



**TRILOGY ENERGY CORP.**

Calgary, Alberta

March 8, 2011

**NEWS RELEASE: TRILOGY ENERGY CORP. ADVISES ON 2010 U.S. INCOME TAX INFORMATION**

Trilogy Energy Corp. (TSX: TET) ("Trilogy") is pleased to announce 2010 U.S. tax information in respect of dividends declared in the year by Trilogy after February 5, 2010 and distributions declared by Trilogy Energy Trust (the "Trust") prior to February 5, 2010. On February 5, 2010, the Trust completed a conversion (the "Conversion") from an income trust structure to a corporate structure through a business combination with a private corporation pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta) and related transactions. Please refer to the Trust's "Notice of Special Meeting of Unitholders, Notice of Joint Petition and Information Circular" dated January 6, 2010 mailed to unitholders ("Unitholders") of the Trust and filed on SEDAR for additional tax and other information surrounding the Conversion.

The following information is intended to assist former unitholders ("Unitholders") of Trust units ("Units") and shareholders ("Shareholders") of Trilogy shares ("Shares") in reporting distributions and dividends, as applicable, for 2010 United States ("U.S.") federal income tax purposes. This information is intended for U.S. individual Unitholders and Shareholders only. Canadian resident Unitholders and Shareholders should note that the information contained herein is not applicable for Canadian income tax purposes. Canadian income tax information was disclosed separately on February 22, 2011.

The information contained herein is based on Trilogy's understanding of the Internal Revenue Code and is provided for general information only. This information is not exhaustive of all possible U.S. income tax considerations, but is a general guideline and is not intended to be legal or tax advice to any particular former Unitholder or Shareholder. Former Unitholders and Shareholders should consult their own legal and tax advisors as to their particular tax consequences of holding Units or Shares, tax implications surrounding the Conversion as well as to determine whether claiming a credit or deduction for foreign income taxes is more beneficial.

Trilogy believes that, for U.S. federal income tax purposes, both Units and Shares should be classified as equity in a corporation, rather than debt, and that distributions and dividends paid to individual U.S. shareholders should be "qualified dividends" paid from a qualified foreign corporation for U.S. federal income tax purposes. As such, the portion of the distributions and dividends made during 2010 that are considered dividends for U.S. federal income tax purposes should qualify for the reduced rate of tax applicable to long-term capital gains. However, to qualify for the reduced rate of taxation on dividends, a Unitholder or Shareholder must satisfy certain holding period and other requirements with respect to their Units or Shares, as

applicable. Unitholders and Shareholders should consult their own tax advisors concerning their eligibility for this reduced rate of U.S. federal income tax.

***Trilogy has not received an IRS letter ruling or a tax opinion from its tax advisors on these matters.***

## 2010 U.S. Federal Income Tax Reporting for Beneficial Unitholders and Shareholders

The following information is being provided to assist U.S. individual Unitholders and Shareholders who held their Units or Shares through a broker or other intermediary for reporting distributions received from the Trust or Trilogy, as applicable on their IRS Form 1040 - U.S. Individual Income Tax Return for the calendar year 2010.

The portion of the Trust distribution that is considered a dividend for U.S. income tax purposes is determined based upon the Trust's current and accumulated earnings & profits ("E&P") as determined in accordance with U.S. federal income tax principles.

The following table provides, on a per Unit or Share basis, as applicable, the breakdown of the amount of cash dividends, prior to Canadian withholding tax, paid by the Trust and Trilogy for the period January 1, 2010 - December 31, 2010. The amounts are segregated between the portion of the cash distribution that should be treated as Qualified Dividends and the portion that should be treated as a return of capital. The amounts shown on the attached schedule are in U.S. dollars as converted on the applicable payment dates. This schedule is for information purposes only. Amounts computed based on the following table may differ from the amounts shown on the Form 1099 - DIV.

## 2010 Cash Distribution/Dividend Information for Beneficial U.S. Unitholders and Shareholders (\$/Unit or Share, as applicable)

Record Date	Payment Date	Amount Paid (\$CDN)	Exchange Rate <sup>1</sup>	Amount Paid (\$US) <sup>2</sup>	Taxable Qualified Dividend (\$US) <sup>2</sup>	Tax-Deferred Return of Capital (\$US)
31-Dec-09	15-Jan-10	\$ 0.050	0.9721	\$0.0486	Nil	\$0.0486
1-Feb-10	16-Feb-10	\$ 0.050	0.9591	\$0.0480	\$0.0480	Nil
1-Mar-10	15-Mar-10	\$ 0.035	0.9788	\$0.0343	\$0.0343	Nil
31-Mar-10	15-Apr-10	\$ 0.035	0.9986	\$0.0350	\$0.0350	Nil
30-Apr-10	17-May-10	\$ 0.035	0.9611	\$0.0336	\$0.0336	Nil
31-May-10	15-Jun-10	\$ 0.035	0.9720	\$0.0340	\$0.0340	Nil
30-Jun-10	15-Jul-10	\$ 0.035	0.9613	\$0.0336	\$0.0336	Nil
3-Aug-10	16-Aug-10	\$ 0.035	0.9586	\$0.0336	\$0.0336	Nil
31-Aug-10	15-Sep-10	\$ 0.035	0.9726	\$0.0340	\$0.0340	Nil
30-Sep-10	15-Oct-10	\$ 0.035	0.9893	\$0.0346	\$0.0346	Nil
1-Nov-10	15-Nov-10	\$ 0.035	0.9935	\$0.0348	\$0.0348	Nil
30-Nov-10	15-Dec-10	\$ 0.035	0.9965	\$0.0349	\$0.0349	Nil
<b>Total Per Unit or Share</b>		<b>\$0.450</b>		<b>\$0.4390</b>	<b>\$0.3904</b>	<b>\$0.0486</b>

<sup>1</sup> Bank of Canada noon rate on date of payment

<sup>2</sup> Columns may not add due to rounding

Trilogy is not required to issue Form 1099 DIV's; however, U.S. former Unitholders and Shareholders may have received a Form 1099 DIV from a broker or intermediary that may not be correct. As a result of this, U.S. former Unitholders and Shareholders should consult their brokers and tax advisors to ensure that this information is accurately reflected on their tax returns. Brokers and/or intermediaries may or may not issue amended Form 1099 DIVs.

### **Units and Shares Held Within a Qualified Retirement Plan**

No amounts are required to be reported on an IRS Form 1040 - U.S. Individual Income Tax Return where Units or Shares were held within a qualified retirement plan.

### **Units and Shares Held Outside of a Qualified Retirement Plan**

U.S. individual former Unitholders or Shareholders who held their Units or Shares through a stockbroker or other intermediary should receive tax-reporting information from their stockbroker or intermediary and may need to use the information provided in the above table for a division of the cash distributions or dividends between taxable dividends and a return of capital. Trilogy expects that the stockbroker will issue a Form 1099 - DIV "Dividends and Distributions" or a substitute form developed by the stockbroker or other intermediary.

The amount included on Box 1b of the Form 1099 - DIV represents dividends that could be eligible for the qualified dividend tax rate. Trilogy's dividends and the Trust's distributions are expected to be "Qualified Dividends".

The amount included in Box 3 of the Form 1099 - DIV is generally non-taxable. This amount is non-taxable if it is a return of your cost (or other basis) in the Units or Shares.

U.S. Unitholders are encouraged to utilize the Qualified Dividends and Capital Gain Tax Worksheet to determine the amount of tax that may be otherwise applicable.

The amount included on Box 6 of the Form 1099 - DIV representing the amount of foreign tax paid (Canadian withholding tax) should be reported on Line 47 of their U.S. Form 1040 and, if required, Form 1116 "Foreign Tax Credit (Individual, Estate, or Trust)". Information regarding the amount of Canadian tax withheld in 2010 should be available from your stockbroker or other intermediary and is not available from Trilogy.

During 2010, the non-taxable return of capital portion of the monthly distributions and dividends was subject to a 15% Canadian withholding tax. The amount of Canadian tax withheld on the non-taxable return of capital portion has been aggregated with the Canadian tax withheld on the taxable portion of the distributions and reported on Box 6 of the Form 1099 - DIV.

### **ABOUT TRILOGY**

Trilogy 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 geographically concentrated assets are primarily low-risk, high working interest, lower-decline properties that provide abundant infill drilling opportunities and good access to infrastructure and processing facilities, many of which are operated and controlled by Trilogy. Trilogy's common shares are listed on the Toronto Stock Exchange under the symbol "TET". Prior to the Conversion the Trust's Units were listed on the Toronto Stock Exchange under the symbol "TET.UN".

For further information, please contact:

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The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.