



TRILOGY ENERGY CORP.
Calgary, Alberta

February 22, 2011

NEWS RELEASE: TRILOGY ENERGY CORP. ADVISES ON 2010 CANADIAN INCOME TAX INFORMATION

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

The information provided herein is intended for individual, shareholders (“Shareholders”) of Trilogy and former Unitholders who are Canadian residents and who held their respective Trilogy shares (“Shares”) or Trust units (“Units”) as capital property. A separate release is provided to US individual Shareholders or prior Unitholders to assist in reporting Trilogy and Trust income for United States federal income tax purposes.

DIVIDENDS PAID BY TRILOGY ENERGY CORP.

Trilogy confirms that, for Canadian income tax purposes, dividends declared and paid to Shareholders by Trilogy after February 5, 2010 have been designated as “eligible dividends”. The following table outlines the eligible dividends (equal to total cash dividends) paid per share by Trilogy with respect to record dates from March 1, 2010 to December 31, 2010 for Canadian income tax purposes:

Record Date	Payment Date	Eligible Dividend (per share)	
1-Mar-10	15-Mar-10	\$	0.035
31-Mar-10	15-Apr-10	\$	0.035
30-Apr-10	17-May-10	\$	0.035
31-May-10	15-Jun-10	\$	0.035
30-Jun-10	15-Jul-10	\$	0.035
3-Aug-10	16-Aug-10	\$	0.035
31-Aug-10	15-Sep-10	\$	0.035
30-Sep-10	15-Oct-10	\$	0.035
1-Nov-10	15-Nov-10	\$	0.035
30-Nov-10	15-Dec-10	\$	0.035
31-Dec-10	17-Jan-11	\$	0.035
		\$	0.385

DISTRIBUTIONS PAID BY TRILOGY ENERGY TRUST

Trilogy also confirms that, for Canadian income tax purposes, the distribution of \$0.05 per trust Unit declared by the Trust to Unitholders of record on February 1, 2010, and paid on February 16, 2010, should be reported entirely as a return of capital (box 42 of the T3 slip). Accordingly, no taxable amount (box 26 of the T3 slip) should be reported in respect of this distribution.

GENERAL

The information contained herein is based on Trilogy's understanding of the Income Tax Act (Canada) and the regulations thereunder, and is provided for general information only. It is not intended to be an exhaustive discussion of all possible income tax considerations and does not constitute legal or tax advice to any prior holder of Trust Units or holder of Trilogy Shares. Former Unitholders and Shareholders are advised to consult their personal tax advisors with respect to their particular circumstances.

Units or shares held within an RRSP, TFSA, RRIF, RESP or DPSP

If a former Unitholder or Shareholder held their Units or Shares in an RRSP, TFSA, RRIF, RESP or DPSP, no amounts are required to be reported by the Unitholder or Shareholder in their 2010 T1 Income Tax Return.

Units held outside of an RRSP, TFSA, RRIF, RESP or DPSP

A former Unitholder's "adjusted cost base" ("ACB") of their Units will be reduced by the non-taxable portion of the 2010 distributions (i.e., "Amount resulting in a cost base adjustment" - Box 42 on the T3 Slip). The ACB is used in calculating capital gains or losses on the disposition of Units if the Unitholder held their Units as "capital property". To the extent that the ACB of a Unit to a Unitholder otherwise would be less than zero, the negative amount will be deemed to be a capital gain of the Unitholder from the disposition of the Unit in the year in which the negative amount arises.

REPORTING

If a former Unitholder or Shareholder (the "Individual") held their Shares or Units with a broker or other intermediary and received distributions or dividends, as applicable, from the broker or other intermediary, the Individual will receive a T3 Slip or T5 Slip, as applicable, from the broker or intermediary. If the Individual received distributions or dividends directly from the transfer agent, Computershare Trust Company of Canada, and not from a broker or intermediary, the Individual will receive a T3 slip or T5 Slip, as applicable, from Computershare Trust Company of Canada. The deadline for mailing all T5 and T3 Slips is February 28, 2011 and March 31, 2011, respectively.

ABOUT TRILOGY

Trilogy is a petroleum and natural gas-focused Canadian energy corporation that actively acquires, develops, produces and sells natural gas, crude oil and natural gas liquids. Trilogy's geographically concentrated assets are primarily low-risk, high working interest, lower-decline properties that provide abundant infill drilling opportunities and good access to infrastructure and processing facilities, many of which are operated and controlled by Trilogy. Trilogy's common shares are listed on the Toronto Stock Exchange under the symbol "TET".

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