agreement**
Trade and other receivables	**3,969**	**-**
Trade and other payables	**(736)**	**(105)**

December 31, 2014		
Presented in the Balance Sheet as	**Normal Business**	**Services Agreement**
Trade and other receivables	163	-
Trade and other payables	(188)	(74)

The receivables and payables are unsecured in nature and bear no interest. No provisions were held against receivables or payables from Paramount through 2015 and 2014.

16. Financial Risk Management and Objectives

The main risks arising from Trilogy's financial instruments are credit risk, liquidity risk, commodity price risk, interest rate risk and foreign currency risk. A detailed discussion of these risks as they apply to the Company are listed in note 22 of the 2014 Annual Consolidated Financial Statements.

March 31, 2015 (in thousand Canadian dollars except as otherwise indicated)

Credit Risk

Accounts receivable are from customers and joint venture partners in the Canadian petroleum and natural gas industry are subject to normal industry specific credit risk. The Company has not provided an allowance for any of its receivables as they are all considered collectible. The maximum exposure to credit risk at period-end is as follows:

	March 31, 2015	December 31, 2014
Trade and other receivables	**40,112**	56,130

Liquidity Risk

Trilogy's principal sources of liquidity are its cash flow from operations and amounts available for draw under its revolving credit facility. The variability of market benchmarks as noted below provides uncertainty as to the level of Trilogy's cash flow from operations.

In light of the rapid decline in commodity prices through the fourth quarter of 2014 into 2015, Trilogy has undertaken measures designed to preserve the Company's financial health and sustainability in a low commodity price environment. These measures include:

- A significantly reduced capital expenditure program for 2015 of $100 million, representing a 77 percent reduction from 2014, with a marginal decrease in expected production compared to 2014.
- The discontinuance of its dividend.
- Enhanced focus by management on reducing capital, operating and general and administrative cost structures and enhancing operational efficiencies.
- Preserving Trilogy's undrawn capacity under its revolving credit facility.

The above measures aim to balance Trilogy's capital expenditure levels within its cash flows from operations.

In conjunction with the current commodity price environment, a heightened risk exists that Trilogy may exceed its financial covenant limits in the latter part of 2015. In addition to the aforementioned measures that Trilogy has taken to preserve the Company's financial health, Trilogy is in discussions with its revolving credit facility lenders to review its borrowing base and to amend the terms of these covenants.

A contractual maturity analysis for Trilogy's financial liabilities as at March 31, 2015 are as follows:

	Within 1 Year	1 to 3 years	More than 3 years	Total
Accounts payable and accrued liabilities	94,777	-	-	94,777
Derivative financial instruments	1,337	-	-	1,337
Interest payable on senior notes	6,495	-	-	6,495
Long-term debt and estimated interest[(1)]	24,707	486,230	321,750	832,687
Total	127,316	486,230	321,750	935,296

[(1)] Estimated interest related to the revolving credit facility for future periods was calculated using the weighted average interest rate for the year ended March 31, 2015 applied to the debt principal balance outstanding as at that date. Principal repayment on the Company's revolving credit facility is assumed on April 30, 2017. Estimated interest related to the unsecured senior notes for future periods was calculated using the coupon interest rate of 7.25 percent applied to the principal balance and principal repayment is assumed on December 13, 2019.

March 31, 2015 (in thousand Canadian dollars except as otherwise indicated)

A contractual maturity analysis for Trilogy's financial liabilities as at December 31, 2014 are as follows:

	Within 1 Year	1 to 3 years	More than 3 years	Total
Accounts payable and accrued liabilities	105,198	-	-	105,198
Derivative financial instruments	611	-	-	611
Interest payable on senior notes	1,132	-	-	1,132
Long-term debt and estimated interest[1]	36,624	489,119	321,750	847,493
Total	143,565	489,119	321,750	954,434

[1] Estimated interest related to the revolving credit facility for future periods was calculated using the weighted average interest rate for the year ended December 31, 2014 applied to the debt principal balance outstanding as at that date. Principal repayment on the Company's revolving credit facility was assumed on April 30, 2016. Estimated interest related to the unsecured senior notes for future periods was calculated using the coupon interest rate of 7.25 percent applied to the principal balance and principal repayment is assumed on December 13, 2019.

Capital Management

The Company's capital structure currently consists of borrowings under its senior notes, revolving credit facility, letters of credit issued as financial security to third parties and shareholders' equity.

The objectives in managing the capital structure are to:

- utilize an appropriate amount of leverage to maximize return on shareholder equity; and
- provide Trilogy borrowing capacity and financial flexibility for its operating and capital requirements.

Management and the Board of Directors review and assess the Company's capital structure at each regularly scheduled board meeting and at other meetings called for that purpose. 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 Company may (1) issue new shares, (2) issue new debt securities, (3) amend, revise, renew or extend the terms of the existing credit facility (4) enter into agreements establishing new credit facilities, (5) adjust the amount of dividends, if any, declared to shareholders, (6) adjust capital spending, and/or (7) sell non-core and/or non-strategic assets.

A comparison of Trilogy's debt structure against the committed amount on its revolving credit facility at March 31, 2015 and December 31, 2014 is detailed below:

	March 31, 2015	December 31, 2014
Committed amount that can be drawn from the credit facility (see note 9)	**725,000**	725,000
Outstanding letters of credit	**(9,916)**	(9,574)
Amount that can be drawn after letters of credit	**715,084**	715,426
Revolving credit facility	**(406,990)**	(405,276)
Current liabilities net of current assets	**(61,982)**	(50,463)
Capacity under revolving credit facility	**246,112**	259,687

Trilogy's net debt, calculated as its long-term debt plus any net working capital deficiency, is as follows:

	March 31, 2015	December 31, 2014
Revolving credit facility (see note 9)	**(406,990)**	(405,276)
Senior notes (see note 9)	**(296,069)**	(295,864)
Current liabilities, net of current assets	**(61,982)**	(50,463)
Net debt[1]	**(765,041)**	(751,603)

(1) Net debt is a Non-GAAP measure

March 31, 2015 (in thousand Canadian dollars except as otherwise indicated)

17. Financial Instruments

Carrying Values

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

	March 31, 2015	December 31, 2014
Financial assets		
Receivables(1)	**40,112**	56,130
Financial liabilities		
Other liabilities - non-trading liabilities(1) (3)	**(101,272)**	(106,330)
Financial instruments fair valued through profit and loss(2)	**(1,337)**	(611)
Other liabilities - long-term debt(4)	**(703,059)**	(701,140)

(1) Carried at cost which approximates the fair value of the assets and 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.

(3) Consists of accounts payable and accrued liabilities.

(4) The Company's revolving credit facility debt carries interest based on specified benchmark interest rates plus a spread for the Company's own credit risk. The fair values of the revolving credit facility debt approximates its carrying amount due to the fact that interest is adjusted periodically based on changes in the relevant benchmark interest rates and there have been no significant changes in the Company's own credit risk. The fair value of the senior unsecured notes is estimated to be 94.5 percent, based on independent broker quotes, of face value or $283.5 million (level 3 type – unobservable data inputs).

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Input other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable data

The following provides a classification summary of Trilogy's financial instruments within the fair value hierarchy as at:

March 31, 2015	**Derivative financial assets (liabilities) – fair value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Power derivative contract	**-**	**-**	**(1,337)**	**(1,337)**
	-	**-**	**(1,337)**	**(1,337)**

December 31, 2014	**Derivative financial assets (liabilities) – fair value**			
	Level 1	Level 2	Level 3	Total
Power derivative contract	-	-	(611)	(611)
	-	-	(611)	(611)

Commodity Contracts

At March 31, 2015 the Company had the following outstanding derivative contract:

Power

	Financial Forward Sale	
Term	**MW/h**	**Average CAD Price/MW/h**
2015 through 2016	6	$50.44

March 31, 2015 (in thousand Canadian dollars except as otherwise indicated)

The Company classified this financial instrument as fair valued through profit and loss and therefore has recognized the fair value of this financial instrument on the balance sheet. The estimated fair values of this financial instrument 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 contract is recorded as an unrealized gain or loss on financial instruments in the consolidated statement of comprehensive income. Gains or losses arising from monthly settlements with counterparties are recognized as a realized gain or loss in the consolidated statement of comprehensive income.

The following table summarizes the fair value as at March 31, 2015 and December 31, 2014, and the change in fair value for the three months ended March 31, 2015 and the twelve months ended December 31, 2014.

	Three months-ended March 31, 2015	**Twelve months-ended December 31, 2014**
Derivative asset, beginning of period	**-**	24
Unrealized change in fair value	**-**	(24)
Derivative asset, end of period	**-**	-
Derivative liability, beginning of period	**(611)**	(5,224)
Unrealized change in fair value	**(727)**	4,613
Derivative liability, end of period	**(1,337)**	(611)
Unrealized increase (decrease) in fair value for the period	**(727)**	4,589

18. Gain (Loss) on Derivative Financial Instruments

	Three months-ended March 31	
	2015	**2014**
Realized gains (losses)		
Crude oil & natural gas	**-**	(2,904)
Power	**(277)**	129
Sub-total	**(277)**	(2,775)
Unrealized gains (losses)		
Crude oil & natural gas	**-**	(1,617)
Power	**(727)**	26
Sub-total	**(727)**	(1,591)
Gain (losses) on derivative financial instruments	**(1,004)**	(4,366)

March 31, 2015 (in thousand Canadian dollars except as otherwise indicated)

19. Segment Reporting

The Company has only one segment for performance and evaluation purposes. The following schedule illustrates the types of products from which Trilogy earns its revenue.

	Three months-ended March 31	
	2015	**2014**
Petroleum and natural gas sales:		
Natural gas	**35,881**	67,486
Oil	**30,052**	61,367
Natural gas liquids	**15,912**	28,584
Total petroleum and natural gas sales	**81,846**	157,436

Corporate Information

Officers

J.H.T. Riddell
Chief Executive Officer

J.B. Williams
President and Chief Operating Officer

M.G. Kohut
Chief Financial Officer

G.L. Yester
General Counsel & Corporate Secretary

Directors

C.H. Riddell
Chairman of the Board
Calgary, Alberta

J.H.T. Riddell
Chief Executive Officer
Calgary, Alberta

M.H. Dilger (2)(5)
President and Chief Executive Officer
Pembina Pipeline Corporation
Calgary, Alberta

R.K. MacLeod (1)(2)(5)
Independent Businessman and Corporate Director
Calgary, Alberta

W.A. Gobert (1)(3)(4)
Independent Businessman
Calgary, Alberta

R.M. MacDonald (2)(3)(4)
Independent Businessman and Corporate Director
Calgary, Alberta

E.M. Shier (3)(5)
General Counsel, Corporate Secretary & Manager, Land
Paramount Resources Ltd.
Calgary, Alberta

D.F. Textor (1)(6)
Portfolio Manager
Dorset Energy Fund
Locust Valley, New York

Committees of the Board of Directors

(1) Member of the Compensation Committee
(2) Member of the Audit Committee
(3) Member of the Corporate Governance Committee
(4) Nominating Subcommittee
(5) Member of the Environmental, Health & Safety Committee
(6) Lead Director

Head office

1400, 332 6th Avenue SW
Calgary, Alberta, Canada T2P 0B2

Telephone: (403) 290-2900
Facsimile: (403) 263-8915
www.trilogyenergy.com

Auditors

PricewaterhouseCoopers LLP
Calgary, Alberta

Bankers

Bank of Montreal
Calgary, Alberta

The Bank of Nova Scotia
Calgary, Alberta

Canadian Imperial Bank of Commerce
Calgary, Alberta

Royal Bank of Canada
Calgary, Alberta

Alberta Treasury Branches
Calgary, Alberta

The Toronto-Dominion Bank
Calgary, Alberta

HSBC Bank Canada
Calgary, Alberta

JPMorgan Chase Bank
Toronto, Ontario

Consulting Engineers

InSite Petroleum Consultants Ltd.
Calgary, Alberta

Registrar and Transfer Agent

Computershare Trust Company of Canada
Calgary, Alberta / Toronto, Ontario

Stock Exchange Listing

The Toronto Stock Exchange – “TET”

ANNUAL MEETING OF SHAREHOLDERS TO BE HELD AT:

Conference Centre (Mezzanine Level)
Centrium Place – 332 – 6th Avenue S.W.
Calgary, Alberta
Friday, May 8, 2015
2:00 PM (Calgary Time)