



NOTICE OF MEETING

AND

MANAGEMENT INFORMATION AND PROXY CIRCULAR

WITH RESPECT TO

**AN ANNUAL AND SPECIAL MEETING OF UNITHOLDERS
TO BE HELD:**

**AT CENTRIUM PLACE
332 – 6TH AVENUE SOUTH WEST
CALGARY, ALBERTA**

IN THE

**CONFERENCE CENTRE
(MEZZANINE LEVEL)**

**ON THURSDAY, MAY 14, 2009
AT 2:00 PM (CALGARY TIME)**

March 5, 2009

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NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

An annual and special meeting (the "Meeting") of the holders of units ("Unitholders") of Trilogy Energy Trust (the "Trust") will be held in the Conference Centre, Centrium Place, 332 – 6th Avenue S.W., Calgary, Alberta, on Thursday, May 14, 2009, at 2:00 pm Calgary time, for the following purposes:

1. to receive the consolidated financial statements of the Trust for the year ended December 31, 2008, together with the report of the auditor thereon;
2. to elect the directors of Trilogy Energy Ltd. (the administrator of the Trust);
3. to appoint the auditor of the Trust, including all direct and indirect subsidiaries of the Trust, for the ensuing year;
4. to approve the unallocated options under the Trust's unit option plan; and
5. to transact such other business as may properly come before the Meeting and any adjournment or adjournments thereof.

Unitholders who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and return it in the envelope provided for that purpose to Computershare Trust Company of Canada, the transfer agent for the Trust ("Computershare"), in person or by mail to 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department. To be valid, Unitholders' proxies must be deposited with Computershare at least 24 hours (excluding weekends and holidays) prior to the commencement of the Meeting or any adjournment or adjournments thereof.

Unitholders of record as at the close of business on March 25, 2009 will be entitled to receive notice of and to attend and vote at the Meeting.

**BY ORDER OF THE BOARD OF DIRECTORS
OF TRILOGY ENERGY LTD.
in its capacity as Administrator of
TRILOGY ENERGY TRUST**

**(signed) "Gail L. Yester"
Corporate Secretary**

GENERAL INFORMATION

This Management Information and Proxy Circular (the "Circular") is provided in connection with the solicitation of proxies by the management ("Management") of Trilogy Energy Ltd. (the "Administrator"), the administrator of Trilogy Energy Trust (the "Trust"), for use at the annual and special meeting of the holders (the "Unitholders") of trust units of the Trust ("Trust Units") to be held on May 14, 2009, and at all adjournments of that Meeting.

Date of Information

The information in this Circular is as of March 5, 2009, unless otherwise noted.

Currency

All dollar figures are in Canadian currency, except as noted.

Record Date and Voting of Trust Units

The record date for the Meeting is March 25, 2009. Unitholders of record at the close of business on the record date are entitled to receive notice of and to attend and vote at the Meeting. No person acquiring Trust Units after the record date shall be entitled to vote those Trust Units at the Meeting. Each Trust Unit entitles the holder thereof to one vote at the Meeting.

When any Trust Unit is held jointly by several persons, any one of them may vote at the Meeting in person or by proxy in respect of the Trust Unit. If, however, more than one of them shall be present at the Meeting, in person or by proxy, and such joint owners disagree as to any vote to be cast, the joint owner whose name appears first in the register of Unitholders maintained by the transfer agent of the Trust shall be entitled to cast the vote in person or by proxy.

Outstanding Trust Units and Principal Holders

As at March 5, 2009, 97,637,210 Trust Units were issued and outstanding. To the knowledge of the directors and officers of the Administrator, no person or company beneficially owns, directly or indirectly, or has control or direction over Trust Units carrying more than ten percent (10%) of the voting rights attached to all of the issued and outstanding Trust Units as of March 5, 2009 other than: (1) Paramount Resources Ltd. which as of that date owned or exercised control or direction over 22,958,090 Trust Units or approximately 23.5% of the then outstanding Trust Units, and (2) Clayton H. Riddell who as of that date beneficially owned or exercised control or direction over, directly or indirectly, 36,970,525 Trust Units representing 38% of the then outstanding Trust Units. The information as to Trust Units beneficially owned is not within the

knowledge of the Trust or the Administrator and has been derived from sources available to the Trust and the Administrator.

Distribution Reinvestment Plan

The Trust has a distribution reinvestment plan, which permits Unitholders to elect to have cash distributions reinvested in Trust Units. Plan information, and an election form, may be requested from Computershare Investor Services at 100 University Avenue, 9th Floor, North Tower, Toronto, Ontario M5J 2Y1. Information regarding the distribution reinvestment plan is also available on Trilogy's website www.trilogyenergy.com.

Registered and Beneficial Unitholders

You are a registered Unitholder if your Trust Units are held in your name and you have a Trust Unit certificate.

You are a beneficial Unitholder if your Trust Units are held in the name of a nominee. That is, your certificate was deposited with a bank, trust company, securities broker, trustee or other institution.

Mailing of Circular

This Circular, a proxy and our 2008 annual report will be mailed to Unitholders beginning April 3, 2009. The 2008 annual report is being mailed to:

- all registered Unitholders, except those who have asked not to receive it; and
- beneficial Unitholders who requested a copy.

We will provide proxy materials to brokers, custodians, nominees and fiduciaries and request that the materials be forwarded promptly to our beneficial Unitholders.

Annual and Interim Reports

If you are a registered Unitholder, a copy of our 2008 annual report is included in this package, unless you asked not to receive it. If you (i) do not wish to receive our annual report next year; or (ii) wish to receive our interim reports but currently do not, please fill out and return the blue card enclosed with this package.

If you are a beneficial Unitholder and you did not return the card sent out last year to request a copy, an annual report has not been forwarded to you. If you wish to receive our annual and/or interim reports next year, please fill out and return the card enclosed with this package.

Our annual report can be accessed online at www.trilogyenergy.com, or you may request a copy from G. L. Yester, General Counsel and Corporate Secretary, at Suite 1400, 332 – 6th Avenue S.W., Calgary, Alberta, T2P 0B2.

REGISTERED UNITHOLDER VOTING

You are a registered Unitholder if your Trust Units are held in your name and you have a Trust Unit certificate.

Voting Options



In person at the Meeting (see below);



By proxy (see below);



By telephone (see enclosed proxy); or



By internet (see enclosed proxy).

Voting in Person

If you plan to attend the Meeting and wish to vote your Trust Units in person, don't complete or return the enclosed proxy. Your vote will be taken and counted at the Meeting. Please register with the transfer agent, Computershare Investor Services Inc., at the Meeting.

Voting by Proxy

Whether or not you attend the Meeting, you can appoint someone else to attend and vote as your proxyholder. You can use the enclosed proxy or any other proper form of proxy to do this. The persons named in the enclosed proxy are Management of the Administrator. You can also choose another person to be your proxyholder by printing that person's name in the space provided. Then complete the rest of the proxy, sign it and return it. Your votes can only be counted if the person you appointed attends the Meeting and votes on your behalf. **If you have voted by proxy, you may not vote in person at the Meeting, unless you revoke your proxy.**

Return your completed proxy in the envelope provided or fax it to Computershare Trust Company of Canada so that it arrives by at least 24 hours (excluding weekends and holidays) before the time set for the Meeting or, if the Meeting is adjourned, at least 24 hours (excluding weekends and holidays) before the time set for the Meeting to resume.

Revoking your Proxy

You may revoke your proxy at any time before it is acted on. You can do this by following the directions in the following section.

BENEFICIAL OWNER VOTING

You are a beneficial Unitholder if your Trust Units are held in the name of a nominee. That is, your Trust Unit certificate was deposited with a bank, trust company, securities broker, trustee or other institution.

Voting Options



In person at the Meeting (see below);



By voting instructions (see below);



By telephone (see enclosed voting instruction form); or



By internet (see enclosed voting instruction form)

Voting in Person

If you plan to attend the Meeting and wish to vote your units in person, insert your own name in the space provided on the enclosed voting instruction form. Then follow the signing and return instructions provided by your nominee. Your vote will be taken and counted at the Meeting so don't complete the voting instructions on the form. Please register with the transfer agent, Computershare Investor Services Inc., at the Meeting.

Voting Instructions

Whether or not you attend the Meeting, you can appoint someone else to attend and vote as your proxyholder. Use the enclosed voting instruction form to do this. The persons named in the enclosed voting instruction form are Management. You can also choose another person to be your proxyholder by printing that person's name in the space provided. Then complete the rest of the voting instruction form, sign it and return it. Your votes can only be counted if the person you appointed attends the Meeting and votes on your behalf. **If you have sent in your voting instruction form, you may not vote again at the Meeting unless you revoke your instructions.**

Return your completed voting instruction form in the envelope provided or fax it to one of the numbers set out in the form so that it arrives at least 24 hours (excluding weekends and holidays) before the time set for the Meeting or, if the Meeting is adjourned at least 24 hours (excluding weekends and holidays) before the time set for the Meeting to resume.

Revoking Voting Instructions

Follow the procedures provided by your nominee as set out in the following section. This will give your nominee time to submit the revocation to us.

PROXY INFORMATION

Solicitation of Proxies

The Notice of Meeting and Circular are accompanied by a form of proxy. Proxies are solicited by Management to be used at the Meeting or any adjournment thereof. Solicitations will be primarily by mail but also may be by newspaper publication, in person or by telephone, fax or oral communication by directors, officers, employees or agents of the Administrator. All costs of the solicitation by Management will be paid by the Trust.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are Management of the Administrator. **A Unitholder desiring to appoint some other person (who need not be a Unitholder) to represent such Unitholder at the Meeting may do so by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another form of proxy** and, in either case, delivering the completed proxy to the Trust's transfer agent, Computershare Trust Company of Canada ("Computershare"), in person or by mail to 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department. To be valid, Unitholders' proxies must be deposited with Computershare at least 24 hours (excluding weekends and holidays) prior to the commencement of the Meeting. Failure to so deposit a form of proxy shall result in its invalidation.

A Unitholder who has signed and returned the enclosed form of proxy may revoke it (a) by signing a proxy bearing a later date and delivering same to the Trust's transfer agent, Computershare, at the address set out above at least 24 hours (excluding weekends and holidays) prior to the commencement of the Meeting, or (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by depositing written notice of revocation at the registered office of the Administrator at 1400, 332 – 6th Avenue S.W., Calgary, Alberta, T2P 0B2, or with the Trust's transfer agent, Computershare, at the address set out above at any time up to and including the last business day preceding the day of the Meeting or by delivering it to the Chairman of the Meeting, or (c) by attending and voting at the Meeting.

Voting of Proxies

The Trust Units represented by the form of proxy will be voted or withheld from voting in accordance with the instructions of the Unitholder on any ballot that may be called for. If the Unitholder specifies a choice with respect to any matter to be acted upon the Trust Units will be voted accordingly. If a choice is not specified, the person designated by Management in the accompanying form of proxy will vote the Trust Units

represented by the form of proxy in favour of each matter identified.

Exercise of Discretion by Proxyholders

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and to any other matters which may properly come before the Meeting. At the date of this Circular, Management knows of no such amendment, variation or matter to come before the Meeting other than the matters referred to in the enclosed Notice of Meeting. If other matters do properly come before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote such proxy in their best judgment.

Notice to Beneficial Holders of Trust Units

The information in this section is of significant importance to many Unitholders, as a substantial number of Unitholders do not hold Trust Units in their own name. Unitholders who do not hold their Trust Units in their own name (referred to in this Circular as "Beneficial Unitholders") should note that only proxies deposited by Unitholders whose names appear on the records as the registered holders of Trust Units can be recognized and acted upon at the Meeting. If Trust Units are listed in an account statement provided to a Unitholder by a broker, then in almost all cases those Trust Units will not be registered in the Unitholder's name on the Trust's records. Such Trust Units will more likely be registered under the name of the Unitholder's broker or an agent of that broker. In Canada, the vast majority of such Trust Units are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., a wholly-owned subsidiary of The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). The Trust does not know for whose benefit the Trust Units registered in the name of CDS & Co. are held. Trust Units held by brokers or their nominees can only be voted upon the instructions of the Beneficial Unitholder. Without specific instructions, brokers and their agents are prohibited from voting Trust Units for the broker's clients. **Therefore, Beneficial Unitholders should ensure that instructions respecting the voting of their Trust Units are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries or brokers to seek voting instructions from Beneficial Unitholders in advance of Unitholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients. These instructions should be carefully followed by Beneficial

Unitholders in order to ensure that their Trust Units are voted at the Meeting. The form of proxy supplied to a Beneficial Unitholder by its broker (or the agent of that broker) is similar to the form of proxy provided to registered Unitholders. However, its purpose is limited to instructing the registered Unitholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Unitholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (formerly ADP Investor Communications Inc.) ("Broadridge"). Broadridge typically mails a scannable voting instruction form ("Voting Instruction Form") in lieu of the form of proxy. The Beneficial Holder is requested to complete and return the Voting Instruction Form to Broadridge by mail. Alternatively, the Beneficial Unitholder can call a toll-free telephone number to convey his or her voting instructions for the Trust Units held by the Beneficial Unitholder or vote on-line over the Internet. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Trust

Units to be represented at the Meeting. **A Beneficial Unitholder receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote Trust Units directly at the Meeting as the Voting Instruction Form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Trust Units voted.**

Although a Beneficial Unitholder may not be recognized directly at the Meeting for the purposes of voting Trust Units registered in the name of a broker (or agent of the broker) a Beneficial Unitholder may attend at the Meeting as proxyholder for the registered Unitholder and vote the beneficially owned Trust Units in that capacity. Beneficial Unitholders who wish to attend the Meeting and indirectly vote their Trust Units as proxyholder for the registered Unitholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

BUSINESS OF THE MEETING

The business of the Meeting is: (1) the placing before the Unitholders of the financial statements of the Trust for fiscal 2008 and the auditors' report thereon; (2) the election of the board of directors of the Administrator (the "Board"); (3) the appointment of the auditor of the Trust including all direct and indirect subsidiaries of the Trust, to hold office until the next annual meeting of Unitholders; (4) approving the unallocated options under the Trust's trust unit option plan; and (5) any other business to come before the Meeting. Management knows of no other business to be considered at the Meeting.

Financial Statements

The consolidated financial statements of the Trust for the year ended December 31, 2008, together with the auditor's report on those statements, will be placed before the Meeting and are contained in the Trust's 2008 Annual Report to Unitholders.

Election of Directors

Unitholders will be asked at the Meeting to pass a resolution electing the directors of the Administrator. The following are the nominees:

C. H. (CLAY) RIDDELL
J. H. T. (JIM) RIDDELL
M. H. (MICK) DILGER
D. A. (DON) GARNER
W. A. (WILF) GOBERT
R. M. (BOB) MacDONALD
E. M. (MITCH) SHIER
D. F. (DON) TEXTOR

See further information under "BOARD OF DIRECTORS" and the section titled "CORPORATE GOVERNANCE".

In the absence of instructions to the contrary, the persons named in the accompanying form of proxy intend to vote for the election of the above nominees as directors of the Administrator.

Appointment of Auditor

PricewaterhouseCoopers LLP has been auditor of the Trust and certain of its direct and indirect subsidiaries since February 25, 2005.

The total fees paid to PricewaterhouseCoopers LLP for professional services rendered from January 1, 2008 to December 31, 2008 amounted to \$204,190, broken down as follows: (i) audit services - \$136,900; and (ii) audit-related services consisting of assistance and advice to enable Trilogy to comply with securities legislation related to internal controls - \$60,000 and all other fees (consisting of fees billed for subscription to an accounting data base) - \$7,290. Trilogy's consolidated financial statements as at and for the year ended December 31, 2008 were audited by PricewaterhouseCoopers LLP, which is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta.

In the absence of instructions to the contrary, the persons named in the accompanying form of proxy intend to vote for the appointment of PricewaterhouseCoopers LLP as the auditor of the Trust including the direct and indirect subsidiaries of the Trust until the next annual meeting of Unitholders.

Approval of Unallocated Options under Trust Unit Option Plan

At the Meeting, Unitholders will be asked to approve the unallocated options under the Trust's trust unit option plan. See further information under "APPROVAL OF UNALLOCATED OPTIONS UNDER TRUST UNIT OPTION PLAN".

In the absence of instructions to the contrary, the persons named in the accompanying form of proxy intend to vote for the approval of the unallocated options under the Trust Unit Option Plan.

BOARD OF DIRECTORS

The Administrator is required by its Articles of Incorporation to have a minimum of three and a maximum of eleven Directors. Directors are elected each year at the annual meeting of Unitholders. The trust indenture of the Trust (the "Trust Indenture") permits the Administrator's Board, between annual meetings of the Unitholders, to appoint one or more additional directors (but no more than 1/3 of the number of directors who held office at the expiration of the last annual meeting of the Unitholders of the Trust). The Board and Management have concluded that each nominee is well qualified to serve on the Administrator's Board. The Board is the appropriate size for effectiveness and appropriately composed to permit a diversity of views and to run the committees.

Management intends to nominate for election and in the absence of contrary instructions the persons named in the accompanying form of proxy intend to vote for, as directors of the Administrator, the persons whose names are set forth below. Management does not contemplate that any of the proposed nominees will be

unable to serve as a director. However, if for any reason any of the proposed nominees withdraw from standing for election or are unable to serve, proxies in favour of Management designees will be voted for another nominee in their discretion unless the Unitholder has specified in his or her proxy that his or her Trust Units are to be withheld from voting on the election of directors.

All proposed nominees have consented to be named in this Circular to stand for election and to serve as directors if elected. Each director elected will hold office until the close of the next annual meeting of Unitholders. The following table sets out various information with respect to each proposed nominee. The table shows, among other things, the period during which each proposed nominee has served as a director of the Administrator, the board and committee positions held and the number of Trust Units that each proposed nominee has advised the Trust and the Administrator that he beneficially owns, directly or indirectly, or over which he exercises control or direction.

Clayton H. Riddell (Non-Independent Director) ^{(1) (4)} Calgary, Alberta, Canada (Age 71)

Director Since:	April 1, 2005
Principal Occupation:	Chairman of the Board and Chief Executive Officer of Paramount Resources Ltd.
Board Committees:	Chairman of the Board Compensation Committee
Business Experience:	<p>Clay Riddell has been Chairman of the Board and Chief Executive Officer of Paramount Resources Ltd. (a petroleum and natural gas exploration and development company) ("Paramount") since 1978. Until June 2002 he was also President. He is also a director and Chief Executive Officer of MGM Energy Corp. (a public oil and gas exploration and development company), Chairman of the Board of Paramount Energy Operating Corp., a wholly-owned subsidiary and the administrator of Paramount Energy Trust (a public energy trust), and a director of Newalta Inc. and Alaris Royalty Corp.</p> <p>Mr. Riddell graduated from the University of Manitoba with a Bachelor of Science (Honours) degree in Geology. He received the J. C. Sproule Memorial Plaque from the Canadian Institute of Mining (1994), the Stanley Slipper Gold Medal from the Canadian Society of Petroleum Geologists (1999), an Honorary Doctor of Science degree from the University of Manitoba (2004), and Outstanding Explorer award from the American Association of Petroleum Geologists (2004). In 2006, Mr. Riddell was inducted to the Calgary Business Hall of Fame and in 2008 he was made an Officer of the Order of Canada.</p>
Directorships of other Public Issuers:	<p>Alaris Royalty Corp. MGM Energy Corp. Newalta Inc. Paramount Energy Trust Paramount Resources Ltd.</p>
Trust Units Held:	36,970,525 ⁽³⁾

James H. T. Riddell (Non-Independent Director) ^{(1) (2) (4)}
Calgary, Alberta, Canada (Age 42)

Director Since: February 25, 2005

Principal Occupation: President and Chief Operating Officer of Paramount Resources Ltd.

Board Committees: Environmental, Health & Safety Committee

Business Experience: Jim Riddell has been the President and Chief Operating Officer of Paramount since June 2002 and a director since 2000. From May 1991 until June 2002, he held various positions with Paramount.

Mr. Riddell is also a director and Executive Chairman of the Board of MGM Energy Corp. (a public oil and gas exploration and development company) and a director and Vice Chairman of Big Rock Brewery Income Trust (a public business trust which produces and markets beer).

Mr. Riddell graduated from Arizona State University with a Bachelor of Science degree in Geology (1989) and from the University of Alberta with a Master of Science degree in Geology (1993).

Directorships of Other Public Issuers:

Big Rock Brewery Income Trust
MGM Energy Corp.
Paramount Resources Ltd.

Trust Units Held: 320,256

Michael H. (Mick) Dilger (Independent Director)
Calgary, Alberta, Canada (Age 46)

Director Since: May 18, 2005

Principal Occupation: Chief Operating Officer of Pembina Pipeline Corporation

Board Committees: Environmental, Health & Safety Committee (Chair)
Audit Committee

Business Experience: Mick Dilger is Chief Operating Officer of Pembina Pipeline Corporation (a Canadian energy infrastructure corporation) since November 2008. He joined Pembina in March 2005 as Vice President, Business Development. Prior thereto, Mr. Dilger was the Chief Financial Officer of VISTA Midstream Solutions Ltd. (a Canadian energy infrastructure corporation which he founded) from 1999 until July 2003 and held a broad range of senior executive positions with NOVA Corporation and TransCanada Pipelines (national energy infrastructure companies) from 1994 to 1998.

Mr. Dilger graduated from the University of Calgary with a Bachelor of Commerce degree in 1986 and has been a chartered accountant since 1989.

Trust Units Held: 30,000

Donald A. Garner (Independent Director)
Calgary, Alberta, Canada (Age 51)

Director Since: June 15, 2008

Principal Occupation: Independent Businessman

Board Committees: Audit Committee

Business Experience: Don Garner is a professional engineer and oil and gas professional with twenty-nine years experience in the upstream petroleum industry. Since June 2008, he has been an independent businessman. Prior thereto, Mr. Garner was the Chief Executive Officer and advisor to TAQA North (a private oil and gas exploration and development company), successor to PrimeWest Energy Trust (a public energy trust) where he was the Chief Executive Officer from 2003 to 2007 and President and Chief Operating Officer from 2001 to 2002. From 1998 to 2001, Mr. Garner was President and Chief Operating Officer of Northstar Energy Corporation (a public oil and gas exploration company). Prior to 1998, he spent nineteen years in various capacities with Imperial Oil Limited (a public oil and gas exploration company), ultimately as the executive responsible for the Oil Sands Business Unit.

Mr. Garner graduated from the engineering faculty of the University of Saskatchewan in 1979 with a Bachelor of Science in Mechanical Engineering.

Directorships of Other Public Issuers:

North Peace Energy Corp.

Trust Units Held: 78,500

Wilfred A. Gobert (Independent Director)
Calgary, Alberta, Canada (Age 60)

Director Since: November 15, 2006

Principal Occupation: Independent Businessman

Board Committees: Compensation Committee (Chair)
Corporate Governance Committee

Business Experience: Wilf Gobert has been an independent businessman since May 2006. Prior to that, Mr. Gobert was with Peters & Co. Limited (an investment firm specializing in the Canadian oil and gas industry) since August 1979, as Managing Director from August 1979 to September 2002, at which time he assumed the role of Vice Chairman until his retirement in May 2006. He had been an equity analyst since January 1973 and an oil industry financial analyst since 1976.

Mr. Gobert is a Chartered Financial Analyst and holds a Bachelor of Science degree (Mathematics) from the University of Windsor, Ontario (1971) and a Master of Business Administration from McMaster University, Ontario (1976). He is a Senior Fellow, Energy Studies, Centre for Energy Policy Studies with The Fraser Institute. In 2008, he was named the Chairman of the Board of Calgary Economic Development.

Directorships of Other Public Issuers:

Catapult Energy 2006 Inc.
(General Partner of Catapult Energy Small Cap FTS Limited Partnership)

Catapult Energy Management 2007 Inc.
(General Partner of Small Cap 2007 FTS Limited Partnership)

Catapult Energy 2008 Inc.
(General Partner of Catapult Energy 2008 FT Limited Partnership)

Gluskin Sheff + Associates Inc.

Trust Units Held: 41,300

Robert M. MacDonald (Independent Director)
Calgary, Alberta, Canada (Age 63)

Director Since: April 1, 2005

Principal Occupation: Independent Businessman and Corporate Director

Board Committees: Lead Director
Audit Committee (Chair)
Corporate Governance Committee

Business Experience: Bob MacDonald is an oil and gas banking professional with six years experience as a corporate director and 27 years experience as a senior officer of several Canadian chartered banks, including 18 years in Alberta and nine years in the United States. He has expertise in oil and gas banking/financing, having handled and provided advisory services on strategic alternatives for senior and bridge debt structuring, project financing, mezzanine debt structuring, portfolio Management, credit risk Management, financial analysis and loan re-structuring. From 1998 to 2003, he was Director, Oil & Gas, Commercial Banking with CIBC World Markets Inc. (a global investment banking firm). From 1993 to 1998, Mr. MacDonald was Vice President, Oil & Gas Group with CIBC.

Mr. MacDonald graduated from the University of Saskatchewan (Regina Campus) in 1975 with a Bachelor of Business Administration degree (major in Economics and Finance and minor in Accounting). He is a Fellow of the Institute of Canadian Bankers and has completed the academic requirements for the Director Education Program of the Institute of Corporate Directors. He is also a director of Newalta Inc.

Directorships of Other Public Issuers:
Newalta Inc.

Trust Units Held: 2,000

E. Mitchell Shier (Non-Independent Director) ⁽⁴⁾
Calgary, Alberta, Canada (Age 51)

Director Since: April 1, 2005

Principal Occupation: General Counsel, Corporate Secretary and Manager, Land of Paramount Resources Ltd.

Board Committees: Corporate Governance Committee (Chair)
Environmental, Health & Safety Committee

Business Experience: Mitch Shier is General Counsel, Corporate Secretary and Manager, Land of Paramount, which he joined in November 2008. From 2002 until January 2009, Mr. Shier practiced oil and gas and commercial law as a partner with Heenan Blaikie LLP (a national law firm) and remains counsel to that firm. Prior to 2002, he practiced as a partner with other major law firms in Calgary. He has twenty-four years of legal experience with an emphasis on mergers and acquisitions and energy and environmental law.

Mr. Shier obtained his Bachelor of Science degree from the University of Calgary in 1981, his Bachelor of Laws from the University of Alberta in 1984 and his Master of Laws in Environmental and Natural Resources Law from the University of Calgary in 1994. He is currently on the board of directors of Alaris Royalty Corp. and the Society for Energy and Environmental Development Studies.

Directorships of Other Public Issuers:
Alaris Royalty Corp.

Trust Units Held: 2,200

Donald F. Textor (Independent Director)
Locust Valley, New York, U.S.A. (Age 62)

Director Since:	April 1, 2005
Principal Occupation:	Portfolio Manager
Board Committees:	Compensation Committee
Business Experience:	<p>Don Textor is Portfolio Manager at Dorset Energy Fund (an investment company) and Partner with Knott Partners Management LLC (an investment advisory firm) in New York. Until 2001, Mr. Textor was a partner and managing director at Goldman Sachs (a global investment banking firm), where he was senior security analyst for domestic integrated oils and exploration and production companies. Prior to joining Goldman Sachs in 1980, he was an oil analyst with First Boston (an investment bank).</p> <p>Mr. Textor graduated from Lehigh University in Bethlehem, Pennsylvania with a Bachelor of Arts degree in International Relations. He serves on the board of directors for EOG Resources, Inc., one of the largest independent oil and gas producers in the United States, and is a member of EOG's Audit Committee and Compensation Committee. Mr. Textor is a member of the National Association of Petroleum Investment Analysts.</p>
Directorships of Other Public Issuers:	EOG Resources, Inc.
Trust Units Held:	297,349

Notes:

- (1) While Messrs C. H. Riddell and J. H. T. Riddell hold executive offices with the Administrator and devote substantial time to the Administrator's business, they are not paid a salary by the Administrator for their services. Accordingly, their offices with the Administrator are not considered their principal occupation.
- (2) Mr. J. H. T. Riddell was a director of Jurassic Oil and Gas Ltd. ("Jurassic"), a private oil and gas company, within one year prior to such company becoming bankrupt. Jurassic's bankruptcy was subsequently annulled.
- (3) Of these 36,970,525 Trust Units, 27,159,356 are held by Warner Investment Holdings Ltd., 8,334,085 are held by Dreamworks Investment Holdings Ltd. and 585,700 are held by Treherne Resources Ltd., in all of which C.H. Riddell is the controlling shareholder. Paramount Resources Ltd., an associate of C. H. Riddell, owns or controls 22,958,090 Trust Units.
- (4) Messrs C.H. Riddell and J.H.T. Riddell are directors and executive officers of Paramount. From 1992 to 2008, Paramount was the general partner of T.T.Y. Paramount Partnership No. 5 ("TTY"), a limited partnership, which was an unlisted reporting issuer in certain provinces of Canada. TTY was established in 1980 to conduct oil and gas exploration and development but had not carried on active operations since 1984 and had only nominal assets. A cease trade order against TTY was issued by the Québec Securities Commission in 1999 for failing to file the June 30, 1998 interim financial statements in Québec. The cease trade order was revoked on April 9, 2008. TTY was dissolved on July 21, 2008.

APPROVAL OF UNALLOCATED OPTIONS UNDER TRUST UNIT OPTION PLAN

On May 9, 2006, the Unitholders approved the Trust's trust unit option plan (the "Option Plan") which is described under "**Trust Unit Option Plan**" in the "**COMPENSATION DISCUSSION AND ANALYSIS – Elements of Compensation Program**" and under "**INCENTIVE PLAN AWARDS**". Because the Option Plan provides that a fixed percentage of issued and outstanding Trust Units can be reserved for issuance under the Option Plan rather than a fixed maximum number of Trust Units, the Toronto Stock Exchange (the "TSX") requires a majority of the Board and Unitholders to approve, every three years, the unallocated options under the Option Plan. The number of unallocated options is calculated by subtracting the number of outstanding options to acquire Trust Units at any given time from the number that represents 10% of the issued and outstanding Trust Units at the time.

As of March 5, 2009, options to purchase 4,720,500 Trust Units (equal to approximately 4.8% of the outstanding Trust Units) were outstanding under the Option Plan, leaving unallocated options to purchase 5,043,221 Trust Units (equal to approximately 5.2% of the outstanding Trust Units) available for future grants.

Approval is being sought at the Meeting to approve the grant of unallocated options under the Option Plan.

If approval is obtained, the Trust will not be required to seek further approval of the grant of unallocated options under the Option Plan until May 14, 2012. As a result of the fact the Option Plan was instituted on May 9, 2006 and the Meeting is being held on May 14, 2009 (five days after the end of the three-year period stipulated by the TSX), no options may be issued by the Trust under the Option Plan between May 9, 2009 and May 14, 2009, and any options that are cancelled, terminated or exercised during that period will not be available for a new grant of options.

If approval is not obtained at the Meeting, options which have not been allocated as of May 9, 2009 and options which are outstanding as of May 13, 2009 and are subsequently cancelled, terminated or exercised will not be available for a new grant of options. Previously allocated options will continue to be unaffected by the approval or disapproval of the resolution.

In accordance with the requirements of the TSX, approval of the unallocated options under the Option Plan requires approval of a majority of the votes cast on the resolution at the Meeting. The Board has unanimously approved the unallocated options under the Option Plan.

At the Meeting, the Unitholders will be asked to approve the following resolution:

BE IT RESOLVED THAT:

1. all unallocated options under the Trust Unit Option Plan of the Trust, as amended from time to time, are hereby approved and authorized, which approval shall be effective until May 14, 2012;
2. any director or officer of the Administrator or any other person designated by any one of them be, and each of them is, hereby authorized to take such action and to execute and deliver such documents, whether on behalf of or in the name of the Trust or otherwise, as such person may, in his or her discretion, consider to be necessary or desirable to carry out the intent and purposes of this resolution and the matters and transactions contemplated herein.

In the absence of instructions to the contrary, the persons named in the accompanying form of proxy intend to vote for the approval of the unallocated options under the Option Plan at the Meeting.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Program

The compensation philosophy of the Trust is to be competitive with other Canadian natural resource and energy companies in order to attract, retain and motivate a highly qualified workforce and provide career opportunities within the Trust. The compensation program for executives is built around reward systems that recognize financial and operational results of the Trust and individual performance. Currently, five primary elements comprise the Trust's compensation program: base salary; long-term incentives provided through

periodic Trust Unit option grants; short to long-term incentives provided through grants of Trust Units under the Unit Incentive Plan; bonuses under the Cash Bonus Plan; and discretionary cash bonuses, as set out in the following table. The objective of the compensation program is to provide a combination of short, medium and long-term incentives that reward performance and also encourage retention.

ELEMENTS OF COMPENSATION PROGRAM			
Compensation Element	Award Type per NI 51-102F6	Objective	Key Features
Base Salary	Salary	Provide a fixed level of cash compensation for performing day-to-day responsibilities	Compared with salaries in peer group, with adjustments for individual performance
Option Plan	Option-based award	Align performance with unit price and align Management interests with those of Unitholders. Encourage retention	Long-term stock incentives. Option awards vest ratably over several years
Unit Incentive Plan	Share-based award	Reward performance in previous year, while spreading payment out over two years to increase stake in company and encourage retention	Stock participation arrangement. Grants of Trust Units, generally vesting over two years. Distributions on unvested Trust Units paid out each year
Cash Bonus Plan	Long-term non-equity incentive plan	Align performance with distributions paid on Trust Units and with those of Unitholders	Cash payment each year, on vested, unexercised options from date of grant, generally paid on January 15 of the following year
Discretionary Cash Bonus	Annual non-equity incentive plan	Encourage exceptional contributions	At the discretion of the CEO and Compensation Committee

The role of the Board with respect to executive compensation is to assess the performance, and review succession plans, of key executive positions. It is the responsibility of the Compensation Committee of the Board to make recommendations on executive compensation. The charter of the Compensation Committee provides that compensation for the Chief Executive Officer shall be recommended by the Compensation Committee, for approval by the Board, and that compensation for all other designated officers be approved by the Compensation Committee, based on the recommendation of the Chief Executive Officer. The Trust relies on the experience and expertise of its Compensation Committee in determining all of its compensation plans and awards. Where applicable, the Trust also relies on independent compensation surveys in making compensation determinations.

Base Salary

The objective of the base salary component of executive compensation is to provide a fixed level of cash compensation to executives for performing day-to-day responsibilities. It is designed to reward executives for providing the services within their job descriptions in a competent, professional manner and for demonstrating leadership within their respective departments and within the Trust in general. The Trust strives to provide base salaries that are competitive within the Canadian oil and gas industry because it believes base salaries are a significant factor in attracting and retaining talented leaders who will be focused on Trilogy's operations, finances and assets.

While Messrs. C. H. Riddell and Mr. J. H. T. Riddell hold executive offices with the Administrator and devote substantial time to the Trust's business, their principal occupation is considered to be their executive positions with Paramount Resources Ltd. Accordingly, they are not paid a salary by the Administrator for their services to the Trust.

Salary determinations for Messrs. Kohut and Williams and Ms. Yester, who along with Messrs. C. H. Riddell and J. H. T. Riddell, are the "named executive officers", are made utilizing a compensation survey (the "Compensation Survey"). The Compensation Survey is prepared by a major independent human resources consulting firm and provides detailed comparative compensation information across industry including, without limitation, education, areas of expertise, specific job description, years of service, previous employment background and type and size of company. Trilogy compares its named executive officers with executive officers performing similar functions as shown for companies of a similar size as contained in the Compensation Survey data. The Trust's comparison

group is selected based on criteria including production volumes (between 10,000 and 25,000 Boe/d), gross revenue (between \$100 and \$500 million), and market capitalization. The composition of the Trust's peer group is reviewed regularly, however due to the nature of the oil and gas industry, the companies in its peer group change frequently. On the basis of this information, the Chief Executive Officer makes salary recommendations for Mr. Kohut, Mr. Williams and Ms. Yester to the Compensation Committee.

For 2008, the Compensation Committee determined not to grant salary increases to employees and officers who participate in the Trust Unit Option Plan, including Messrs. Kohut and Williams and Ms. Yester. Instead, the named executive officers as well as the other employees who were eligible to participate in the Trust Unit Option Plan were granted a greater number of options relative to previous years. The rationale for this decision was that given the then-current economic conditions and the Trust's desire to reduce its cost structure in all areas, there was a preference to grant incentive-based compensation rather than salary increases.

In December 2008, the Compensation Committee approved salary increases for employees and officers of the Trust to take effect in 2009. Commencing January 1, 2009, salaries are \$268,000 for Messrs. Kohut and Williams and \$190,000 for Ms. Yester (an increase of approximately 5%). This salary increase was recommended by the Chief Executive Officer to the Compensation Committee on the basis of the Compensation Survey, in order to maintain base salaries for such named executive officers competitive within the comparison group.

Trust Unit Option Plan ("Option Plan")

The named executive officers are eligible to receive grants of options under the Option Plan. The Option Plan has been chosen as the primary long-term incentive plan of the Trust because the Compensation Committee believes its features instill an important sense of ownership and, together with the other compensation elements of the Trust, provide an appropriate blend of short, medium and long-term incentives. An important element of the Option Plan is that vesting periods are lengthy, typically four and five years. The objective of the Option Plan is to align the interests of the named executive officers

with those of the Unitholders. It is designed to reward those who are responsible for the Management and growth of the Trust to develop a long-term vision for the Trust and to conduct its business in ways that increase its ongoing value. Through lengthy vesting periods, the Option Plan is also designed to support long-term retention of valuable employees.

Named executive officers are eligible for grants of options at the time of employment and thereafter in the annual option grants. The Compensation

Committee approves grants to all named executive officers other than the Chief Executive Officer based on the recommendation of the Chief Executive Officer. Factors considered in determining grants include the experience, responsibilities and performance of the officer. The Board approves grants to the Chief Executive Officer based on the recommendation of the Compensation Committee. In evaluating the compensation of the Chief Executive Officer, the Compensation Committee will consider his general management expertise and experience and his performance. In addition to financial results, the Compensation Committee will consider factors relevant to the natural resource industry and the overall public image of the Trust. In approving

grants of options, the Compensation Committee also takes into account previous grants of option-based awards, the other elements of compensation received by the grantee and the amount that will be received by the grantee under the Cash Bonus Plan as a result of the option grant. The grant price is the closing price of a Trust Unit on the TSX the day before the date of the grant, which is the date of the applicable Compensation Committee meeting or resolution, as the case may be. The exercise price is the five day weighted average price at the time of exercise.

See “**Trust Unit Option Plan**” under “**INCENTIVE PLAN AWARDS**” for a full description of the significant terms of the Option Plan.

Unit Incentive Plan (“UIP”)

The objective of the UIP is to provide a combined short and medium-term incentive plan that is paid out over time in Trust Units rather than in immediately available cash. This is to reward near-term performance and encourage ownership in the Trust as well as retention. The UIP rewards employees and officers of affiliates of the Trust who have met or exceeded their goals and shown exceptional performance contributing to the success of the Trust, as well as to encourage investment and ownership of Trust Units. The awards are made annually, subject to corporate and individual performance targets being met, and are approved by the Board, based on the recommendation of the Compensation Committee, with respect to the Chief Executive Officer, and the Compensation Committee, based on the recommendation of the Chief Executive Officer, with respect to all other named executive officers and employees. Mr. C. H. Riddell does not currently participate in the UIP.

The number of Trust Units awarded under the UIP to each named executive officer is calculated based on a combined corporate target and individual target as determined by the Chief Executive Officer and the Compensation Committee. The maximum corporate target is determined annually once the year-end financial and operating results are available. The individual target is assigned based on the duties and responsibilities of the named executive officer. The Chief Executive Officer and the Compensation Committee evaluate the performance of each named executive officer in the previous year and assign an appropriate percentage of the corporate and individual targets, the sum of which is multiplied by the named executive officer’s base salary to produce a monetary value. In the case of the Chief Executive Officer, who does not receive a base salary from the

Trust, the Board relies on the expertise of the Compensation Committee in their review of the performance of the Chief Executive Officer and determining the monetary value of the UIP award which, in turn, is based on the overall management expertise, experience and performance of the Chief Executive Officer. The monetary value of the award is then divided by the fair market value of a Trust Unit, calculated as the five-day weighted average trading price for a Trust Unit on the TSX for the five trading days immediately preceding the grant, in order to determine the number of Trust Units the named executive officer is granted. The awarded Trust Units are purchased on the open market by an independent custodian on behalf of the grantees. One-third of the granted Trust Units vests immediately; one-third vests on the first anniversary of the grant and the final one-third vests on the second anniversary of the grant with respect to all officers and employees other than the Chief Executive Officer, whose award is fully vested at the time of the grant.

The custodian purchases the Trust Units and holds the unvested Trust Units in trust for the participants in the UIP. Distributions and other income are received by the custodian on the Trust Units while they are held in trust. Such distributions and other income are paid out annually in pro rata shares to the participants in the UIP as of December 30 of each year. All such payments received in 2008 by named executive officers are included in “**All Other Compensation**” in the **SUMMARY COMPENSATION TABLE**, below.

See “**Unit Incentive Plan**” under “**INCENTIVE PLAN AWARDS**” for further information on the significant elements of the UIP.

Cash Bonus Plan

In 2008, the Trust implemented a Cash Bonus Plan. The objective of the Cash Bonus Plan is to further align the interests of the Trust's employees, officers and directors with those of the Unitholders by encouraging maximization of distributions paid on Trust Units. All employees, officers and directors who participate in the Option Plan will receive a bonus under the Cash Bonus Plan if they remain an employee, officer or director of the Trust at the time the bonus is to be paid. The bonus is generally paid on January 15 of each year in reference to distributions paid on unexercised options to purchase Trust Units that vested under the Option Plan in the previous year.

Each of the named executive officers received a payment on or about January 15, 2009 in reference to options that were vested and unexercised on that date, as shown in "**Long-Term Annual Non-Equity Incentive Plans**" (Column f2) of the **SUMMARY COMPENSATION TABLE**, below.

See "**Cash Bonus Plan**" under '**INCENTIVE PLAN AWARDS**' for further information on the significant elements of the Cash Bonus Plan.

Discretionary Cash Bonus

The intent of discretionary cash bonuses is to reward executives who have exceeded their goals and shown exceptional performance which has contributed to the success of the Trust in the previous year. The Trust may choose to approve discretionary cash bonuses in years when the Compensation Committee deems it appropriate based on the performance of the Trust in financial, operational or other areas. Discretionary cash bonuses are short-term incentives and may be made annually. The Compensation Committee, based upon the recommendations of the CEO and having regard to other elements of compensation paid

to the named executive officers, determines the discretionary cash bonuses for the named executive officers, other than the Chief Executive Officer. Discretionary cash bonuses for the Chief Executive Officer are determined by the Board based on the recommendation of the Compensation Committee. No discretionary bonuses have been granted to the Chairman of the Board or the Chief Executive Officer since the inception of the Trust.

No discretionary bonuses were paid to any of the named executive officers in 2008.

SUMMARY COMPENSATION TABLE

The following table sets out information concerning the compensation awarded to, earned by, paid to, or payable to the Chief Executive Officer, the Chief Financial Officer and the three other executive officers of the Administrator who received the highest compensation for services performed for the Administrator in the year ended December 31, 2008 (collectively the "Named Executive Officers" or "NEOs").

Name and principal occupation (a)	Year (b)	Salary (\$) (c)	Share-based awards (\$) (d)	Option-based awards (\$) ⁽⁴⁾ (e)	Non-equity incentive plan compensation (\$) (f)		Pension value (\$) (g)	All other compensation (\$) (h)	Total compensation (\$) (i)
					Annual incentive plans ⁽⁵⁾ (f1)	Long-term incentive plans (f2)			
Clayton H. Riddell Chairman of the Board	2008	Nil ⁽¹⁾	Nil	42,260 ⁽³⁾	Nil	23,000 ⁽⁶⁾	N/A	17,250 ⁽⁷⁾	82,510
James H. T. Riddell President and Chief Executive Officer	2008	Nil ⁽¹⁾	216,186 ⁽²⁾	63,390 ⁽³⁾	Nil	23,000 ⁽⁶⁾	N/A	22,234 ⁽⁸⁾	324,810
Michael G. Kohut Chief Financial Officer	2008	255,000	73,957 ⁽²⁾	21,130 ⁽³⁾	Nil	170,250 ⁽⁶⁾	N/A	23,107 ⁽⁸⁾	543,444
John B. Williams Chief Operating Officer	2008	255,000	73,957 ⁽²⁾	31,695 ⁽³⁾	Nil	11,500 ⁽⁶⁾	N/A	24,871 ⁽⁸⁾	397,023
Gail L. Yester General Counsel and Corporate Secretary	2008	180,000	52,209 ⁽²⁾	21,130 ⁽³⁾	Nil	11,500 ⁽⁶⁾	N/A	20,435 ⁽⁸⁾	285,274

Notes:

- (1) Messrs. C. H. Riddell and J. H. T. Riddell hold executive offices with the Administrator and devote substantial time to the Trust's business, but they are not paid a salary by the Administrator for their services.
- (2) The amounts included represent the value of the vested and unvested Trust Units granted to NEOs under the Trust's Unit Incentive Plan ("UIP") in 2008. Mr. C. H. Riddell does not currently participate in the UIP. Trust Units for the entire grant are purchased through the facilities of the TSX by an independent custodian prior to each grant. Grantees receive the number of Trust Units that is obtained by dividing the dollar value of the bonus determined for them by the market value of a Trust Unit on the grant date. Accordingly, the grant date fair value has been calculated based on the market price of a Trust Unit on the grant date (determined on a five day weighted average price). 2008 UIP grants are recorded in Trilogy's financial statements as of December 31, 2008 at an average cost of \$9.07 per Trust Unit. For Mr. J. H. T. Riddell, the amount included represents Trust Units all vested on the grant date. For Mr. Kohut, Mr. Williams and Ms. Yester, one-third of the Trust Units granted vested immediately on the grant date of April 15, 2008, one-third will vest April 15, 2009 and the final one-third vest on April 15, 2010. Distributions on the unvested Trust Units, together with a pro rata share of distributions earned on forfeited Trust Units in the UIP and any other income in the UIP trust, are paid to the UIP participants at the end of each year and are included in column (h), "All Other

Compensation”. See information under “Unit Incentive Plan” in “COMPENSATION DISCUSSION AND ANALYSIS – Elements of Compensation Program” and “INCENTIVE PLAN AWARDS”.

- (3) The amounts included represent the grant date fair value of options granted under the Trust’s Unit Option Plan in 2008. None of the options are currently vested. One-fifth of the options vest each October from 2009 through 2013. See information under “Trust Unit Option Plan” in “COMPENSATION DISCUSSION AND ANALYSIS – Elements of Compensation Program” and “INCENTIVE PLAN AWARDS”.
- (4) Grant date fair value has been calculated in accordance with Section 3870 of the CICA Handbook.
- (5) No discretionary cash bonus payments were made in 2008.
- (6) The amounts included represent cash payments received by the NEO under the Cash Bonus Plan with respect to vested, unexercised options as of December 31, 2008. See information under “Cash Bonus Plan” in “COMPENSATION DISCUSSION AND ANALYSIS – Elements of Compensation Program” and “INCENTIVE PLAN AWARDS”.
- (7) The amount shown includes \$17,250 paid to Mr. C. H. Riddell for Board and committee meeting attendance and Board honorarium.
- (8) The amounts shown for Mr. Kohut, Mr. Williams and Ms. Yester include a \$10,000 contribution by the Trust to each NEO’s 2008 RRSP, a benefit payable to all employees and officers of the Trust and computed in accordance with a formula of 7.5% of the employee’s regular salary to a maximum of 50% of the CRA contribution limits. The amount shown for Mr. J. H. T. Riddell and the remainder of the amounts shown for the other NEOs (excluding C. H. Riddell) represents pro rata payment with respect to distributions on unvested units and income held in the trust account for the Unit Incentive Plan at the end of the year. (See “Unit Incentive Plan” in “COMPENSATION DISCUSSION AND ANALYSIS – Elements of Compensation Program” and “INCENTIVE PLAN AWARDS”). Other than as disclosed in this footnote, no NEO received perquisites, including property or other personal benefits not generally available to all employees, that are in the aggregate worth \$50,000 or more or 10% of their total salary for 2008.

INCENTIVE PLAN AWARDS

Outstanding Share-based Awards and Option-based Awards

Name	Option-based Awards ⁽¹⁾				Share-based Awards ⁽²⁾	
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options ⁽³⁾	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested ⁽³⁾
(a)	(#) (b)	(\$) (c)	(d)	(\$) (e)	(#) (f)	(\$) (g)
Clayton H. Riddell Chairman of the Board	100,000	4.85	Apr 30/14	93,000	Nil	Nil
	150,000	6.65	Jun 30/13	-		
	50,000	11.11	Apr 30/12	-		
	100,000	10.72	Apr 30/11	-		
	100,000	18.03	Apr 30/11	-		
James H. T. Riddell President and Chief Executive Officer	150,000	4.85	Apr 30/14	139,500	Nil	Nil
	150,000	6.65	Jun 30/13	-		
	62,500	11.11	Apr 30/12	-		
	125,000	10.72	Apr 30/11	-		
	125,000	18.03	Apr 30/11	-		
Michael G. Kohut Chief Financial Officer	50,000	4.85	Apr 30/14	46,500	4,561	26,262.58
	100,000	6.65	Jun 30/13	-	1,076	6,219.28
	35,000	11.11	Apr 30/12	-		
	125,000	10.72	Nov 30/10	-		
	125,000	19.65	Nov 30/10	-		
John B. Williams Chief Operating Officer	75,000	4.85	Apr 30/14	69,750	4,561	26,262.58
	100,000	6.65	Jun 30/13	-	1,973	11,403.94
	50,000	11.11	Apr 30/12	-		
	100,000	10.72	Apr 30/11	-		
	100,000	18.03	Apr 30/11	-		
Gail L. Yester General Counsel and Corporate Secretary	50,000	4.85	Apr 30/14	46,500	3,220	18,611.60
	100,000	6.65	Jun 30/13	-	1,385	8,005.30
	35,000	11.11	Apr 30/12	-		
	30,000	10.72	Apr 30/11	-		
	30,000	18.03	Apr 30/11	-		

Notes:

- (1) Awards of options to purchase Trust Units under the Trust Unit Option Plan. See “**Trust Unit Option Plan**” under “**COMPENSATION DISCUSSION AND ANALYSIS – Elements of Compensation Program**” and “**INCENTIVE PLAN AWARDS**”.
- (2) Includes the final one-third of the 2007 grant and two-thirds of the 2008 grant of Trust Units under the Unit Incentive Plan (“UIP”). See “**Unit Incentive Plan**” under “**COMPENSATION DISCUSSION AND ANALYSIS – Elements of Compensation Program**” and “**INCENTIVE PLAN AWARDS**”. Mr. C. H. Riddell currently does not participate in the UIP.
- (3) Based upon the trading price of \$5.78 for a Trust Unit on the TSX on December 31, 2008.

Incentive Plan Awards – Value Vested or Earned During the Year

Name (a)	Option-based awards – Value vested during the year ⁽¹⁾ (\$) (b)	Share-based awards – Value vested during the year ⁽⁴⁾ (\$) (c)	Non-equity incentive plan compensation – Value earned during the year ⁽⁵⁾ (\$) (d)
Clayton H. Riddell Chairman of the Board	131,500⁽²⁾	N/A	23,000.00
James H. T. Riddell President and Chief Executive Officer	164,375⁽²⁾	216,186.00	23,000.00
Michael G. Kohut Chief Financial Officer	- ⁽³⁾	36,297.63	170,250.00
John B. Williams Chief Operating Officer	92,050⁽²⁾	58,104.52	11,500.00
Gail L. Yester General Counsel and Corporate Secretary	26,300⁽²⁾	41,241.60	11,500.00

Notes:

- (1) No options vesting during the year would have had value if they were exercised on the vesting date.
- (2) The amounts shown represent the aggregate dollar value of Unit Appreciation Rights that vested during 2008. In 2005, the Trust granted Unit Appreciation Rights to its directors, officers and certain employees. Unit Appreciation Rights entitled the holder to receive, for each Unit Appreciation Right vested and exercised, a cash payment equal to the excess of the market price of a Trust Unit on the day preceding the exercise date over the base price of Unit Appreciation Rights as reduced. The base price of the Unit Appreciation Rights was \$10.11 but was reduced by the aggregate distributions paid or payable on the Trust Units from the date of the grant to the exercise date. At the vesting date of October 19, 2008, the reduced base price was \$3.36. All Unit Appreciation Rights expired on December 15, 2008. No Trust Units were issued on exercise of Unit Appreciation Rights. The above table does not include payments received by the NEOs in 2008 for Unit Appreciation Rights that had vested prior to 2008 of \$632,500 for Mr. C. H. Riddell, \$1,656,875 for Mr. J. H. T. Riddell, \$330,750 for Mr. Williams and \$189,800 for Ms. Yester. No further grants of Unit Appreciation Rights were made after 2005 or are currently intended as this compensation element has been replaced by the Option Plan.
- (3) Mr. Kohut did not hold Unit Appreciation Rights as he was not employed by the Trust at the time of the grant.
- (4) The amounts included represent the value of one-third of Trust Units granted under the Unit Incentive Plan in each of 2006, 2007 and 2008 that vested in 2008. The value of the one-third of Trust Units that vested in 2008 is also included in Share-based Awards in the Summary Compensation Table, above. The amounts included represent the aggregate dollar value realized upon vesting of share-based awards, computed by multiplying the number of units by the market value of the underlying Trust Units on the vesting date, based on a five day weighted average price. See “**Unit Incentive Plan**” under “**COMPENSATION DISCUSSION AND ANALYSIS – Elements of Compensation Program**” and “**INCENTIVE PLAN AWARDS**”.
- (5) The amounts shown represent cash payments received under the Cash Bonus Plan (as previously shown in Column f2 – Long Term Non-equity Incentive Plan payments - of the Summary Compensation Table). The bonus is calculated by reference to vested and unexercised options under the Option Plan, and is equal to the aggregate of all amounts that would have been payable by the Trust as distributions to the Participant if a Trust Unit had been held by the NEO instead of each vested and unexercised option held by the NEO from the date of grant of the option up to the earlier of the date the option was exercised and the end of the previous calendar year. See “**Cash Bonus Plan**” under “**COMPENSATION DISCUSSION AND ANALYSIS – Elements of Compensation Program**” and “**INCENTIVE PLAN AWARDS**”.

Trust Unit Option Plan ("Option Plan")

The Option Plan was adopted by the Board on September 21, 2005 and was adopted by the Unitholders on May 9, 2006. The Option Plan is administered by the Board and the Compensation Committee or, at the discretion of the Board, any other duly authorized committee of the Board. Directors, officers and employees of the Administrator and the Trust's other subsidiaries may be granted options ("Options") to purchase Trust Units under the Option Plan. The purpose of the Option Plan is to provide effective long-term incentives to the directors, officers and employees of the Trust's subsidiaries and to reward them on the basis of the long-term Trust Unit trading price performance. Options hold no value if the trading price of the Trust Units does not appreciate. By this approach, optionee and Unitholder interests are closely aligned.

The aggregate number of Trust Units that may be subject to all outstanding Options at the time of the grant, together with the aggregate number of Trust Units issuable by the Trust in connection with any other compensation arrangement involving the issuance of Trust Units from the treasury of the Trust, shall not exceed 10% of the outstanding Trust Units at that time. In addition, the aggregate number of Trust Units issued by the Trust in connection with exercises of Options, together with the aggregate number of Trust Units issued by the Trust in connection with any other compensation arrangement involving the issuance of Trust Units from the treasury of the Trust, in any one year period shall not exceed 10% of the outstanding Trust Units at the beginning of such one year period.

Because the Option Plan provides that a fixed percentage of issued and outstanding Trust Units can be reserved for issuance under the Option Plan rather than a fixed maximum number of Trust Units, the TSX requires a majority of the Board and Unitholders to approve the unallocated options under the Option Plan every three years after it is instituted. Accordingly, Unitholder approval of the unallocated options under the Option Plan is being sought again at the Meeting. The Board has unanimously approved the unallocated options under the Option Plan.

The Board, the Compensation Committee or any other duly authorized committee of the Board shall determine the number of Trust Units subject to each Option, the exercise price of each Option, the expiration date of each Option and the extent to which each Option is exercisable from time to time during the term of the Option. The exercise price of

any Option shall not be lower than the closing trading price of a Trust Unit on the Toronto Stock Exchange on the day immediately prior to the date of the grant of the Option. No financial assistance is provided by the Trust or any of its subsidiaries to facilitate the exercise of Options by holders. An Option will not be exercisable for a period exceeding ten years. Options are non-transferrable and non-assignable.

Vested Options may be surrendered for an amount equal to the excess, if any, net of any amounts required to be withheld under applicable legislation, of the volume weighted average trading price of the Trust Units on the TSX for the five trading days immediately prior to the date the Options are surrendered (the "VWAP") multiplied by the number of Trust Units represented by the Options surrendered, over the aggregate exercise price of the surrendered Options (the "Cash Settlement Amount"). Alternatively, vested Options may be surrendered for the number of Trust Units determined by dividing the net Cash Settlement Amount by the VWAP, and rounding down to the next highest whole number. In no circumstances will either the optionholder or the Trust, at any time, be obligated to surrender Options or accept the surrender of Options, as the case may be.

Under the Option Plan, Options are granted by the Trust's subsidiaries to their respective directors, officers and employees. Pursuant to an option support agreement among the Trust and its subsidiaries, upon the exercise of an Option or the surrender of rights under an Option in consideration for Trust Units as provided for in the Option Plan, the Trust will issue Trust Units to the applicable subsidiary to enable the subsidiary to satisfy its obligation to deliver Trust Units to the holder of such Option.

The Option Plan may be amended, suspended or discontinued by the Board at any time provided that no such amendment may adversely alter or impair any Option previously granted without the consent of the holder thereof. Any amendment to the Option Plan is subject to the approval of the TSX and Unitholders. However, amendments relating to the following matters may be approved by the Board without the approval of Unitholders, provided that such amendments do not contravene the requirements of the TSX or applicable securities law: (a) altering, extending or accelerating the terms of vesting applicable to any Option or group of Options; (b) altering the terms and conditions of vesting applicable to an Option or group of Options; (c) changing the termination provisions of an Option,

provided that the change does not entail an extension beyond the original expiry date of such Option; (d) accelerating the expiry date of an Option; (e) determining the adjustment provisions pursuant to the Option Plan; (f) amending the definitions in the Option Plan and other amendments of a "housekeeping" nature; and (g) amending or modifying the mechanics of exercise of Options.

As of the date hereof, no Trust Units have been issued upon exercise of Options granted under the Option Plan and a total of 4,720,500 Trust Units are issuable upon exercise of currently outstanding Options, representing approximately 4.8% of the issued and outstanding Trust Units as of the date hereof. Of the currently outstanding Options, 421,500 are exercisable. The majority of these Options will vest at various times in 2009 through 2013.

Equity Compensation Plan Information⁽¹⁾

Plan Category	Number of Trust Units to be issued upon exercise of outstanding Options	Weighted average exercise price of outstanding Options	Number of Trust Units remaining available for future issuance under the Trust Unit Option Plan
Trust Unit Option Plan approved by security holders	4,765,500	\$10.18	4,834,164

Note:

(1) All information is as at December 31, 2008.

Unit Incentive Plan ("UIP")

The Trust adopted the UIP on April 10, 2006. All officers and permanent employees of the Trust are eligible to receive awards under the UIP. The UIP is administered by the Compensation Committee.

The UIP is a share-based incentive plan in that it involves a grant of Trust Units that have been purchased on the open market rather than an issuance from treasury. The objectives of the plan are: (1) to strengthen the ability of the Trust to attract and retain qualified officers and employees; (2) to encourage the acquisition of Trust Units by employees and officers through the granting of Trust Unit Rights as bonuses in respect of services rendered by the employees and officers in a particular service year; and (3) to focus officers and employees of the Trust on operating and financial performance and the total long-term return for Unitholders by providing an increased incentive to contribute to the Trust's growth and profitability. It is designed to reward performance in the immediately preceding calendar year.

The Compensation Committee (or the Board in the case of the Chief Executive Officer) determines the number of Trust Unit Rights to be awarded to grantees. The Trust provides an independent

custodian with the funds required to purchase the requisite number of Trust Units. The custodian purchases the required Trust Units through the facilities of the TSX and holds them in trust for the grantees until the applicable vesting dates. None of the Trust, the Board, the Compensation Committee or the Chief Executive Officer shall have any direct or indirect control over the time, price, amount and manner of such purchases of Trust Units or the choice of broker through which the purchases are to be made.

Grants to the Chief Executive Officer of Trust Unit Rights under the UIP vest immediately. Grants to all other officers and employees vest as follows: one-third vests immediately on grant date, one-third on the first anniversary of the grant and the final one-third on the second anniversary of the grant date. If a service provider's rights to unvested Trust Unit Rights terminates, the Trust may either retain the applicable Trust Units and use them toward the following year's grant or instruct the custodian to liquidate the excess Trust Units through the facilities of the TSX and pay the cash proceeds to the Trust. While unvested Trust Units are held in trust by the custodian, distributions and other income are accumulated in the trust. Such distributions and

proceeds are paid out by the custodian at the end of the first and second year of each grant, and upon vesting of the final one-third of each grant, to the participants in each grant on a pro-rata basis.

Distributions on forfeited units (when a participant ceases to be an employee or officer) are included in this payment.

Cash Bonus Plan

The Compensation Committee approved the Trust's Cash Bonus Plan in November of 2008. A cash bonus is payable to the holders of vested and unexercised options to purchase Trust Units under the Option Plan issued on or after November 15, 2006. Participants receive the cash bonus calculated by reference to vested and unexercised options regardless of the then-current trading value of a TET Trust Unit. The bonus is not contingent upon the exercise or surrender for cash of the options. The cash bonus in reference to such vested and unexercised options is calculated on or before January 15th in each year, for payment to the holders thereof generally on January 15th of such year provided he/she is still an executive officer of the Trust as of such date ("Payment Date"). The amount of the cash bonus payable to a particular Participant on the Payment Date in any year will be equal to the aggregate of all amounts that would have been payable by TET as distributions to the Participant if a

TET Trust Unit had been held by the Participant instead of each vested and unexercised option held by the Participant from the date of grant of the option up to the earlier of the date the option was exercised and the end of the previous calendar year. The cash bonus on a Payment Date will be reduced by prior year cash bonuses (the bonus cannot be calculated in reference to an option more than once).

The amount of the cash bonus will be calculated from the date of grant of an option but only in respect of options that become vested. If a Participant exercises or surrenders for cash vested options, the cash bonus will be calculated and payable only up to the date of exercise or surrender for cash, as the case may be.

No cash bonus is payable in reference to any expired or terminated options.

DIRECTOR COMPENSATION

The directors of the Administrator (excluding the President & Chief Executive Officer) receive an annual honorarium for serving as a director of the Administrator, and fees for each Board, Committee and Unitholder meeting attended in person or by telephone and each resolution approved in writing in lieu of meeting. For the 2007/2008 corporate year, each director (excluding the Chairman of the Board and the President & Chief Executive Officer) received an honorarium of \$10,000, a fee of \$1,000 for each meeting attended in person or by telephone and for each resolution in lieu of meeting. Commencing in May 2008 for the 2008/2009 corporate year, the honorarium for each director (excluding the President & Chief Executive Officer) was increased to \$20,000 per director plus an additional \$5,000 to the Chairman of the Board and the Chairman of each Committee. Meeting attendance fees were increased to \$1,250 per meeting while the fee for approving resolutions in writing in lieu of meetings was decreased to \$500 per resolution. All such fees are paid in quarterly installments. The directors are also reimbursed for

their reasonable expenses for attending meetings. The directors of the Administrator are eligible to receive grants of Options to acquire Trust Units under the Option Plan, as may be determined from time to time by the President & Chief Executive Officer, and approved by the Compensation Committee. Newly appointed or elected directors receive their initial grant upon joining the Board. Thereafter, directors are eligible for grants of Options annually. The directors other than the Chairman of the Board and the President & Chief Executive Officer were granted an aggregate of Options to acquire 100,000 Trust Units during the year ended December 31, 2008. See information under "**Trust Unit Option Plan**" in the "**COMPENSATION DISCUSSION AND ANALYSIS – Elements of Compensation**" and "**INCENTIVE PLAN AWARDS**".

Directors are entitled to receive a cash payment in January of each year commencing in January 2009 equal to the amount of distributions paid on a Trust Unit, multiplied by each Trust Unit under Option from the date of the grant to the vesting date with

respect to all unexercised options that vested during the previous calendar year. See information in “**Cash Bonus Plan**” in the “**COMPENSATION DISCUSSION AND ANALYSIS – Elements of Compensation**” and “**INCENTIVE PLAN AWARDS**”.

The following table sets out all compensation awarded to, earned by, paid to, or payable to each

director of the Administrator excluding Mr. C. H. Riddell and Mr. J. H. T. Riddell during the year ended December 31, 2008. For information on compensation paid to Messrs. C. H. Riddell and J. H. T. Riddell, see the **SUMMARY COMPENSATION TABLE** above.

Name	Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	(\$)	(\$)	(\$) ⁽⁵⁾	(\$) ⁽⁶⁾	(\$)	(\$)	(\$)
M. H. Dilger	32,750	Nil	4,226 ⁽³⁾	2,300	N/A	Nil	39,276
D. A. Garner⁽¹⁾	13,750	Nil	93,546 ⁽³⁾⁽⁴⁾	5,600	N/A	Nil	112,896
W. A. Gobert	36,500	Nil	4,226 ⁽³⁾	32,780	N/A	Nil	73,506
R. M. MacDonald	34,000	Nil	4,226 ⁽³⁾	2,300	N/A	Nil	40,526
E. M. Shier⁽⁷⁾	31,750	Nil	4,226 ⁽³⁾	2,300	N/A	Nil	38,276
D. F. Textor	29,750	Nil	4,226 ⁽³⁾	2,300	N/A	Nil	36,276
J. G. Williams⁽²⁾	19,000	Nil	-	N/A	N/A	Nil	19,000

Notes:

- (1) Mr. D. A. Garner was appointed to the Board on June 15, 2008.
- (2) Mr. J. G. (Jack) Williams retired from the Board on May 15, 2008.
- (3) Grant date fair value of options granted under Trust Unit Option Plan. Entire value shown is with respect to unvested options, as none of the options granted in 2008 are currently vested. One-fifth of the options vest each October from 2009 through 2013. See information under “**Trust Unit Option Plan**” under “**COMPENSATION DISCUSSION AND ANALYSIS – Elements of Compensation Program**” and “**INCENTIVE PLAN AWARDS**”.
- (4) Includes Mr. Garner’s initial grant of options under the Trust Unit Option Plan upon his appointment to the Board in June of 2008.
- (5) Grant date fair value has been calculated in accordance with Section 3870 CICA Handbook.
- (6) The amounts included represent cash payments received by the directors under the Cash Bonus Plan with respect to vested, unexercised options as of December 31, 2008. See information under “**Cash Bonus Plan**” in “**COMPENSATION DISCUSSION AND ANALYSIS – Elements of Compensation Program**” and “**INCENTIVE PLAN AWARDS**”.
- (7) The above table does not include legal fees paid to Heenan Blaikie LLP in 2008 in the amount of \$16,430. Mr. Shier was a partner of Heenan Blaikie LLP until January 2009 and remains counsel to that firm.
- (8) The above table does not include the value of Unit Appreciation Rights that were paid to the directors in 2008. In 2005, the Trust granted Unit Appreciation Rights to its directors, officers and certain employees. Unit Appreciation Rights entitled the holder to receive, for each Unit Appreciation Right vested and exercised, a cash payment equal to the excess of the market price of a Trust Unit on the day preceding the exercise date over the base price of Unit Appreciation Rights as reduced. The base price of the Unit Appreciation Rights was \$10.11 but was reduced by the aggregate distributions paid or payable on the Trust Units from the date of the grant to the exercise date. All Unit Appreciation Rights expired on December 15, 2008, at which time the reduced base price was \$3.16. No Trust Units were issued on exercise of Unit Appreciation Rights. In 2008, the value of vested Unit Appreciation Rights paid to each director was \$40,560 for Mr. Dilger, \$90,180 for Mr. MacDonald, \$74,080 for Mr. Shier, \$150,120 for Mr. Textor and \$166,860 for Mr. Williams. Messrs. Garner and Gobert were not directors of the Administrator at the time of the grant. No further grants of Unit Appreciation Rights were made after 2005 or are currently intended as this compensation program has been replaced by the Trust’s Unit Option Plan.

EMPLOYMENT AGREEMENTS AND TERMINATION/CHANGE OF CONTROL AGREEMENTS

The Trust does not have employment agreements with any of its employees, officers or directors which include change of control rights or rights upon termination of employment or office.

However, the Option Plan, Unit Incentive Plan and Cash Bonus Plan contain provisions as to the effect of a recipient's rights to previously awarded compensation in the event of termination of the relationship between the Trust and the employee, officer or director as the case may be, or in the event of a change of control.

Under the Option Plan, unvested options terminate immediately upon termination of the relationship between the Trust and the employee or director. Vested options may be exercised by the personal representative of a deceased employee or director within six months of death. Vested options may be exercised within 60 days of retirement. In all other cases, vested options must be exercised within three

days of termination of the relationship. The Board may, in its discretion, accelerate vesting of options upon takeover bid, change of control, liquidation, dissolution or upon failure to re-elect the Board of the Administrator.

Under the Unit Incentive Plan, unvested Trust Units terminate immediately upon termination of the relationship between the Trust and the employee except in the case of death, in which case vesting is accelerated, and retirement, in which case vesting continues according to the Plan. The Board may, in its discretion, accelerate vesting of options upon takeover bid, change of control, liquidation, dissolution or upon failure to re-elect the Board of the Administrator.

Under the Cash Bonus Plan, all rights to a cash bonus terminate upon termination of options under the Option Plan.

UNIT OWNERSHIP / HOLD PERIOD REQUIREMENTS

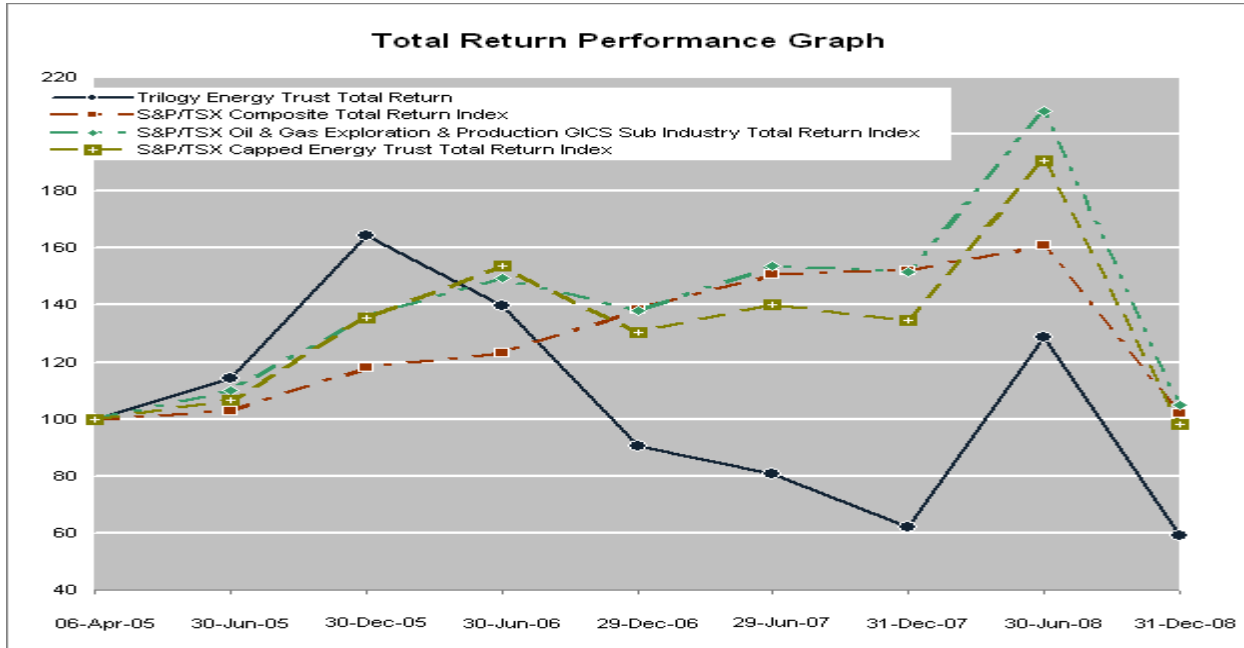
There are no specific requirements of officers or directors regarding the ownership of or hold periods with respect to Trust Units

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The Trust has not loaned money to or borrowed money from officers or directors.

PERFORMANCE GRAPH

The following graph illustrates changes from April 6, 2005, the day the Trust Units began trading on the TSX, to December 31, 2008, in cumulative Unitholder return, assuming an initial investment of \$100 in Trust Units with all distributions on Trust Units reinvested in additional Trust Units, compared to the S&P/TSX Composite Total Return Index, the S&P/TSX Oil & Gas Exploration Total Return Index and the S&P/TSX Capped Energy Trust Total Return Index, with all dividends and/or distributions reinvested.



* Prepared by Hay Group Limited

	06-Apr-05	30-Jun-05	30-Dec-05	30-Jun-06	29-Dec-06	29-Jun-07	31-Dec-07	30-Jun-08	31-Dec-08
Trilog Energy Trust Total Return	100	114	164	140	91	81	62	129	59
S&P/TSX Composite Total Return Index	100	103	118	123	138	151	152	161	102
S&P/TSX Oil & Gas Exploration & Production GICS Sub Industry Total Return Index	100	110	136	149	138	154	152	208	105
S&P/TSX Capped Energy Trust Total Return Index	100	107	135	154	130	140	135	191	98

The Trust believes Trilog Energy Trust's Total Return, as depicted in the line graph above, reflects not only operational and financial performance within the control of the Trust, but also volatile commodity prices and economic and market conditions beyond its control. The Trust's unit price has since been significantly affected by external factors including, without limitation, the October 31, 2006 SIFT taxation announcement and subsequent implementation by the Canadian Federal Government, the New Royalty Framework announced by the Alberta Government in 2008 and implemented on January 1, 2009 and the turbulent global economic and market conditions experienced since the end of the second quarter of 2008. During the same period, base salaries have increased moderately since 2005, with no salary increase having been granted in 2008. Option grants and Unit Incentive Plan grants have trended upward to coincide with a greater emphasis on incentive plan compensation. No discretionary bonuses were paid in 2008. The Trust does not provide the named executive officers with significant perquisites that are not generally available to all employees. Accordingly, the Trust believes its executive compensation has been prudent and reasonable over the period covered by the line graph depicted above notwithstanding the overall downward trend in the Trilog Energy Trust Total Return, as the compensation is based on market comparisons and also recognizes Management's financial and operational achievements during this period.

The Trust is committed to implementing best practices in corporate governance. The Corporate Governance Committee provides a focus on corporate governance that seeks to enhance the Trust's performance and ensure, on behalf of all stakeholders, that the Trust has an effective corporate governance regime.

The Corporate Governance Committee is presently comprised of W. A. Gobert (Chair), R. M. MacDonald (Lead Director) and E. M. Shier. A majority of the members are independent within the meaning of independence set out in National Instrument 58-101.

In developing its approach to governance, the Committee has given consideration to applicable legislation, the Trust Indenture, the Administrator's by-laws, the organization, structure and ownership of the Trust as well as to existing policies reflecting the Trust's values.

The Trust was established during a period of significant regulatory focus on corporate governance and developed its approach to corporate governance with a view to ensuring compliance with the regulatory initiatives that have been adopted. The information required by National Instrument 58-101 *Disclosure of Corporate Governance Practices* is set out in Schedule B to this Circular, and the Mandate of the Board is set out in Schedule C. The information required by National Instrument 52-110 *Audit Committees* is included in the Trust's Annual Information Form dated February 29, 2008 (the "AIF") under the heading "Audit Committee Information" and the Audit Committee Charter is set out in Appendix C to the AIF.

ADDITIONAL INFORMATION

Additional information about the Trust, including financial information, is provided in the Trust's financial statements and Management's discussion and analysis for the year ended December 31, 2008, which can be found, along with all other publicly filed documents, on the Trust's website at www.trilogyenergy.com and on SEDAR at www.sedar.com.

For additional copies of this Circular or the financial statements and Management's discussion and analysis for the year ended December 31, 2008, please contact Gail L. Yester, the Corporate Secretary of the Administrator, at 1400, 332 – 6th Avenue S.W., Calgary, Alberta T2P 0B2.

SCHEDULE A
Trilogy Energy Trust¹

Statement of Corporate Governance Practices

Disclosure Requirement	Our Corporate Governance Practices
1. Board of Directors	
a. Disclose the identity of directors who are independent.	M. H. Dilger, D. A. Garner, W. A. Gobert, R. M. MacDonald and D. F. Textor are independent, in accordance with the meaning of independence set out in National Instrument 58-101 <i>Disclosure of Corporate Governance Practices</i> ("NI 58-101"). M. H. Dilger, D. A. Garner and R. M. MacDonald, all of the members of the Audit Committee, are also independent as that term is defined in National Instrument 52-110 <i>Audit Committees</i> .
b. Disclose the identity of directors who are not independent, and describe the basis for that determination.	C. H. Riddell, J. H. T. Riddell and E. M. Shier are not independent. C. H. Riddell is not independent because he is the Chairman of the Board and he has a familial relationship with the President and Chief Executive Officer (the "CEO") of the Administrator. J. H. T. Riddell is not independent because he is the President and CEO of the Administrator. E.M. Shier is not independent because he is an officer of Paramount Resources Ltd., which owns more than 10% of the outstanding Trust Units of the Trust.
c. Disclose whether or not a majority of directors is independent. If a majority of directors is not independent, describe what the board of directors does to facilitate its exercise of independent judgement in carrying out its responsibilities.	A majority of the directors is independent.
d. If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	The following directors are also directors or trustees of the reporting issuers (or the equivalent) set out beneath their names: C. H. Riddell Paramount Resources Ltd. Paramount Energy Operating Corp., Administrator of Paramount Energy Trust Newalta Inc. MGM Energy Corp.

¹ Trilogy Energy Trust (the "Trust") has delegated the responsibility for the overall stewardship of the conduct of the business of the Trust and its subsidiaries and the activities of Management to its Administrator, Trilogy Energy Ltd. Accordingly, this statement of corporate governance practices describes the corporate governance practices of Trilogy Energy Ltd. However, where the context requires, references to the Trust refer collectively to the Trust and Trilogy Holding Trust, Trilogy Energy LP, Trilogy Energy Ltd. and all other direct and indirect subsidiaries of the Trust.

- e. Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of Management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

- f. Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.

J.H.T. Riddell

Paramount Resources Ltd.
MGM Energy Corp.
Big Rock Brewery Income Trust

Robert M. MacDonald

Newalta Inc.

Donald F. Textor

EOG Resources, Inc.

E. M. Shier

Alaris Royalty Trust

Wilfred A. Gobert

Gluskin Sheff + Associates Inc.
Catapult Energy 2006 Inc. (General Partner of
Catapult Energy Small Cap FTS Limited
Partnership)
Catapult Energy Management 2007 Inc. (General
Partner of Catapult Energy Small Cap 2007 FTS
Limited Partnership)
Catapult Energy 2008 Inc. (General Partner of
Catapult Energy 2008 FT Limited Partnership)

Donald A. Garner

North Peace Energy Corp.

The independent directors hold regularly scheduled meetings at which non-independent directors and members of Management are not in attendance. These meetings are typically held at the end of each Board meeting. Three such meetings have been held since the beginning of the Trust's most recently completed financial year. In 2008, both the Corporate Governance Committee and the Audit Committee also met without Management being present at each of their regularly scheduled committee meetings.

C. H. Riddell, the Chairman of the Board, is not an independent director. Mr. R. M. MacDonald is Lead Director, to assist the Board in fulfilling its duties effectively, efficiently and, when necessary, independently of Management of Trilogy. The Lead Director's responsibilities include, among other things, ensuring that the differences between the responsibilities of the Board and Management are understood by the Board and Management, ensuring the Board has adequate resources to support its decision-making requirements, ensuring a process is in place to monitor legislation and best practices, assisting and providing input to the Chairman of the Board on preparation of agendas for Board meetings as required, ensuring that independent directors have adequate opportunities to meet to discuss issues without Management present, acting as a liaison between the independent directors and Management as required, and chairing meetings as required.

- g. Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

	Board Meeting Attended	Committee Meetings Attended
C. H. Riddell	3 of 3	2 of 2
J.H.T. Riddell	3 of 3	2 of 2
D. A. Garner	1 of 1	2 of 2
M.H. Dilger	3 of 3	5 of 6
W.A. Gobert	3 of 3	4 of 4
R.M. MacDonald	3 of 3	6 of 6
E.M. Shier	3 of 3	4 of 4
D.F. Textor	3 of 3	1 of 2
Total Attendance Rate	100%	93 %

2. Board Mandate

- a. Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The Mandate of the Board is attached as Schedule C.

3. Position Descriptions

- a. Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.
- b. Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

The Board has developed position descriptions for the Chairman of the Board and the chair of each Board committee.

The Board and CEO have developed a position description for the CEO.

4. Orientation and Continuing Education

- a. Briefly describe what measures the board takes to orient new directors regarding:

A Corporate Governance Manual is provided to assist new and existing Board members in understanding the role of the Board, its committees

(i) the role of the board, its committees and its directors, and

(ii) the nature and operation of the issuer's business.

- b. Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

and the contribution individual Board members are expected to make. New directors will be made aware of the nature and operation of the business of the Trust through interviews with the Chairman and Management during which they are briefed on the Trust and its current business issues, and also through a review of operations which is presented to the Board semi-annually. In addition, the Trust plans to arrange field trips to the Trust's operations as appropriate.

An orientation program for new directors will be provided as required. Directors are provided with any available information that will facilitate the maintenance of their industry knowledge and professional skills. Directors are continuously updated on the business operations of the Trust through the semi-annual sessions to review operations. The Trust intends to facilitate directors' field trips to the Trust's areas of operation as appropriate. Directors are also updated on developments in best corporate governance practices through reports from the Corporate Governance Committee and on changes to financial reporting requirements through presentations from the auditors of the Trust.

5. Ethical Business Conduct

- a. Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:

(i) disclose how a person or company may obtain a copy of the code;

The Board has adopted a written Code of Business Conduct for all directors, officers, employees and consultants and a Code of Ethics for the CEO, President, CFO and senior financial supervisors. Both documents are available on the Trust's website at www.trilogyenergy.com and on SEDAR. In addition, each director has a copy of the Corporate Governance Manual which sets out the standard of conduct expected of directors as does the Disclosure and Insider Trading Policy of the Trust. The Board has also adopted a Whistleblower Policy.

Should anyone wish a hard copy of the Code of Business Conduct or the Code of Ethics, they may be obtained on request from G. L. Yester, Corporate Secretary, at 1400, 332 – 6th Avenue S.W., Calgary, Alberta T2P 0B2.

(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and

Each director, officer, employee and consultant receives a copy of the Code of Business Conduct, or is required to access an electronic copy of the Code of Business Conduct, on commencing his or her association with the Trust and is asked to certify that the Code of Business Conduct has been read and understood and that the Code of Business Conduct has and will be complied with. Officers and

employees must also certify that to their knowledge and belief, after due inquiry, no employee or consultant under their direct control or supervision is in violation of the Code of Business Conduct. Currently, the Trust monitors compliance by receiving, annually, certificates from all directors, officers, employees and consultants of the Trust confirming their continued compliance with the Code of Business Conduct.

(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

No material change reports have been filed by the Trust during the 2008 financial year relating to a director's or executive officer's departure from either the Code of Business Conduct or the Code of Ethics.

b. Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Directors and officers must disclose all interests and relationships of which the director or officer is aware which may give rise to a material conflict of interest. Directors are also required to disclose any actual or potential personal interest in a matter on which the Board is making a decision and withdraw from the deliberations. In addition, the Board Mandate provides that directors have the responsibility to act honestly and in good faith with a view to the best interests of the Trust.

c. Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

All directors, officers, employees and consultants are provided with a copy of the Code of Business Conduct which stresses that directors, officers, employees and consultants are expected and required to adhere to the highest ethical standards. Directors, officers, employees and consultants are asked to certify their review of and compliance with the provisions of the Code of Business Conduct and, both initially and on an ongoing basis, any actual or potential conflict of interest situations they are in. The Trust has also adopted a Disclosure and Insider Trading Policy which provides additional guidance on legal and ethical conduct required of all directors, officers, employees and consultants of the Trust and its affiliates. This Policy is available on the Trust's website at www.trilogyenergy.com or may be requested from G. L. Yester, General Counsel and Corporate Secretary at 1400, 332 – 6th Avenue S.W., Calgary, Alberta, T2P 0B2.

6. **Nomination of Directors**

a. Describe the process by which the board identifies new candidates for board nomination.

The Corporate Governance Committee is responsible, in conjunction with the Chairman of the Board, for identifying new candidates for nomination to the Board and recommending them to the Board when appropriate. Upon there being a vacancy on

the Board or a determination having been made that the Board should be expanded, the Corporate Governance Committee will meet to review whether there are particular competencies needed by the Board and to set forth the criteria in the selection process. The Committee will also determine whether any of the members are aware of potential candidates and will also review the advisability of securing independent consultants to assist in the search. Once a suitable candidate or candidates are identified, the Committee will meet with the Chairman for input, after which time, the candidate or candidates will be presented to the Board. The Board will discuss the competencies of the various candidates and, if applicable, identify one or more to be approached. The Board will also determine which Board member should make the contact after which that member will report back to the Board.

- b. Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.

The nominating function is performed by the Corporate Governance Committee. Until January 1, 2009, the Corporate Governance Committee was composed entirely of independent directors within the meaning of independence set out in NI 58-101. Effective January 1, 2009, Mr. E. M. Shier ceased to be an independent director. Mr. Shier remains a member of the Corporate Governance Committee but he is no longer the chair of that Committee. When there is a vacancy on the board, the Board is open to referrals from all directors and the status of the search for a director is openly discussed at Board meetings.

- c. If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The Corporate Governance Committee is responsible for considering the appropriate size of the Board, establishing the criteria for Board membership, assessing the competencies and skills of each existing director and any new nominees with a view to achieving competencies and skills that the Board as a whole should possess, proposing candidates for election or re-election and ensuring there is an orientation program in place for new Board members and a continuing education program in place for all directors.

7. Compensation

- a. Describe the process by which the board determines the compensation for the issuer's directors and officers.

The Corporate Governance Committee Charter provides that the Corporate Governance Committee will periodically review the adequacy and form of compensation of directors to ensure that the level of compensation realistically reflects the responsibilities and risks involved in being an effective director and report and make recommendations to the Board accordingly.

The annual bonus and other benefits, direct and indirect, of the CEO is recommended by the Compensation Committee for approval by the Board. The Compensation Committee also approves the compensation for all other designated officers after considering the recommendations of the CEO, all within the compensation policies and general human resources policies and guidelines concerning employee compensation and benefits approved by the Board.

- b. Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

The Compensation Committee is composed of two independent members, and one member who is not independent within the meaning of independence set out in NI 58-101. The Chairman of the Compensation Committee is independent. The Trust participates in an annual compensation survey conducted by independent consultants encompassing, *inter alia*, executive compensation. This survey examines the salary, benefits and other incentive programs in effect with other oil and gas issuers operating in Canada.

- c. If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

In addition to the Compensation Committee's responsibilities discussed in 7 a. above, the Compensation Committee also ensures that the Trust has programs in place to attract and develop Management of the highest caliber and to ensure orderly succession of Management; implements and administers compensation and general human resources policies and guidelines concerning executive compensation, contracts, stock option and other incentive plans, and proposed personnel changes involving officers reporting to the CEO; reviews the Trust's policies and programs relating to benefits; receives the CEO's recommendations relating to annual compensation policies and budgets for all employees, reviews the Trust's compensation policies and overall labour relations strategy; reports to the Board on the Committee's recommendations with regard to compensation of the CEO; and develops a calendar of annual activities to be undertaken by the Committee.

- d. If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

No compensation consultant or advisor has, at any time since the beginning of the 2007 financial year, been retained to assist in determining compensation for any of the directors and officers.

8. Other Board Committees

- a. If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The nominating function is performed by the Corporate Governance Committee as described above. The Board's fourth standing committee is the Environmental, Health and Safety Committee. The Committee's purpose is to review and monitor the environmental and employee health and safety policies and activities of the Trust and its subsidiaries.

In addition, the Audit Committee is responsible for, inter alia, reviewing the Trust's procedures relating to the disclosure of information with respect to oil and gas activities, including its procedures for complying with the requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. The Audit Committee also reviews the appointment of the independent engineering firm responsible for evaluating the Trust's reserves and reviews the reserves data and the report of the reserves evaluator prior to making recommendations to the Board with respect thereto.

9. Assessments

- a. Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Board is responsible for making regular assessments of its effectiveness as well as the effectiveness and contribution of each Board committee and each individual director. The Corporate Governance Committee establishes and administers a process (including a review by the full Board and discussion with Management) for assessing the effectiveness of the Board as a whole and the Board committees. A Board assessment and evaluation questionnaire is included in the Corporate Governance Manual and each director, as part of the overall assessment process, completes a questionnaire on an annual basis.

SCHEDULE C

TRILOGY ENERGY LTD. BOARD OF DIRECTORS MANDATE

A. INTRODUCTION

Trilogy Energy Ltd. (the "Corporation") is the Administrator of Trilogy Energy Trust (the "Trust") and Trilogy Holding Trust ("Holding Trust") and is the general partner of Trilogy Energy LP (the "Partnership"), an Alberta limited partnership indirectly owned by the Trust. Pursuant to the Trust Indenture of the Trust dated February 25, 2005, as amended and restated from time to time, and pursuant to an Administration Agreement dated February 25, 2005 among the Corporation, the Trust and Holding Trust, the Board of Directors of the Corporation (the "Board") has the responsibility for the overall stewardship of the conduct of the business of the Trust and its subsidiaries and the activities of Management of the Corporation, which is responsible for the day-to-day conduct of the business of the Trust. Where the context requires, references to the "Trust" refer collectively to the Trust, Holding Trust, the Partnership, the Corporation and all other direct and indirect subsidiaries of the Trust.

The Board's fundamental objectives are to enhance and preserve long-term unitholder value, to ensure the Trust meets its obligations on an ongoing basis and that the Trust operates its business in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests other stakeholders such as employees, customers and communities may have in the Trust. In overseeing the conduct of the business, the Board, through the Chief Executive Officer, shall set the standards of conduct for the Trust.

B. PROCEDURES AND ORGANIZATION

The Board operates by delegating certain of its powers to Management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting committees of the Board and determining Director compensation. Subject to the Articles and By-Laws of the Corporation, the *Business Corporations Act* (Alberta) (the "Act") and the terms of the Trust Indenture and the Administration Agreement, the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

C. DUTIES AND RESPONSIBILITIES

The Board's principal duties and responsibilities fall into a number of categories which are outlined below.

1. Legal Requirements

- (a) The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained;
- (b) The Board has the responsibility to:
 - (i) manage the business and affairs of the Corporation, the Partnership and the Trust;
 - (ii) act honestly and in good faith with a view to the best interests of the Corporation, the Partnership and the Trust;
 - (iii) in its capacity as administrator of the Trust, to exercise the care, diligence and skill that a reasonable, prudent trustee would exercise in comparable circumstances; and

- (iv) act in accordance with its obligations contained in the Trust Indenture and the Administration Agreement, the *Business Corporations Act* (Alberta) and the regulations thereto, the Corporation's Articles and By-Laws, securities legislation of each province and territory of Canada, and other relevant legislation and regulations;
- (c) The Board has the responsibility for considering the following matters as a full Board which shall not be delegated to Management or to a committee of the Board:
 - (i) any submission to the Unitholders of the Trust of a question or matter requiring the approval of the Unitholders;
 - (ii) the filling of a vacancy among the directors or in the office of auditor;
 - (iii) the issuance of securities of the Trust or the Corporation;
 - (iv) the declaration of distributions of the Trust;
 - (v) the purchase, redemption or any other form of acquisition of securities issued by the Trust;
 - (vi) the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase securities of the Trust from the Trust or from any other person, or procuring or agreeing to procure purchasers for any such shares;
 - (vii) the approval of Management proxy circulars of the Trust;
 - (viii) the approval of the annual financial statements of the Trust, the Trust's Management discussion and analysis and annual information form; and
 - (ix) the adoption, amendment or repeal of By-Laws of the Corporation.

2. Independence

The Board has the responsibility to ensure that appropriate structures and procedures are in place to facilitate the Board to function independently of Management. In this regard, the Board shall consist of a majority of "independent directors"ⁱ, as that term is defined in Section 1.4 of Multilateral Instrument 52-110, *Audit Committees* or such guidelines as may hereafter replace the same. The independent board members should hold separate, regularly scheduled meetings at which non-independent directors and members of Management are not in attendance.

3. Strategy Determination

The Board has the responsibility to ensure there are long-term goals and a strategic planning process in place for the Trust and to participate with Management directly or through its committees in developing and approving, as required, the mission of the business of the Trust and the strategic plan by which it proposes to achieve its goals, which strategic plan takes into account, among other things, the opportunities and risks of the Trust's business.

4. Managing Risk

The Board has the responsibility to understand the principal risks of the business in which the Trust is engaged, to achieve a proper balance between risks incurred and the potential return to Unitholders, and to ensure there are appropriate systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Trust.

5. Division of Responsibilities

The Board has the responsibility to:

- (a) appoint and delegate responsibilities to committees where appropriate to do so; and
- (b) develop position descriptions for:
 - (i) the Chair of the Board;
 - (ii) the President and Chief Executive Officer;
 - (iii) the Chief Operating Officer; and
 - (iv) the Chief Financial Officer.

6. Appointment, Training and Monitoring Senior Management

The Board has the responsibility:

- (a) to appoint the Chief Executive Officer, to monitor and assess the Chief Executive Officer's performance, to determine and approve the Chief Executive Officer's compensation, and to provide advice and counsel in the execution of the Chief Executive Officer's duties;
- (b) to approve the appointment and remuneration of all other designated corporate officers, acting upon the advice of the Chief Executive Officer;
- (c) to the extent feasible, to satisfy itself as to the integrity of the Chief Executive Officer and other corporate officers and that the Chief Executive Officer and other corporate officers create a culture of integrity throughout the organization;
- (d) to ensure that adequate provision has been made to train and develop Management and for the orderly succession of Management; and
- (e) to ensure that Management is aware of the Board's expectations of Management.

7. Policies, Procedures and Compliance

The Board has the responsibility:

- (a) to ensure that the Trust and its affiliates operate at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (b) to approve and monitor compliance with significant policies and procedures by which the Trust and its affiliates are operated;
- (c) to ensure the Trust and its affiliates sets high environmental standards in its operations and is in compliance with environmental laws and legislation; and
- (d) to ensure the Trust and its affiliates has in place appropriate programs and policies for the health and safety of its employees in the workplace.

8. Reporting and Communication

The Board has the responsibility:

- (a) to ensure the Trust has in place policies and programs to enable the Trust to communicate effectively with its Unitholders, other stakeholders and the public generally;
- (b) to ensure that the financial performance of the Trust is adequately reported to Unitholders, other security holders and regulators on a timely and regular basis;
- (c) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting standards;
- (d) to ensure the timely reporting of any other developments that have a significant and material impact on the value of the Trust;
- (e) to report annually to Unitholders on its stewardship of the affairs of the Trust for the preceding year; and
- (f) to develop appropriate measures for receiving unitholder feedback.

9. Monitoring and Acting

The Board has the responsibility:

- (a) to monitor the Trust's progress towards its goals and objectives and to revise and alter its direction through Management in response to changing circumstances;
- (b) to take action when performance falls short of its goals and objectives or when other special circumstances warrant;
- (c) to ensure that the Trust has implemented adequate internal control and Management information systems which ensure the effective discharge of its responsibilities; and

- (d) to make regular assessments of the Board's effectiveness, as well as the effectiveness and contribution of each Board Committee and each individual director, which responsibility has been delegated to the Corporate Governance Committee in conjunction with the Chairman of the Board.

¹ 1.4 **Meaning of Independence --**

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" means a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is, a partner of a firm that is the issuer's internal or external auditor;
 - (ii) is an employee of that firm; or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time.
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of the firm that is the issuer's internal or external auditor;
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at the same time on the entity's compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because:
 - (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004;or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
 - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer; and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3) an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member: (a) has previously acted as an interim chief executive officer of the issuer; or (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.