

Action No.: _____
Deponent: Todd A. Dillabough
Date Sworn: September 8, 2009

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TRIDENT EXPLORATION CORP. ULC, FORT ENERGY CORP. ULC, FENERGY
CORP. ULC, 981384 ALBERTA LTD., 981405 ALBERTA LTD., 981422 ALBERTA
LTD., TRIDENT RESOURCES CORP., TRIDENT CBM CORP., AURORA ENERGY
LLC., NEXGEN ENERGY CANADA, INC. AND TRIDENT USA CORP.**

AFFIDAVIT

I, Todd A. Dillabough, of the City of Calgary, in the Province of Alberta, **MAKE OATH
AND SAY THAT:**

1. I am the President and Chief Executive Officer of Trident Exploration Corp. ULC ("TEC"), the President, Chief Executive Officer, and Chief Operating Officer of Trident Resources Corp. ("TRC"), and a senior officer of each of the Applicants, and as such I have personal knowledge of the matters to which I hereinafter depose, except where stated to be based on information and belief, in which case I verily believe the same to be true.
2. Prior to joining TRC and TEC in November of 2007, I was the President, Chief Executive Officer, and Chief Operating Officer of another large oil and gas exploration company. I am a professional Geologist, a former Governor of the Canadian Association of Petroleum Producers and have had over 25 years experience in the oil and gas exploration industry.
3. I am authorized by each of the Applicants to depose this Affidavit and I do so on their behalf.

RELIEF REQUESTED

4. I make this affidavit in support of an application by all of the Applicants (collectively, the “Applicants” or “Trident”) for an Order pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended, (the “CCAA”) granting certain relief, including the following:

- (a) a declaration that the Applicants are entities to which the CCAA applies;
- (b) a stay of all proceedings and remedies taken, or that might be taken, with respect to the Applicants, their respective property and undertaking, without leave of the Court or as otherwise permitted by law;
- (c) authorizing the Applicants to carry on business in a manner consistent with the preservation of their property and to make certain payments in connection with their business in the proceedings herein;
- (d) appointing FTI Consulting Canada ULC (“FTI”), as Monitor of the Applicants in these proceedings;
- (e) permitting the Applicants to file with the Court a plan or plans of compromise or arrangement; and
- (f) certain other relief more specifically discussed below, including approving:(i) the retention of Rothschild Inc. as Trident’s financial advisor; (ii) a mechanism to pay critical suppliers; (iii) an inter-company charge to facilitate certain cash management requirements of Trident; (iv) a retention plan in respect of Trident’s employees and related charge; and (v) a cross-border Protocol with respect to these proceedings and certain related proceedings ongoing in the United States.

5. The Applicants comprise a group of affiliated entities that intend to commence related reorganization proceedings by filing voluntary petitions for relief under Chapters 11 and 15 of Title 11 of the United States Code (the “US Bankruptcy Code”), seeking first day relief in the US Bankruptcy Court for the District of Delaware (the “US Bankruptcy Court”), on behalf of some or all of the Applicants.

OVERVIEW

The Trident Companies

6. The Applicants are a group of affiliated corporations in Canada and the United States in the business of natural gas exploration and development, principally focused on coal bed methane (“CBM”) and shale gas from lands in the Western Canadian Sedimentary Basin (“WCSB”). Their head office is in Calgary, Alberta. A diagram depicting the corporate organization of Trident is attached hereto and marked as Exhibit “A”.

7. TRC is a Delaware corporation with no direct operations. It owns 100% interest in the following corporations, each of which is a direct subsidiary of TRC: Trident CBM Corp. (*California*), Aurora Energy LLC (*Utah*), NexGen Energy Canada, Inc. (*Colorado*), Trident USA Corp. (*Delaware*) and NRL Energy Investments Ltd. (*Alberta*).¹ TRC also holds, directly and indirectly (through Trident CBM Corp., Aurora Energy LLC, NexGen Energy Canada, Inc. and NRL Energy Investments Ltd.), over 99% of TEC’s common shares.

8. TRC and its U.S. subsidiaries serve as the primary source of fund raising for Trident’s capital programs and, through Trident USA Corp. (“Trident USA”), developing Trident’s potentially significant gas reserves in the Columbia River basin, all as are described in more detail below.

9. TEC is a Nova Scotia unlimited liability corporation, extra-provincially registered in Alberta and British Columbia (“B.C.”) and carrying on business in Alberta, B.C., Washington, and Oregon. TEC is the main operating corporation in Trident and maintains a head office, with approximately 105 employees, predominantly in Calgary, Alberta. TEC is the only entity in Trident that has employees.

10. TEC owns a 100% interest in the following Canadian corporations, each of which is a direct subsidiary of TEC: Fort Energy Corp. ULC (*Nova Scotia*), Fenenergy Corp. ULC (*Nova Scotia*), 981384 Alberta Ltd. (*Alberta*) and 981405 Alberta Ltd. (*Alberta*).²

¹ Italics designate place of incorporation.

² *Ibid*

11. TEC and its Canadian subsidiaries own and operate the majority of Trident's gas plays in Alberta and B.C., all as described in more detail below.

Background

12. Trident's business was founded in 2000 with the acquisition of certain working interests in lands in Alberta and British Columbia. TRC's primary subsidiary, TEC, was formed in September, 2001 and capitalized in October, 2001 when the then-owners of certain working interests contributed their interests in exchange for common and preferred shares of TEC. At the end of 2003, Trident recorded its first Horseshoe Canyon proved CBM reserves. It booked its first Mannville proved CBM reserves at year end 2004, and in July, 2005, it announced the commerciality of the Corbett project in the Mannville play. This was the first commercial Mannville CBM field on the trend in Canada and remains the largest producing field developed to date. In mid-2009, Trident achieved a significant drilling milestone having operated the drilling of greater than 900,000 metres (or 3,000,000 feet) of horizontal and multi-lateral horizontal drilling in the first commercial Mannville CBM field in Canada. Currently, Trident targets CBM³ in its core producing areas in the Mannville and Horseshoe Canyon CBM plays in Alberta. In 2009, development in the emerging Montney Shale play in British Columbia has become a more significant portion of Trident's capital expenditures program. Trident also has an ownership in certain exploratory land positions in the Northwestern United States.

Operations and Assets

13. Trident focuses on its developments in Horseshoe Canyon and Mannville, (CBM projects in Alberta), the Montney Shales (shale gas in B.C.), and the Columbia River Basin (CBM situated across the border of Washington and Oregon), all of which are described in more detail below.

³ In Alberta, methane gas produced from coal seams is generally referred to as coal bed methane gas ("CBM"). CBM gas is the same natural gas used to heat homes and generate electricity. CBM gas is liberated from buried coal deposits. The gas is stored within the molecular structure of the coal and is held in place by the pressure of the overlying rock and, in many cases, by ancient salt water circulating through the coal seam. To produce this gas as is the case with the Mannville coal in Alberta, the water must be first removed from the coal or dewatered. Upon dewatering the pressure in the coal seam reduces and the gas is then liberated from within the coal seam flowing up the wells to the pipeline. The produced water is then re-injected into deeper geological zones within the field boundaries. The HSC coal trend in Alberta by contrast is a dry coal not requiring any dewatering to produce commercial gas rates.

14. Throughout these four geographic areas, Trident has assembled an extensive property base. As of June 30, 2009, Trident had natural gas and oil leasehold interests in approximately 1.7 million gross (1.3 million net) acres, of which approximately 75% were undeveloped. Based on the evaluation of approximately 20% of its total net undeveloped acreage, it has identified approximately 1,750 risked evaluated surface drilling locations, which are locations specifically identified and scheduled by management as an estimate of Trident's near-term multi-year drilling activities on existing acreage over the next five to seven years. As of June 30, 2009, Trident owned interests in 1,045 economic producing wells. Trident's average working interest in those wells is approximately 54%.

Mannville Formation

15. TEC is the largest producer of natural gas in the Mannville formation in Central Alberta, wherein it has leasehold acreage of over 551,000 acres acquired through joint venture earnings, farm-ins, and Crown land purchases. TEC operates greater than 70% of the total producing Mannville CBM assets in Canada, which comprises about 58% of Trident's average daily net production for the second quarter of 2009.

16. TEC has been active in the Greater Corbett Creek area of the Mannville formation since 2000 and achieved the first successful commercial project in the Mannville play in Canada in 2005. This play is estimated by the Canadian Society for Unconventional Gas (2007 Energy Evolution Report) to contain up to 300 Tcf (trillion cubic feet) of natural gas resource potential, of which less than 0.1% has been produced to date. TEC operates the majority of its currently developed interests in the Mannville CBM play through its joint venture with Nexen Inc.

17. TEC has evaluated approximately 180 future surface drilling locations for development in the Greater Corbett Creek area. At each location, TEC plans to drill a single vertical well bore from which up to four horizontal legs may be drilled to target differing subsurface locations in the coal beds. TEC's research indicates that production from these yet unproved locations should be comparable to other leading resource plays in North America.

18. TEC operates five gas processing plants, in which it holds an average 67% ownership interest, in the Greater Corbett Creek area.

Horseshoe Canyon

19. Trident is one of the five largest producers of natural gas in the Horseshoe Canyon CBM play. This play is currently the most successful commercial CBM play in the WCSB. The majority of these lands were acquired through joint venture earning with Husky Oil Operations Limited. Production from the Horseshoe Canyon play accounted for approximately 42% of Trident's average daily net production for the second quarter of 2009.

20. TEC has been active in the Horseshoe Canyon CBM project since 2002. This project is one of the most successful, predictable, and low risk projects in the WCSB. TEC's operated lands are within the most productive part of the formation, and result in average peak production rates approximately 63% higher than the average production rates for the entire Horseshoe Canyon play. Additionally, the Horseshoe Canyon CBM play produces no appreciable water, and therefore the cost of production is lessened as there is no dewatering required. TEC believes this is the only significant producing dry coal play in North America.

21. TEC acquired the majority of its interest in the Horseshoe Canyon CBM play through a participation and farm out agreement with Husky Oil Operations Limited. TEC is presently preparing applications for approval from the Alberta Energy Resources Conservation Board ("ERCB") to down space from four to eight wells per section, on approximately 475 sections of land in this play, which would increase the current approved 400 drilling locations to a total of approximately 1,500 evaluated drilling locations.

22. In the Horseshoe Canyon CBM play, TEC has an approximate 55% ownership interest in 11 processing plants and operates six of them.

Montney Shale

23. TEC (through its various subsidiaries and affiliates) owns and operates a land block with a 70% working interest in the heart of the emerging Montney Shale gas trend, which stretches from Northeast British Columbia into Northwest Alberta. This was acquired by Trident in 2006. The use of new techniques has recently resulted in production opportunities that were previously unavailable. In 2008 TEC entered into an exploratory joint venture with Kerogen Resources

Canada, ULC, since purchased by Encana Corp., to work these lands under a joint operating agreement.

24. To date, Trident has successfully drilled four new wells into the lands including the first two multilateral horizontal wells drilled by any operator on this play trend. Commercial gas production has been tested from the first three wells during 2009. The remaining well, that is a multilateral well, is planned to be completed in the third quarter of 2009. The infield pipelines have been installed and facilities are currently being constructed to service the four wells drilled to date. The field is scheduled to begin natural gas production on or about November 1, 2009 with the completion of a gas processing plant expansion owned and operated by a third party

25. The economics of cost versus production for the wells in this trend show comparable production to leading resource plays in North America. TEC anticipates future usage of the multilateral drilling techniques it has developed for use in its Mannville operations on the (largely contiguous) approximately 12,350 gross (8,645 net) acres in the Montney Shale area as well. TEC presently has plans to exploit several geological zones in the Montney play throughout the 19 sections that it holds. On land directly adjacent to TEC's, ARC Energy Trust has drilled the thickest net shale gas pay section in its Montney Shale project, giving TEC strong positive indications of the future potential of this play.

Columbia River Basin

26. Trident, through Trident USA, also owns significant natural gas and oil interests in the Columbia River Basin area, which encompasses a thick basalt-capped sedimentary basin on the southern border of Washington with Oregon, and the Snake River Basin area, an inter-bedded sedimentary and basalt basin on Oregon's eastern border with Idaho. Each of these areas is generally characterized as being exploratory in nature. Delta Petroleum Corp., a U.S. oil and gas company, has just finished drilling a promising exploration well approximately two miles offsetting Trident's lands that required just over one year to reach total depth. Currently Delta is licensing a second location offsetting their first well and some of Trident's lands. The first Delta well began completion operations in mid July, 2009, to determine the potential productivity of the reservoirs encountered in the well. Delta has also begun permitting for a pipeline to tie-in the well, if successful, to a regional sales gas pipeline owned and operated by a third party.

27. Preliminary indications suggest that these assets could potentially add significant value to Trident. The recent activity in Delta's project suggests that these lands could contain significant extractable resources. Trident monitors public statements regarding developments in this area.

Material Agreements

28. Trident's development of its various gas plays is conducted in conjunction with various partners, who participate with Trident in various farm-in arrangements and joint venture agreements. Primarily these partners include:

- (a) Husky Oil Operations Limited (Horseshoe Canyon CBM);
- (b) Nexen Inc. (Mannville CBM); and
- (c) Encana Corp. (Montney Shale).

29. In some of these agreements with these parties, Trident earned and can continue to earn rights to certain lands and other assets in consideration for completion of drilling and operational obligations.

30. In the majority of the lands, Trident is the designated operator under its joint venture agreements, which in each case adopt the operatorship provisions of the Canadian Association of Petroleum Landmen 1990 Operating Procedure. It is anticipated that Trident will be able to continue to meet its operatorship duties in full, should a proceeding under the CCAA be initiated, and that none of its joint venture, joint operating, or farm-in/farm-out partners will be materially affected or prejudiced by the CCAA proceedings.

31. Trident has demonstrated itself to be one of the most proficient operators of CBM assets in the WCSB, successfully implementing innovative drilling techniques and compression solutions, resulting in higher production rates and lower per unit operating costs than our peers. Moreover, the benefits of operatorship serve to materially enhance Trident's value. It is important to Trident that these operatorships be preserved.

32. Trident markets the majority of its natural gas production for its own account and the accounts of some of its working interest owners. This is accomplished through hedging

contracts that are considered short-term (i.e. less than 12 months), and generally near current market rates.

33. Trident intends to dedicate the majority of its future capital expenditures to further the development and expansion of its core producing properties in the Mannville, Horseshoe Canyon and Montney plays. It believes that these concentrated land positions with associated operated production facilities and pipelines represent a large, low-risk drilling portfolio with a high probability of generating strong economic returns.

34. TEC maintains minimal equipment and vehicle rental obligations, as the majority of its field staff is independently contracted.

LIABILITIES

35. Trident has four distinct “material” credit facilities through which it has, since its inception in 2000, generated most of its operating capital. In addition to these secured and unsecured facilities, Trident has engaged in sales of its common and preferred stock through private transactions. The four credit facilities are more particularly described as follows:

- (a) *TEC First Lien Credit Agreement*: TEC has a \$10.0 million CDN revolving secured credit facility from The Toronto Dominion Bank, from which it has access to revolving loans, bankers’ acceptances, and letters of credit. The interest rate is bank prime rate plus 1% for Canadian prime rate loans, and LIBOR plus 2% for LIBOR loans. There is a 2% fee for bankers’ acceptances and letters of credit. It is a 364-day revolving facility that matures on October 2, 2009. There is presently approximately \$ 5.4 million CDN outstanding under this facility.

This facility is guaranteed by the following subsidiaries of TEC: Fort Energy Corp. ULC, Fenergy Corp. ULC, 981384 Alberta Ltd., and 981405 Alberta Ltd (“TEC’s Material Subsidiaries”). This facility is secured by a first charge over all of the present and future assets and undertaking of TEC and TEC’s Material Subsidiaries.

- (b) *TEC Second Lien Credit Agreement:* TEC is a borrower of \$500.0 million USD under this facility which has been granted by a syndicate of U.S. lenders, which matures on April 26, 2011 for term advances of \$450.0 million and on April 26, 2012 for term advances of \$50.0 million. For base rate advances, interest accrues at 6.5% plus the greater of a) the US Federal Funds Rate plus 0.5%, and b) the prime rate. For Eurodollar advances, interest accrues at LIBOR plus 7.5%. This facility can be repaid with a 2% prepayment premium, if before August 20, 2009, or with no penalty thereafter. This facility is secured by a second charge over all of the present and future assets and undertakings of TEC and TEC's Material Subsidiaries.

This facility is guaranteed by TEC's Material Subsidiaries, and is secured by a second charge over all of the present and future assets and undertakings of TEC and TEC's Material Subsidiaries.

- (c) *TRC 2006 Credit Agreement:* TRC is a borrower of \$270 million USD under this facility which has been granted by a syndicate of U.S. lenders, which matures on November 24, 2011. For base rate advances, interest accrues at 11% plus the greater of a) the US Federal Funds Rate plus 0.5%, and b) the prime rate. For Eurodollar advances, interest accrues at LIBOR plus 12% to November 24, 2008 and LIBOR plus 14% thereafter. Interest on this facility is paid in kind until November 24, 2009. This facility can be repaid with a 2.5% premium before August 20, 2009, and without penalty thereafter. This facility is secured by certain present and future assets of TRC.

This facility is guaranteed by the following US subsidiaries of TRC: Aurora Energy LLC, Trident CBC Corp., NexGen Energy Canada Inc., and Trident US, all of whom have granted a first charge over all of their present and future assets and undertaking. This facility is additionally guaranteed by TEC and TEC's Material Subsidiaries up to the limited amount of \$150 million, on an unsecured basis.

- (d) *TRC 2007 Subordinated Credit Agreement:* TRC is a borrower under this unsecured facility for \$120 million CDN, which matures on August 31, 2012. For base rate advances, interest accrues at 6.5% plus the greater of a) the US Federal Funds Rate plus 0.5%, and b) the prime rate. For Eurodollar advances, interest accrues at LIBOR plus 7.5%. Interest is paid in kind until maturity. This facility can be repaid subject to a make-whole premium prior to August 19, 2009, and subject to a 1% premium after that.

This facility is guaranteed by TRC's US Subsidiaries, subordinated in right of payment to the guarantees under the TRC 2006 Credit Agreement. There are additionally guarantees of TEC and TEC's Material Subsidiaries, which guarantees are subordinated in right of payment of the TEC Second Lien Credit Agreement. This facility is unsecured.

- (e) *Preferred Stock and Warrants:* TRC has outstanding series A and series B preferred shares, each share being issued as a unit with a warrant to purchase shares of the common stock, in connection with the above noted financings. These warrants are presently estimated as not "in the money" and therefore of no dilutive effect. The present, fully diluted total shareholdings of TRC are as follows:

Series A Preferred	Series B Preferred	Common Shares
4,993,559	614,000	41,945,585

36. Trident has trade debt estimated at \$34.4 million as at August 31, 2009. Trade debt is made up of approximately 500 vendors.

37. Trident has interest accrued on its TEC Second Lien credit agreement of approximately \$8.4 million as at August 31, 2009.

FINANCIAL STATEMENTS

38. Attached hereto and marked as Exhibit "B", is a copy of Trident's audited consolidated financial statements showing the years ended December 31 of 2007 and 2008. Attached hereto

and marked as Exhibit "C", is a copy of the unaudited quarterly financial statements of TRC, for the first two quarters of 2009, the second ending June 30, 2009. Trident's consolidated financial statements are prepared in accordance with generally accepted accounting principals ("GAAP").

39. A review of the Consolidated Balance Sheet from the quarterly statements shows the total assets of Trident as approximately \$0.6 billion and the total liabilities as approximately \$1.8 billion, as of June 30, 2009. Each of the Applicants have some assets located in Canada. The financial statements also demonstrate that Trident is insolvent on a balance sheet basis and, assuming Trident breaches the PV-10 Ratio and Leverage Ratio under the TEC Second Lien Credit Agreement discussed below, will very shortly be unable to meet its obligations generally as they become due.

40. Also now shown to me and attached hereto, marked as Exhibit "D", are Trident's consolidated cash flows for the 13 week period commencing the week ending September 11, 2009 (the "Cash Flows"). The Cash Flows have been prepared by management with the assistance of FTI, the proposed monitor, and may be amended from time to time.

CASH MANAGEMENT AND INTER-COMPANY PAYMENTS

41. In its ordinary course of business, Trident uses a centralized cash management system similar to those used by other corporate entities. This system is designed to gather and disburse funds and to record all income, transfers, and disbursements as they occur. Now shown to me and attached hereto and marked as Exhibit "E" is a schematic diagram of the flow of monies generally utilized among the Trident companies.

42. Revenue from Trident's operations is received by TEC (which intakes approximately 40% of all revenue) and its wholly owned subsidiary Fort (which intakes approximately 60% of all revenue). From TEC and Fort, monies are flowed between the interconnected subsidiaries of TRC and TEC to fund working capital and satisfy disbursements incurred through daily operations in the most efficient cost and tax effective manner.

43. Cash management throughout the Trident entities is consolidated and there are, generally, no restrictions in transferring funds between the companies (aside from certain limitations built in to Trident's major debt facilities, discussed in more detail below). Monies are moved through

unsecured, non-interest intercompany loans in amounts assessed on an as-needed basis to meet obligations. All intercompany transfers are documented through inter-company ledger accounts which are adjusted as transactions occur and tried at the end of each month. As at August 31, 2009, the total amount owing by Fenergy Corp. ULC to TEC was approximately \$0.6 million. As of that same date, Fort Energy Corp. ULC was also indebted to TEC in the amount of approximately \$391.6 million. As of that same date, TEC was also indebted to TRC in the amount of approximately \$844.1 million. As of that same date, Trident USA Corp. was also indebted to TRC in the amount of approximately \$20.6 million. All amounts are in Canadian dollars or their equivalent.

44. The majority of disbursements are realized at TEC, followed by Fort, followed by TRC. At the TEC level are payables for utilities, property taxes, insurance, and payroll for the majority of Trident's employees and independent contractors. At the Fort level, disbursements are made for capital expenditures for the assets and royalty and operating costs for the production from the assets owned by Fort. Through TRC, Trident pays the retainer, fees and expenses of the Board of Directors, including the monthly retainer of the Executive Chairman, and the professional fees associated with its current restructuring. The structuring of these expenditures is done such that the greatest tax/commercial efficiency can be realized for Trident.

45. Although TRC does not receive any income directly through Trident's operations (this being received primarily by TEC and Fort, as already discussed), TRC obtained the initial funding for the development of TEC's assets under the TRC 2006 Credit Agreement and the TRC 2007 Subordinated Credit Agreement in addition to previous equity financings, and so must service all cost and expenses arising in connection with these credit facilities.

46. Under the TEC Second Lien Credit Agreement, Trident is presently restricted by its largest lender through a covenant therein which, if triggered, would cause a limitation on inter-company cash flow up from TEC to TRC to a maximum of \$5.0 million annually. This limitation does not restrict intercompany cash flows at the level of TEC and Fort. With anticipated restructuring costs, it is predicted that this cap may cause significant prejudice to Trident's capability to restructure if it is unable to continue paying its professional advisors and other obligations in the most tax and commercially advantageous manner.

47. The present cash management system allows Trident to centrally manage all of its cash flow needs, and includes the necessary accounting controls to enable Trident, Trident's creditors, and the Monitor appointed by this Honourable Court, to trace funds through the system and ensure that all transactions are adequately documented and readily ascertainable. Moreover, it is essential to Trident's ongoing business practices that Trident be allowed to consolidate and deploy funds on an efficient basis. The confusion, delay, and cost associated with any restricted form of cash management would be harmful to Trident's ability to efficiently operate its business.

48. As a result of the foregoing, Trident believes it is critical to continued operations and to a successful restructuring that Trident be permitted to continue with its present cash management system, including intercompany transfers in accordance with the obligations of the Applicants under the Cash Flows. In connection with the anticipated CCAA proceedings, Trident is seeking the authority to continue to operate in its usual manner, with respect to receipts and disbursements, and to maintain its present banking and funding arrangements past its anticipated initial filing.

49. To secure any advances made in favour from one Trident entity to another, Trident is seeking a charge over all of the present and after acquired property of receiving entity. Insofar as this relates to advances made to TRC and the US Subsidiaries, Trident intends to seek a corresponding administrative priority claim for such advances upon the commencement of its restructuring proceedings under the US Bankruptcy Code.

EMPLOYEE RETENTION PLAN

50. It is essential to Trident's business that it maintains its current complement of employees. The successful development of Trident's reserves, including its operational efficiencies, is in large part a result of a highly skilled and unique workforce, the loss of which would have a material adverse effect on Trident's operations.

51. In March of 2008, Trident completed a review of its operational efficiencies and administrative costs. As a result, it collapsed five departments and terminated approximately 15 of its employees, bringing Trident to its current level of approximately 105 employees. In my view, this number of employees is appropriate for the current operations that Trident maintains and any further downsizing would be detrimental to Trident's ability to carry on business in its

ordinary course. I want to reassure Trident's current work force that (i) the proposed restructuring will not adversely affect their positions and (ii) they will be rewarded by remaining with Trident and assisting with the proposed restructuring.

52. To address these concerns, Trident's compensation committee has implemented, subject to approval of this Honourable Court, a retention plan, a copy of which is marked as Exhibit "F" and attached hereto (the "Retention Plan"). The salient points of the Retention Plan include:

- (a) each eligible employee will receive: (A) a 10% increase to his or her salary for the period beginning on the date the Retention Plan is approved to the earlier of: (i) the cessation of their employment with Trident, and (ii) the emergence of Trident from these proceedings; and (B) a bonus equal to 20% of their annual salary, payable upon Trident's emergence from these proceedings;
- (b) an eligible employee will be an employee that was employed by Trident on the date the Retention Plan was approved by this Honourable Court and remained employed by Trident throughout these proceedings until the earlier of: (i) Trident's emergence from these proceedings, and (ii) Trident's termination of their services for any reason other than for cause.

53. The cost of the implementing the Retention Plan (assuming it is fully paid out over a six month restructuring period) would be approximately \$3.0 million, \$2.4 million of which would be paid as the emergence bonus. We have worked with the proposed monitor in respect of this plan and the monitor has indicated that it has no objection to the proposed Retention Plan.

54. To secure the obligations of the Retention Plan, it is proposed that a charge in the maximum principle amount of \$3.0 million be granted over all the present and future assets and undertaking of Trident.

55. Certain senior management and members of the Board of Directors are also party to a long term incentive program that is based on net asset value improvements as measured each year ("LTIP"). The first payment of under the LTIP is scheduled to occur in January of 2010 and is included in Trident's long term cash flows.

EVENTS LEADING TO THE PRESENT APPLICATION

56. For the year 2008, Trident had revenues of \$227.0 million and EBITDA of \$140.1 million. For the first 6 months of 2009, \$90.5 million and EBITDA of \$53.5 million. Trident's operational cash flow is heavily dependant on the price of natural gas. Over the past 15 months, natural gas spot market prices have been extremely volatile, reaching \$11.96/mcf (CDN) in July 2008 and dropping to \$1.89/mcf (CDN) on September 3, 2009, a range of \$10.07 or over 500% of recent levels. The average price for the first 6 months of 2009 is \$4.22/mcf (CDN). The volatility in pricing is due to a multitude of factors, including supply and demand, market uncertainty, and other forces beyond Trident's control.

57. As a producer of natural gas, Trident does not have the balance of both gas and oil portfolios, and therefore is more sensitive to gas price fluctuations. A drop in natural gas prices has the potential to significantly affect Trident's financial results and impede its growth. Lower natural gas prices may not only decrease near term cash flow, but also may reduce the amount of natural gas that Trident can produce economically over time because Trident might be forced to delay reinvesting in the future drilling programs in its long-term plans.

58. As a result of the deterioration of the global financial markets, and a rapid and significant collapse in natural gas commodity prices noted in the latter half of 2008 which continued to deteriorate throughout 2009, Trident's second quarter revenues for 2009 decreased by approximately \$21.3 million dollars, or roughly 33% compared to the second quarter of 2008. This fall in revenue occurred despite an increase in Trident's production rate over the same period, from 94,836 mcf/day to 99,475 mcf/day (an approximate increase of 4.9%).

59. In addition to volatile natural gas prices, Trident has been particularly affected by major fluctuations in the Canada/US currency exchange rate, which, over the last two years, has seen movement from a high of \$1.0908 (November 7, 2007) to a low of \$0.7695 (March 9, 2009). The majority of Trident's assets and operations are located in Canada, and its revenues and expenses are recorded and reported in Canadian dollars. However, the majority of Trident's debt is denominated in US Dollars; any appreciation of the US Dollar against the Canadian Dollar accordingly increases the overall size of Trident's Canadian Dollar equivalent debt, and increases its debt servicing costs.

60. Recently, the precipitous drop in natural gas pricing combined with the extreme fluctuations in the Canadian/US currency exchange rate have had a substantial negative impact on Trident with respect to its financial covenants under its debt facilities. In particular, the nature of the financial covenants of Trident under the TEC Second Lien Credit Agreement are such that Trident must maintain a Proven Reserves Value to Net Debt Ratio (“PV-10 ratio”).

61. The PV-10 ratio is a ratio of the present value of proved reserves of Trident against its consolidated debt. The PV-10 value used in the PV-10 ratio is determined by an independent engineering firm and delivered within 90 days of the end of each fiscal year and within 60 days of each second quarter (ending June 30th of each year). For the first and third quarters of each year, internal or external engineering can be used to determine the PV-10 value. The forecast prices used in the determination of the PV-10 value are prescribed and include the average of the three year strip price for crude oil (WTI Cushing) and natural gas (Henry Hub), quoted on the New York Mercantile Exchange (as adjusted for basis differentials and commodity hedging agreements of Trident) and for periods after three years a flat price is prescribed. The projected cash flows are discounted using a 10% discount rate.

62. At the end of the September 30, 2009 reporting period, Trident has forecasted that, as a result of the decline in gas prices and the fluctuations in currency exchange rates, among other factors beyond its control, it risks being in default of its PV-10 ratio under TEC Second Lien Credit Agreement and will be exposed to acceleration of the total debt under its credit facilities.

63. In addition, the global economic crisis and the sharp drop of the price of natural gas has had a substantial negative impact on Trident’s ability to generate revenue and maintain a consolidated EBITDA level consistent with the leverage ratio (the “Leverage Ratio”) mandated by the TEC Second Lien Credit Agreement and the TRC 2006 Credit Agreement. The TEC Second Lien Credit Agreement and the TRC 2006 Credit Agreement require Leverage Ratios of 4.5:1.0 and 9.0:1.0 respectively for the measurement period ending September 30, 2009. Trident’s significant leverage and recent cash shortfalls significantly threaten Trident’s ability to satisfy the Leverage Ratio for this period.

64. It is the significant risk of imminent breach under the TEC Second Lien Credit Agreement, and the need to restructure its leveraged balance sheet, that causes Trident to bring this application.

MONITOR

65. FTI has consented to Trident's request that FTI be appointed monitor (the "Monitor") of each of the Applicants.

FINANCIAL ADVISOR

66. To assist Trident in its negotiations with its current stakeholders and various restructuring alternatives, Trident has, since November of 2007, engaged the firm of Rothschild Inc. (the "Rothschild Engagement") as its financial advisor (the "Financial Advisor"). It is crucial to Trident that it has access to the Financial Advisor to assist it with the negotiation of complex credit facilities, structuring various cross-border issues, raising new capital, and implementing various reorganization alternatives.

67. The Financial Advisor is compensated pursuant to a monthly work fee of USD\$200,000 and certain incentives based on attaining various performance targets. The Financial Advisor is also entitled to recover expenses from, and be indemnified by, Trident during the course of its engagement. It is contemplated that the Financial Advisor would continue to be paid its work fee, and receive the benefit of its expense reimbursement and indemnity (collectively, the "Work Fee"), and that those obligations would be secured under the Administration Charge discussed below.

NOTICE AND URGENCY

68. Immediately prior to the Labour Day weekend it came to Trident's intention that third parties were becoming aware of Trident's insolvency and restructuring efforts. Trident is gravely concerned that any advance notice of its insolvency to its lenders or its joint venture partners would create events, or potential events, which could allow those parties to exercise rights against Trident and its property that would immediately impair Trident's ability to carry on business in the ordinary course and put Tridents' property at risk. Accordingly, no notice has been provided to any parties in respect of this application.

RELIEF SOUGHT

Stay of proceedings

69. Trident is highly concerned that, in light of its present debt structure and financial covenants, the exercise by the secured lien holders of their security will result in a significant erosion of the value of the companies and the assets within, and will cause serious detriment to Trident and all other stakeholders. Trident is particularly concerned about the following risks:

- (a) Trident will not be able to immediately repay its obligations should its debt be accelerated, and a receivership, liquidation, or bankruptcy scenario would result in far less benefit than could be expected from a CCAA restructuring;
- (b) the immediate enforcement of the secured lien holders' rights would have the effect of extinguishing much of Trident's achievements and investment through its recent capital expenditure program. The majority of the value of its capital investiture, being contingent upon Trident's continued investment and future productivity, would be lost and unrecoverable by Trident's stakeholders in a receivership or liquidation scenario;
- (c) Trident's insolvency puts it at risk of been replaced as operator under many of its joint ventures. The loss of its operatorship could have a material adverse impact on Trident's value as a result of the loss of operational efficiencies, cash flows and other issues related to Operatorship on present and future developments. This concern is particularly acute because of previous challenges that have been made (and successfully rebuffed) to Trident's operatorships over the past three years.

Administration charge

70. In connection with its appointment, it is contemplated that the Monitor would be granted a Court-ordered charge over the assets, property and undertaking of Trident (the "Administration Charge") in respect of its fees and disbursements, and those of its Canadian and U.S. legal counsel, as well as those of Trident's Canadian and U.S. legal counsel, and Trident's Financial Advisor, to the extent of its Work Fee (as discussed above), incurred at the standard rates and

charges of such parties, which Administration Charge shall be in an aggregate amount of \$5 million.

Director and Officer Indemnity

71. In order to continue to carry on business during the CCAA Proceedings, Trident requires the active and committed involvement of the members of its Board of Directors, its Executive Chairman and its senior officers (collectively, the "Management"). The Management have been actively involved in the pre-restructuring efforts of Trident to date, and it is anticipated will continue to be involved in the ongoing operations and anticipated restructuring post-filing. Trident maintains director and officer insurance policies in the aggregate amount of US\$100 million, renewable annually in November 2009.

72. Trident's obligations to fund its payroll, remit the necessary statutory withholdings, remit GST remittances, and ensure that all U.S. and Canadian taxes are paid amounts to approximately \$4.5 million of exposure to directors in any given fiscal quarter.

73. Trident requests a Court-ordered charge in the amount of \$5 million over the assets, property and undertaking of Trident (the Directors' and Officers' Charge) to indemnify the directors and officers of Trident in respect of any such liabilities they may incur in their capacity as directors and officers from and after the commencement of these proceedings. Trident has discussed the quantum of the proposed Directors' and Officers' Charge with the proposed Monitor, who has indicated that it has no objection to the quantum of the proposed Directors' and Officers' Charge.

Foreign Proceedings and Protocol

74. Certain Trident entities are concurrently seeking protection under Chapter 11 of the US Bankruptcy Code. Plenary filings are therefore occurring under the CCAA and Chapter 11 as follows:

Filing Under CCAA	Filing Under Ch 11
• Trident Exploration Corp. ULC	• Trident Resources Corp.*

<ul style="list-style-type: none">• Fort Energy Corp. ULC• Fenergy Corp. ULC• 981384 Alberta Ltd.• 981405 Alberta Ltd.• 981422 Alberta Ltd.• Trident Resources Corp.*• Trident USA Corp.*• NexGen Energy Canada, Inc.*• Aurora Energy LLC*• Trident CBM Corp.*	<ul style="list-style-type: none">• Trident USA Corp.*• NexGen Energy Canada, Inc.*• Aurora Energy LLC*• Trident CBM Corp.*
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75. It is contemplated that (a) those entities listed above that are marked with an asterisk will be filing in both the CCAA proceedings and the U.S. proceedings; and (b) the remaining entities that have filed in the CCAA proceedings will seek ancillary protection in the US, pursuant to Chapter 15 of the US Bankruptcy Code.

76. Consequent to Trident's US entities seeking Chapter 11 relief, these entities will receive injunctive relief in that jurisdiction. Due to the integrated nature of the Trident companies, a successful restructuring will be dependant upon complimentary processes in both jurisdictions.

77. In light of the concurrent plenary filings in both Canada and the US, and in furtherance of international comity, and in the best interests of both the Canadian and US entities and all of their respective stakeholders, the Initial Order seeks approval of a cross-border protocol (the "Protocol"), a copy of which is attached hereto and marked as Exhibit "G". The Protocol establishes an approved method for communication and cooperation between the Canadian and US Courts, while maintaining their independence. The success of the proposed restructuring of Trident is dependent upon the cross-border coordination of the Canadian and US proceedings.

Benefits of Stay and Proposed Restructuring

78. The development of unconventional natural gas resources requires significant capital investment in order to establish a profitable and sustainable development program. Trident is presently reducing its capital expenditures after carrying out an aggressive and successful acquisition and development program and is now prepared to ramp up production, focus on infrastructure development, and increase revenues. Trident is sitting on substantial contingent mineral assets and has the capability to produce these assets – a substantial value which would be unrealizable in the event of immediate action by secured creditors.

79. Trident's core business is sound. It is an industry leader in the exploitation of CBM and more recently shale gas through horizontal drilling programs that appear to be unequalled in the industry. It conducts efficient operations through conventional CAPL arrangements and generates positive cash flow. Its current challenges are limited to its long term credit facilities.

80. Should Trident be afforded the opportunity to restructure, Trident could realize the full advantage of its extensive investment program and ultimately maximize value for all of its stakeholders. Trident considers itself to be very well positioned in the Mannville, Horseshoe Canyon, and Montney plays, and intends to dedicate its future capital expenditures to the development of these core properties, representing a low-risk drilling portfolio with a high probability of generating strong economic returns.

81. The relief that is sought in this application is done to protect Trident's business and operations and to facilitate a restructuring of its credit facilities. I do not believe that any party will be materially prejudiced by the relief sought in this application.

82. Trident has accumulated significant tax pools that can be used to reduce income taxes in future periods. As at December 31, 2008, these amounted to approximately \$1.5 billion of deductions available to reduce income taxes.

SUMMARY

83. Trident has diligently attempted to restructure without a formal process but has been unable to reorganize its business and debts sufficiently prior to becoming exposed to immediate and highly detrimental action by some of its many secured lenders and counterparties. I believe

that the most feasible and viable option for Trident to restructure and best serve all of its stakeholders is through a CCAA proceeding. The protection afforded by the CCAA will allow Trident the opportunity it needs to assess its financial structure and to emerge from the proceeding as a stronger enterprise. It will grant Trident the otherwise unattainable opportunity to capitalize from its substantial acquisitions and capital investment in its natural gas development program. If the requested CCAA protection is not granted, Trident and its assets will be exposed to the possibility of immediate and material deterioration.

84. I make this Affidavit in support of an application by Trident under the provisions of the CCAA for an order substantially in the form of the draft order which is submitted with this application, declaring Trident comprises corporations to which the CCAA applies, appointing FTI as monitor, granting a stay of proceedings on the terms set out in the draft order, dispensing with service of this application, and granting such other relief as is set out in the draft form of order sought.

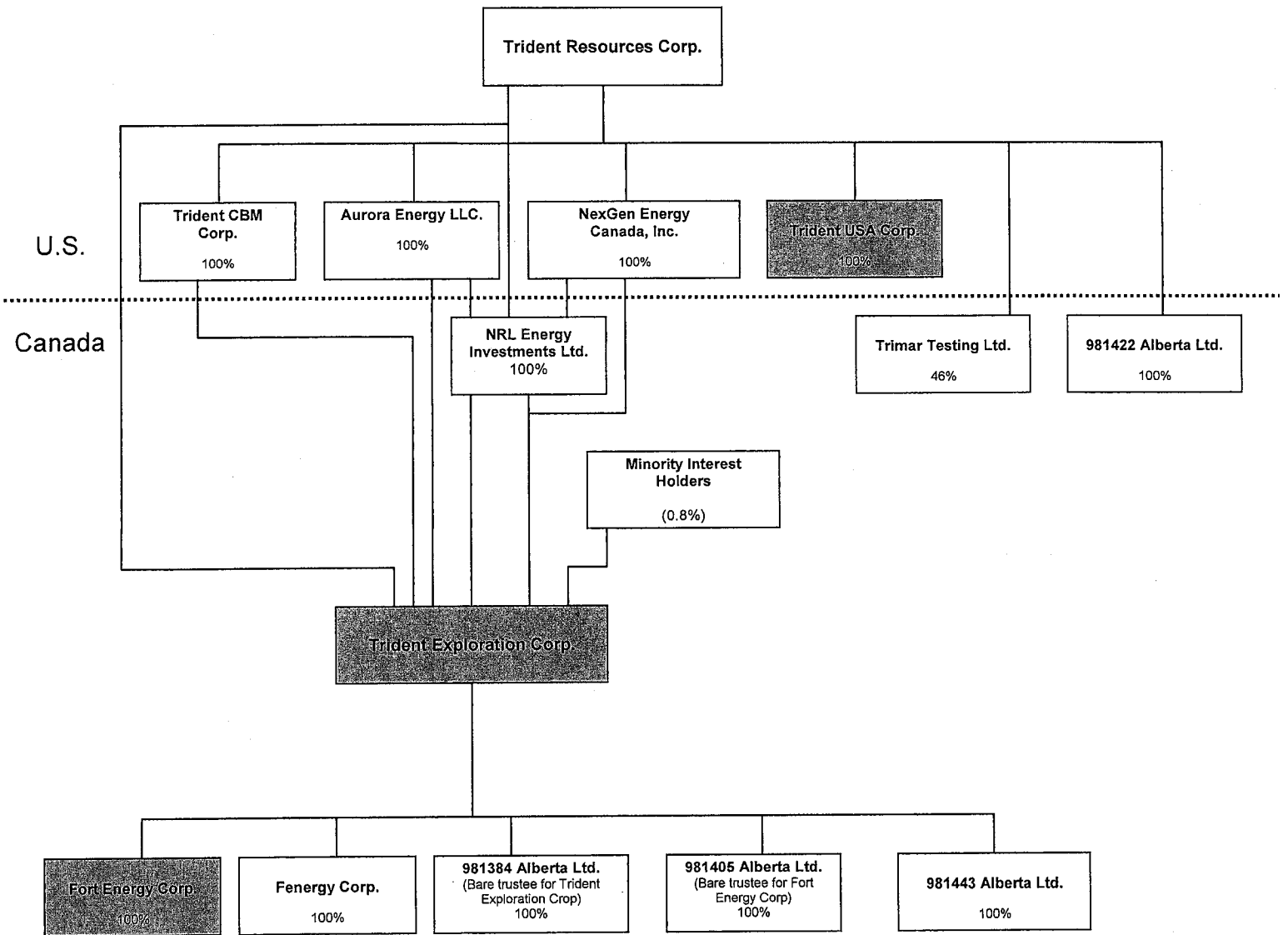
Sworn before me in the City of Calgary,)
in the Province of Alberta, the 8th day of)
September, 2009.)

_____)
A Commissioner of Oaths in and for the)
Province of Alberta)

Derek Pontin)
Barrister and Solicitor)



_____)
TODD DILLABOUGH)

TAB A




THIS IS EXHIBIT " A "
 referred to in the Affidavit of
Ladd Dillabaugh
 Sworn before me this 8
 Day of Sept A.D. 2009

 A COMMISSIONER FOR OATHS
 IN AND FOR THE PROVINCE OF ALBERTA

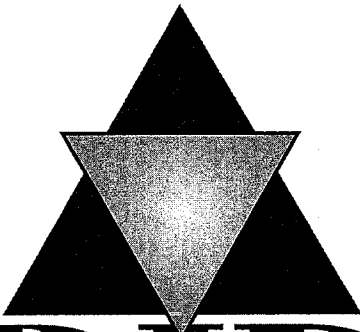
 Holds Petroleum and Natural Gas Assets

Derek Pontin
 Barrister and Solicitor

TAB B

THIS IS EXHIBIT " B "
referred to in the Affidavit of
Ladd Dillabaugh
Sworn before me this 8
Day of Sept A.D. 2009

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Derek Pontin
Barrister and Solicitor



TRIDENT

2008
Annual Report



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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management's discussion and analysis ("MD&A") is dated March 27, 2009 and should be read in conjunction with our audited consolidated financial statements and related notes for the period ended December 31, 2008. It contains forward looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward looking statements. Certain metrics within this MD&A have been converted from Mcf (meaning thousand cubic feet) to Boe (meaning barrel of oil equivalent) at the industry standard rate of 6:1.

Overview

Trident Resources Corp. ("Trident", "TRC", "Company", "we", "us", "our") is an independent natural gas production company, principally focused on the exploration for and exploiting unconventional natural gas resources, primarily in the Western Canadian Sedimentary Basin ("WCSB"). We target coalbed methane, or CMB, in our core producing areas in the Mannville and Horseshoe Canyon CBM plays in Alberta, and shale gas in our emerging Montney Shale play in British Columbia. We are the largest CBM producer in the Mannville and one of the five largest in the Horseshoe Canyon. We also maintain a large exploratory acreage position in selected areas in the northwestern United States. We intend to add to our existing reserve and production base by increasing our drilling activities in our large acreage positions in the Mannville and Horseshoe Canyon CBM plays, as well as continuing to drill in the Montney Shale play.

We have assembled an extensive property base. As of December 31, 2008, we had natural gas and oil leasehold interests in approximately 1.7 million gross (1.3 million net) acres, of which approximately 80% were undeveloped. Based on the evaluation of our total net undeveloped acreage, we have identified several evaluated surface drilling locations which are locations specifically identified and scheduled by management as an estimate of our near-term multi-year drilling activities on existing acreage over the next five to seven years. Based on a reserve report prepared by the independent petroleum engineers Netherland, Sewell & Associates, Inc., or NSAI, as of December 31, 2008, our estimated proved reserves were 359.9 Bcfe (net), 70.1% of which represented estimated total proved developed reserves. At December 31, 2008, we owned interests in 1,022 gross (545 net) economic producing wells. Our December 31, 2008 estimated proved reserves are considered to be long-lived with a total proved reserve-to-production-ratio of 9.6 years based on net production in December 2008. As of March 2009, we had one rig drilling in the Mannville CBM play, one rig drilling in the Horseshoe Canyon CBM play and one rig drilling in the Montney Shale play.

Our core operating areas include the Mannville CBM plays and the Horseshoe Canyon CBM play in the WCSB and the Montney Shale play in British Columbia. The Mannville CBM plays represent a significant part of our development and exploration opportunities, with proved reserves as of December 31, 2008 of 188.4 Bcfe (52% of our total proved reserves) and net daily production of 59.7 Mmcf/d for the month of December 2008 (approximately 58% of our total net daily production for the month). The Horseshoe Canyon CBM play has proved reserves as of December 31, 2008 of 171.5 Bcfe (48% of our total proved reserves) and net daily production of 42.8 Mmcf/d for the month of December 2008 (42% of our total net daily production). During the fourth quarter of 2008, we began our drilling program in the Montney Shale play with a view of converting Montney Shale play reserve potential to proved reserves.

Corporate History

We are a Delaware corporation. Our primary subsidiary is Trident Exploration Corp. ("TEC"), a Nova Scotia unlimited liability company. Our headquarters are in Calgary, Alberta, Canada.

Our business was founded in 2000 with the acquisition of certain working interests in lands in Alberta and British Columbia. TEC was formed in September 2001 and capitalized in October 2001 when the then owners of certain working interests contributed their interests in exchange for common and preferred shares of TEC. TEC is a corporation for Canadian income tax purposes and is treated as a partnership for U.S. income tax purposes. Consequently, any Canadian income tax paid should qualify for foreign tax credit against any U.S. income tax payable.

We were incorporated in Delaware in November 2003 as a U.S. holding company for Trident Exploration Corp., or TEC. TEC was incorporated as a Nova Scotia unlimited liability company in September 2001. We currently own, directly and indirectly, approximately 99.2% of TEC's capital stock.

In early 2002, TEC, together with a significant shareholder of TEC, acquired property in the Corbett Creek area in the Mannville wet CBM plays through the purchase of Trinity Energy Inc., or Trinity. Trinity had targeted the Corbett Creek area in 2000 and drilled its first four vertical CBM test wells in 2001. The test wells generated encouraging results and Nexen Inc., or Nexen, joined the project as a non-operating funding partner. With C\$4.0 million in additional funding, Trinity drilled and evaluated three additional operated test wells.

Following the acquisition of Trinity, TEC formed a joint venture with Husky Oil Operations Limited, or Husky, to explore CBM resources within the Horseshoe Canyon dry CBM play. Substantially all of our activities are conducted jointly with others, and accordingly, our consolidated financial statements reflect our proportionate interest in such activities.

TEC's team of professionals, technology and industry know-how enabled us to identify and begin acquiring our land base of targets for CBM exploration and development. Between 2002 and 2005, we invested significantly in the Mannville, including by expanding our infrastructure. In 2005, we operated the first commercial project in the Mannville CBM play. However, we had to raise additional capital because production did not increase on a timely basis. As a result of low production volume and low gas prices, which impacted our cash flows and result of operations, our equityholders made changes to our board of directors. This resulted in additional financing in August 2007 and the replacement of our senior management team. The majority of our current senior management team joined us in late 2007 and early 2008.

On November 10, 2008, the Company filed a Preliminary Form S-1 Registration Statement with the Securities and Exchange Commission ("SEC") in the United States to become a public entity. As of the date of this MD&A, the status of the filing is ongoing.

Business Environment

Our consolidated financial statements and this MD&A have been prepared under the assumption that we continue to be a going concern, which presumes the realization of assets and discharge of obligations in the normal course of business. For the year ended December 31, 2008, Trident recorded a net loss of \$404.7 million. At December 31, 2008, the Company had a deficit of \$1,776.4 million and a working capital surplus of \$77.6 million. The Company's ability to continue as a going concern is dependent upon its ability to generate cash from its operating activities sufficient to meet its obligations as they arise. This MD&A and our financial statements have been prepared on the basis that the Company would meet all its obligations as they become due.

At December 31, 2008, the Company was in compliance with all financial covenants. Due to the combination of an anticipated weak Canadian dollar relative to the United States dollar in future periods coupled with the decline in the anticipated commodity prices for the sales of natural gas expected in future periods, there is the potential that within the next twelve-month period subsequent to December 31, 2008, the Company may violate certain financial covenants that pertain to limits on ratios of consolidated debt measured to qualifying cash flows as prescribed under its lending agreements. Factors which would maintain covenant compliance include the potential for improvement in commodity prices, strengthening of the Canadian dollar relative to the United States dollar, the addition of new investment not classified as debt as it pertains to the relevant covenants, negotiation of the covenant terms during periods of compliance or combinations of the above. The Company's failure to comply with its financial covenants could result in a portion or all of Trident's outstanding debt being called by its lenders, which would significantly impact the Company's ability to continue as a going concern.

The key factors and trends that affect the Company's business the most are the prevailing price of natural gas, our ability to explore for and exploit natural gas resources, changes to royalty laws, our ability to operate our properties, the estimated price of our common stock, and exchange rate fluctuations.

Gas Prices and Revenues

Approximately 99% of our production revenue for the year ended December 31, 2008 consisted of natural gas sales. Accordingly, our financial results are more sensitive to movements in natural gas prices than those oil and gas companies that produce balanced portfolios of both oil and gas. Natural gas prices have been extremely volatile and a high level of our production is currently sold at spot prices. Gas prices have been at high levels over the past several years as compared to prior years. There has been a decline in natural gas prices since the summer of 2008 that, if continuing, will adversely affect the carrying value of our proved reserves in the

future. Our revenue, profitability, future growth and the carrying value of our properties are substantially dependent on the prevailing price of natural gas, our ability to find, develop and acquire additional natural gas resources and our ability to commercialize those resources.

The volatility of natural gas prices has a significant impact on our financial performance. In general, natural gas prices in Canada are seasonal in nature, with higher prices existing in the winter months (November to March) and lower prices in the summer months (April to October). Unusual weather conditions can impact gas prices by spiking consumer demand or flooding the North American gas grid. Natural gas prices are also affected by the amount of gas in local and North America-wide storage, or inventory within the market. During 2008, we sold the majority of our production at current market prices and also entered into some costless collars and fixed price contracts for a portion of our production. After the expiry of our October collar contract, Trident holds only fixed price contracts that extend until June of 2009. For further discussion refer to the Commodity Price Risk section of the Quantitative and Qualitative Disclosures about Market Risk area of this MD&A.

Operations

The Horseshoe Canyon CBM play in our southern area was first declared a commercial success in 2001. Due to these results, we have increased our focus on the area, which is now in its development phase. It is estimated that 30% of the number of wells required for development of the main play within the Horseshoe Canyon CBM play were drilled prior to 2007. We are expecting production from our 2008 drilling program, which approximately two thirds has now come on line in 2008 with the other wells expected to be on line in the first half of 2009, to offset declines in production from older wells. A significant portion of our Horseshoe Canyon drilling activity for 2008 is related to compliance wells, as required by regulatory authorities. Early in 2008, a few existing producing wells were temporarily shut-in until compliance well data is approved by the regulatory authority. As at December 31, 2008, substantially all of the shut-ins related to a catch-up of compliance requirements have been brought back on production with only a few remaining shut-in. In 2009, we expect to see a reduction in the royalty cost on the production revenue from the Horseshoe Canyon play due to an increased low-productivity credit introduced as part of the new Alberta royalty program that applies to a substantial portion of our production in this area.

The Mannville CBM plays in our northern area still remains in relatively early stages of commercial development when compared to the Horseshoe Canyon CBM play. As a result, we expect per unit operating expenses to decline as we refine operating practices and increase production, providing more efficient usage of existing facilities. The Horseshoe Canyon CBM play requires us to pump water out of production zones. Our Corbett operating area, a subset of our northern area included in the Mannville CBM play, has become more established and is able to produce gas from approximately 25% of the multilateral wells without the use of water pumps. The cost of water handling is a significant portion of operating costs that we expect will continue to decrease over time as gas production increases and the use of pumps decreases. As the greater Corbett area is mainly a closed system, there is no new water that enters the formation which also contributes to operating costs reductions over time. Reduction or elimination of these variable expenses from the area will materially impact the overall project economics in favour of Trident. Our Thunder operating area, another subset of our northern area which is included in the Mannville CBM play, continues to develop along the same timelines that we have seen from the original Corbett area development. In addition to the reduced water pump costs, we expect per unit operating expenses to decline in this area, as we refine operating practices and increase production, resulting in economies of scale. It is expected that there will be a minimal change in overall royalty rates in the Mannville CBM play when the new Alberta royalty program commences on January 1, 2009 due to a measured depth drilling credit that will substantially offset the otherwise higher royalty rates for the Mannville wells.

We have completed seismic surveys as well as a comprehensive evaluation of our land position in British Columbia known as the Sunrise play. Our first well in the area was drilled in the fourth quarter and has been completed and tested. The tests have shown positive and expected results. There are two more wells that will be drilled by the end of the first quarter 2009.

Drilling rigs, service rigs, equipment and experienced crews have operated significantly below maximum capacity in the WCSB in 2007 and 2008. In 2005 and 2006, equipment and personnel operated at or near maximum capacity during peak periods, which resulted in escalated industry-wide drilling and service costs. The greater availability of equipment and personnel since 2006 has stemmed cost inflation and enabled us to negotiate changes to existing drilling commitments. In addition, the Canadian regulatory environment has undergone significant changes, particularly related to CBM activities, which have affected areas such as license and permit applications, and environmental and new data submission requirements of the government have increased our operating costs. Increased global demand for raw steel has increased the price of casings, line pipe and vessels fabricated from steel, which we employ in our operations. Finally, our operations are also impacted by seasonality, as road closures to heavy loads occur in the spring months, which can delay our access to drilling locations. These factors have a negative effect on overall operating costs, workloads, and timing of operations.

Royalties

Our current operations are subject to Alberta royalty laws. The volumes of natural gas production presented in this MD&A are net of royalties paid for such production. The royalty payable on natural gas is determined by a sliding scale based on a reference price, which is the greater of the amount obtained by the producer and a prescribed minimum provincial price, determined by a one-time election available to the producer. In Alberta, a producer of natural gas is entitled to a credit against the royalties payable to the Crown for low-rate wells, or the productivity discount. In a lower natural gas price environment, we will pay a lower royalty on our production because the sliding scale royalty regime is determined by commodity prices, well productivity and total vertical and horizontal length, or measured depth, of natural gas wells. This has the effect of providing a partial hedge on volumes produced.

In January 2009, a new royalty framework will replace the current system. Under the new royalty framework, the maximum royalty rate for a producing well will increase substantially and the productivity discount for low-rate wells will also increase. In addition, a new credit will apply to wells with measured depth greater than 6,560 feet. The credit increases with measured depth up to a maximum at 13,125 feet or greater. Royalties on revenue derived from our production in the Mannville CBM plays are expected to remain similar to rates under the current framework as a result of new measured depth credits closely offsetting base royalty increases for the majority of our Mannville CBM wells. Royalties from revenue derived from our production in the Horseshoe Canyon CBM play are expected to decrease in 2009 as a result of productivity discount increases under the new framework exceeding the base royalty increases for the majority of the Horseshoe Canyon CBM wells. On March 3, 2009, the Alberta Government released a three-point incentive program aimed at stimulating new and continued economic activity for conventional producers in the province. Two new drilling based royalty incentive programs were introduced. The Drilling Royalty Credit Program is a one year program for new conventional natural gas wells drilled that will provide a \$200 per meter royalty credit for new gas wells. The credit will not be allowed to reduce the royalty payable to less than 5% in any month. The New Well Royalty Reduction Program is a one year program that provides for a maximum 5% royalty rate for the first twelve months of production of all new wells that begin production after April 1, 2009. The third program introduced is the Orphan Well Fund where the province will invest \$30 million in the fund committed to cleaning up inactive oil and gas wells. The Company will review these new programs and determine the financial impact, but currently cannot estimate the effect on its future financial results. It has been concluded that the Drilling Royalty Credit Program and the New Well Royalty Reduction program will positively impact the Company in 2009.

Operated vs. Non-Operated Properties

We operate approximately 65% of our development properties and approximately 95% of our exploration properties in which we have a working interest. The balance of our properties are operated by our joint venture partners. We have joint ventures with Nexen in connection with the Mannville CBM plays, and with Husky and another Canadian-based energy company in connection with the Horseshoe Canyon CBM play. To date, we have operated our properties at lower costs than our partners and therefore have had higher revenue net of royalties after operating expenses from these properties. Joint ventures in which we are not the operator do not provide us with the same level of profitability in drilling or developmental activities.

Exchange Rate Fluctuations

We are exposed to foreign exchange rate fluctuations because we report our operating results in Canadian dollars and the majority of our debt is denominated in U.S. dollars. We do not currently hedge our foreign exchange rate exposure. In the first six months of 2008, we placed US\$50.0 million purchased in the open market in a money market account to reduce the effect of Canadian dollar-U.S. dollar exchange rate fluctuations upon interest rate payments required by certain of our debt instruments.

Reserves

Reserve levels and the costs required to replace reserves are key measures of our sustainability, the effectiveness of our capital spending, and the ability to grow the Company. Trident's proved natural gas reserves at December 31, 2008 totaled 359.9 Bcfe, compared to a total of 166.1 Bcfe at December 31, 2007.

Trident received an updated reserves evaluation at December 31, 2008, based on updates for new information provided by management, from Netherland, Sewell and Associates Inc. ("NSAI"). Trident's reserves were evaluated at December 31, 2007 by Sproule Associates Limited ("Sproule"). The December 31st report was the third report Trident received from NSAI. Depletion for the first quarter of 2008 was calculated based on the Sproule report and the depletion for the second, third and fourth quarters of 2008 was calculated based on the NSAI reports. The December 31st report from NSAI provides compliance for the Company's debt agreements. The Company has a

Reserves Committee of independent Board members, which reviews the qualifications and appointment of our reserves evaluators on a regular basis, and also reviews the reserve reports in detail.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States, which require us to make assumptions and prepare estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenues and expenses during the reporting periods. We base our estimates on historical experience and various other assumptions that we believe are reasonable. Inherent in the use of estimates is that actual results may differ. We evaluate our assumptions and estimates on a regular basis.

The critical accounting policies used by management in the preparation of our consolidated financial statements are those that are important both to the presentation of our financial condition and result of operations and require significant judgments by management with regards to estimates used. Our critical accounting policies and estimates are described below.

Natural Gas Proved Reserves

Our proved reserves reflect quantities of natural gas which geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under current existing economic conditions. The process of estimating quantities of natural gas reserves is a subjective process and requires judgment in the evaluation of all available geological, geophysical, engineering and economic data. Estimates are based on a number of variables and assumptions, such as natural gas prices, historical production rates, timing and amount of capital expenditures, operating expenses and regulation by government agencies, all of which are subject to numerous uncertainties and various interpretations. Proved reserve estimates have a material impact on our depletion and impairment costs because we calculate depletion based on the amount of our proved reserves. In addition, estimates are made for future capital costs to be included in the calculation of depletion. We prepare our reserve estimates in accordance with Securities Exchange Commission guidelines.

No external reserve report was prepared at March 31, 2008. As part of our covenants under our debt facilities, effective June 30, 2008, semi-annual reserve reports will be prepared by an independent oil and gas engineering firm. Although not a requirement under our lending facilities, we engaged NSAI to prepare a report effective September 30, 2008. Each reserve report is reviewed by the Reserves Committee of our Board of Directors. On the quarters where we did not have an external reserve report completed, we internally reviewed and updated the reserves and updated the price forecast used from the prior reserve report. The December 31, 2008 reserve report was approved by the Reserves Committee of our Board of Directors.

Full Cost Method of Accounting and the Ceiling Test

We follow the full cost method of accounting for natural gas operations. Accordingly, all costs relating to the acquisition, exploration and development of natural gas properties, including leasehold costs, geological and geophysical costs, carrying charges of non-producing interests, costs of drilling both productive and non-productive wells, tangible production equipment costs, and general and administrative ("G&A") costs directly related and necessary to exploration and development activities, are capitalized. In the case of G&A costs, an estimate is made based on how much time certain employees spend on exploration and development activities versus production or office administrative activities. Proceeds from the disposal of property interests are applied against capitalized costs, with no gain or loss recognized in the statement of operations, unless such disposal would significantly alter the relationship between capitalized costs and proven natural gas and oil reserves.

The sum of net capitalized costs and estimated future development and asset retirement costs is depleted on the unit-of-production method, based on proved gas reserves as determined by independent petroleum engineers. Proved reserves and production volumes are converted to equivalent units on the basis of relative energy content using a ratio of 6,000 cubic feet of natural gas to one barrel of crude oil.

In addition, the full cost method of accounting for petroleum and natural gas properties requires various accounting estimates. For instance, investments in unproved properties are not depleted pending determination of the existence of proved reserves. Unproved properties are assessed quarterly when calculating depletion and conducting the ceiling test to ascertain whether impairment has occurred. Any amount of impairment assessed is added to the costs to be depleted. In many cases, drilling may be completed; however properties remain classified as unproved properties until such time as gas processing infrastructure is put in place. As a result, an

evaluation must be made as to whether the well is awaiting tie-in and thus excluded from the depletion pool, or whether the well is considered a dry hole and thus should be included in the depletion pool. For land acquired in 2008 and beyond, as most leases expire over a five year period, it is included in the depletion pool on a four year rolling basis after the year it was acquired.

We perform a ceiling test each quarter. The ceiling test provides that capitalized costs, less related accumulated depletion and depreciation and deferred income taxes, may not exceed the ceiling of the sum of: estimated future net revenues from proved reserves, discounted at 10% per annum, based on unescalated (constant) period-end prices; the cost of properties not being depleted and depreciated; the lower of cost or estimated fair value of unproved properties included in the cost being depleted and depreciated; less income tax effects related to differences in the book and tax basis of natural gas properties.

If the ceiling is calculated to be less than the net book value of our natural gas properties, then impairment is deemed to have occurred and a non-cash write-down is required, which could materially impact our financial statements. In 2008, we did not incur a ceiling test write-down, compared to a C\$112.8 million write-down in 2007.

There are a number of estimates contained within a ceiling test calculation, including an estimate of the volume of proved reserves. This reserve number affects both the estimate of future revenue, as well as depletion expense, as both calculations use the estimated volume of proved reserves.

Because the ceiling test calculation dictates that prices in effect as of the last day of the applicable period are held constant indefinitely, and requires a 10% annual discount factor, the resulting value may not be indicative of the fair value of the reserves. Natural gas prices have historically been volatile. On any particular day at the end of a period, prices can be either substantially higher or lower than our long term price forecast that is a barometer for fair value. Therefore, we believe that gas property write-downs that result from applying the full cost ceiling limitation, and that are caused by fluctuations in price as opposed to reductions to the underlying quantities of reserves, should not be viewed as absolute indicators of a reduction of the ultimate value of the related reserves. The period end constant price used in the December 31, 2008 reserve report incorporated in the ceiling test was \$6.35 per Mcf (December 31, 2007 - \$6.27 per Mcf).

Income Taxes

Income taxes reported in our financial statements consist of taxes currently payable plus deferred income taxes. We use the asset and liability method of accounting for income taxes. This method requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between financial accounting bases and tax bases of assets and liabilities. Deferred income tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when assets are recovered or settled.

The tax benefits of tax loss carry-forwards and other potential future income tax deductions are recorded as an asset to the extent that management assesses the utilization of such assets to be "more likely than not". If the future utilization of some portion of a deferred tax asset is not determined to be more likely than not, a valuation allowance is provided to reduce the recorded deferred tax asset. Currently our tax pools exceed our carrying costs as of December 31, 2008. We have not recognized the excess of tax pools over carrying costs in the financial statements.

Stock-Based Compensation Plans

We use the fair value method of accounting for all stock-based compensation. Under the fair value method, compensation costs for transactions with employees are measured at the grant date and recognized over the vesting period of the related options. For transactions with contractors, compensation costs are initially recognized at the grant date and are revalued until the measurement date, which is typically when the related options vest. Changes in compensation costs are recorded in the period in which they occur. If a grantee changes status from a contractor to an employee, and the grantee's options have not vested, we measure the fair value of the award at the date of change in status, which is deemed to be the grant date.

Compensation costs that are directly related to, and necessary to, exploration and development activities are recorded as property, plant and equipment on the balance sheet with a corresponding increase to either paid-in capital or long-term liabilities. To the extent that compensation costs do not relate to exploration and development activities, they are recorded in the statement of operations. If a stock option is exercised, the consideration received, together with the amount recognized in paid-in capital or liabilities are recorded as an increase to equity.

Temporary differences for both equity awards and liabilities that would result in a future tax deduction under existing tax law will result in the recognition of deferred tax benefits in the income statement with a corresponding increase to a deferred tax asset. Tax benefits resulting from tax deductions in excess of the compensation cost recognized for exercised options ("excess tax benefits") are classified as both an operating cash outflow and a financing cash inflow. As a result of our net operating losses, the excess tax benefits that would otherwise be available to reduce income taxes payable have the effect of increasing our net operating loss carry forwards. Accordingly, because we are not currently able to realize these excess tax benefits, such benefits have not been recognized in the consolidated statements of cash flow for the period ended December 31, 2008.

We have a program under which we loaned non-executive employees the intrinsic value of a percentage of vested stock options. A loan granted under the program is effectively a put option indexed to our common stock and, accordingly, compensation cost is measured as the fair value of the put option. Changes in the fair value of the liability are recognized in the period they occur. The loans are recognized as an offset to paid-in capital.

We have outstanding warrants to lenders, and two former contractors. The fair value of the warrants is recognized as a liability with changes in fair value recorded in the statement of operations in the period that they occur.

In order to determine the fair value of stock based compensation, we use the Black-Scholes option pricing model. Within this model there are a number of estimated variables. Volatility of stock needs to be measured. We have measured expected volatility by reference to a historical volatility of a peer group of similar companies, comparable in industry and size, for a period equivalent to the expected term since it was not practicable to estimate our expected volatility due to the limited market data available for transactions in our shares. Other key estimates include expected life of the options, forfeiture rates, dividend rates, risk free rates, and share price. Fluctuations in any of these variables will impact either positively or negatively the amount of compensation expense recorded on the statement of operations for each option or warrant issued.

Changes in the valuation of our common stock price have a material impact on our financial statements, and management estimates the fair value of our common stock on a continuous basis. We estimate the fair value of our common stock for the purposes of determining the value of the Series A preferred stock embedded derivative, our lenders' and former consultants' warrants and certain options using a combination of market and asset-based approaches. Our net asset value is determined by estimating the evaluated recoverable resource and value of unevaluated property, adding current and tangible assets and subtracting current and long-term obligations. Varying discount rates on the long-term assets and estimate ranges for the assessment of unevaluated properties are applied, resulting in a value range. Factoring our convertible securities for dilutive purposes in an iterative process, a range of diluted values per share is determined. Through comparison and factoring, if appropriate, these values take into account markets in both Canada and the United States. This analysis is done on a quarterly basis and takes into account factors that have changed from the time of the last common stock issuance. Other factors affecting our assessment of price include recent purchases or sales of our common stock, if available. As of December 31, 2008, the share price was valued at \$nil per share.

Revenue Recognition

Natural gas revenue is recognized when title passes to the customer. Revenue from properties in which Trident has an interest with other joint venture partners is recognized on the basis of Trident's net working interest. Trident's joint venture operating agreements do not permit the Company to take more than its working interest gas production. Accordingly, Trident uses the entitlement method of accounting for gas-balancing arrangements where each owner recognizes revenue based on its ownership share of total gas actually produced during the period, regardless of which owner actually sells and receives payment for the gas.

Recently Issued Accounting Standards

In December 2007, FASB issued SFAS No. 160 "Non-controlling Interests in Consolidated Financial Statements – an Amendment of Accounting Research Bulletin No. 51", or FAS 160, which establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the non-controlling interest, changes in a parent's ownership interest and the valuation of retained non-controlling equity instruments when a subsidiary is deconsolidated. The statement also establishes disclosure requirements to clearly identify and distinguish between the interests of the parent and the interest of the non-controlling owners. FAS 160 is effective for fiscal years beginning after December 15, 2008. We plan to implement this standard on January 1, 2009. When adopted, our minority interest positions on the balance sheet will be presented as a component of equity. The Company does not anticipate a material affect on its financial results as a result of adopting this standard on January 1, 2009.

In December 2007, FASB issued Statement 141(R), Business Combinations, or FAS 141R. FAS 141R provides greater consistency in the accounting and financial reporting of business combinations. It requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose the nature and financial effect of business combination. FAS 141R is effective on a prospective basis for fiscal years beginning after December 15, 2008.

In March 2008, FASB issued SFAS No. 161 “Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133”, or FAS 161, which is effective for fiscal years beginning after November 15, 2008. SFAS No. 161 expands the disclosure requirements for derivative instruments and hedging activities with respect to how and why entities use derivative instruments, how they are accounted for under FAS 161 and the related impact on financial position, financial performance and cash flows. We plan to implement this standard on January 1, 2009. When adopted, we do not anticipate a material change to our consolidated results of operations or financial position.

In May 2008, FASB issued SFAS No. 162 “The Hierarchy of Generally Accepted Accounting Principles” which codifies the sources of accounting principles and the related framework to be utilized in preparing financial statements in conformity with GAAP. We do not anticipate any impact on our consolidated results of operations or financial position when this is adopted.

Results of Operations

	Year ended December 31,	
	2008	2007
	(Dollars in thousands unless otherwise indicated)	
Revenue		
Production revenue	\$ 227,044	\$ 201,993
Expenses		
Operating - exclusive of depletion and depreciation shown below	58,538	59,450
General and administrative	26,005	20,198
Restructuring charges	2,410	20,746
Impairment charges	-	14,736
Depletion, depreciation and accretion	59,735	204,507
	146,688	319,637
Income (Loss) from operations	80,356	(117,644)
Other income and expenses		
Financing charges	195,079	170,271
Loss on disposition	430	-
Foreign exchange (gain) loss	287,483	(202,109)
	482,992	(31,838)
Loss before taxes	(402,636)	(85,806)
Taxes		
Current state taxes	168	156
Net loss before undernoted	(402,804)	(85,962)
Minority interests	(1,942)	1,760
Net loss and comprehensive loss	\$ (404,746)	\$ (84,202)
EBITDA	\$ 140,091	\$ 101,599
Net Capital Expenditures	\$ 170,740	\$ 71,129
Daily net sales volumes (Boe):	13,220	13,155
Daily net sales volumes (Mcfe):	79,320	78,929
Realized prices (\$ per Boe):	48.06	41.88
Realized prices (\$ per Mcfe):	8.01	6.98
Expenses (\$ per Boe):		
Operating	12.12	12.28
Depreciation, depletion and accretion ⁽¹⁾	12.36	19.09
General and administrative ⁽²⁾	3.84	4.21
Expenses (\$ per Mcfe):		
Operating	2.02	2.06
Depreciation, depletion and accretion ⁽¹⁾	2.06	3.18
General and administrative ⁽²⁾	0.64	0.70

- (1) Depreciation, depletion and accretion expenses per unit in 2007 do not include the asset impairment and ceiling test write-downs. In 2008, no asset impairment or ceiling test write-downs were performed.

- (2) General and administrative expense per unit in 2008 does not include the long-term incentive plan. In 2007, there was no long-term incentive plan. In 2008, the long-term incentive plan was \$0.26 per Mcfe (\$1.56 per Boe).

	At December 31,	
	2008	2007
	(Dollars in thousands)	
Consolidated Balance Sheet Data:		
Property, plant and equipment	\$ 746,367	\$ 633,889
Total assets	942,626	883,744
Total current liabilities	84,135	71,265
Total liabilities	1,894,009	1,433,417
Series A preferred stock	518,499	380,828
Total stockholders' deficiency	(1,469,882)	(930,501)

Year Ended December 31, 2008 compared to the Year Ended December 31, 2007

Production Revenue

Revenue net of royalties increased by \$25.0 million, or 12%, to \$227.0 million in 2008 compared to \$202.0 million in 2007. This increase is related primarily to an increase in net realized price of \$8.01 per Mcfe (\$48.06 per Boe) in 2008 excluding unrealized losses on risk management contracts, compared to a price of \$6.98 per Mcfe (\$41.88 per Boe) in 2007 which contributed \$28.7 million in additional revenue. The average spot price for gas during 2008 was \$8.14 per Mcfe (\$48.84 per Boe). During 2008, we incurred a \$5.5 million unrealized loss on risk management contracts, compared to an unrealized loss of \$0.3 million in 2007, a variance of \$5.2 million. Net natural gas sales volumes increased by 1% to 79.3 Mmcf per day (13,220 Boe per day) in 2008, as compared to 78.9 Mmcf per day (13,155 Boe per day) during 2007, which contributed \$1.6 million in additional revenue. Natural gas volumes before royalties were 97.7 Mmcf per day (16,289 Boe per day) in 2008 compared to 93.4 Mmcf per day (15,565 Boe per day) in 2007, an increase of 4.3 Mmcf per day, or 4.6%. The increase is mainly the result of an increase in production in our northern area from the Mannville CBM play. Royalties in 2008 were \$1.86 per Mcfe (\$11.16 per Boe) compared to \$1.24 per Mcfe (\$7.44 per Boe) in 2007. The average royalty rate in 2008 increased to 18.8% compared to 15.0% in 2007 due mainly to a one-time credit in 2007 for an annual allowable royalty cost reduction. This royalty rate increase in 2008 decreased our net production by 4.3 Mmcf per day.

Operating Expenses

Operating expenses decreased by \$0.9 million, or 2%, to \$58.5 million in 2008 as compared to \$59.4 million in 2007. The decrease in operating expenses was mainly due to a number of wells becoming free-flowing and not requiring gas pumps to lift water in the northern operating area. The majority of these wells became free-flowing in the second and third quarters of 2008. Offsetting this decline was an increase in operating expenses from a higher number of producing wells in 2008. On a per unit basis after royalty volumes, our operating expenses in 2008 were \$2.02 per Mcfe (\$12.12 per Boe) compared to \$2.06 per Mcfe (\$12.36 per Boe) in 2007. Before royalty volumes, our operating expenses per unit in 2008 decreased to \$1.64 per Mcfe (\$9.84 per Boe) compared to \$1.74 per Mcfe (\$10.44 per Boe) in 2007. The difference between the rate before and after royalty volumes is the result of a one-time credit for an annual allowable royalty cost reduction as a result of investment levels in 2006 which was finalized during the second quarter of 2007. It is expected that operating expenses will continue to decline on a per unit basis in 2009.

General and Administrative Expenses

General and administrative ("G&A") expenses increased by \$5.8 million, or 29%, to \$26.0 million in 2008, as compared to \$20.2 million in 2007, or \$0.90 per Mcfe (\$5.40 per Boe) in 2008 compared to \$0.70 per Mcfe (\$4.20 per Boe) in 2007. Included in the 2008 total is a stock-based compensation recovery of \$0.9 million compared to a recovery of \$0.6 million in 2007. In 2008, we recorded a charge of \$7.3 million relating to an estimate for compensation relating to a long-term incentive plan, none of which was capitalized. Excluding the long-term incentive plan, G&A expense was \$0.64 per Mcfe (\$3.84 per Boe) which is lower than 2007. In 2008, excluding recoveries from well overhead and capital, and excluding the long-term incentive plan, we capitalized \$6.3 million, or 25.1% of G&A expenses compared to \$10.5 million, or 34.3% of G&A expenses in 2007. The reduction was due to decreased overall staffing

levels and related compensation expenses, offset by an increase in legal and other fees associated with obtaining waivers and amendments under our credit facilities, and an increase in consultant expenses.

Restructuring Charges

During 2008, Trident incurred an expense of \$2.4 million principally as a result of an organizational restructuring which began in March, which eliminated a number of redundant departments within the Company. Included in these costs were severance payments made to certain staff and executive employees in conjunction with this restructuring. These costs were a decrease from an expense of \$20.7 million which was incurred in 2007 resulting from the start of a major restructuring initiative in the previous year, which included amongst other items, severance payments, retention payments, additional directors fees, legal fees and third party advisor fees. Given the nature of these costs, they have been separately classified outside of general and administrative expenses.

Depletion, Depreciation and Accretion Expenses

Depletion, Depreciation and Accretion (“DD&A”) expenses decreased by \$144.8 million, or 71%, to \$59.7 million in 2008 as compared to \$204.5 million in 2007. The decrease in DD&A is primarily due to a \$112.8 million ceiling test write-down incurred in 2007, asset impairment charges of \$14.7 million incurred in 2007 on assets held for sale and investments, and new reserve reports from an independent engineering firm in 2008, which lowered the depletion rates mainly from higher proved reserves when compared to 2007. This was offset by an increase in accretion expense in 2008 to \$2.8 million compared to \$1.9 million in 2007. The increase in proved reserves and absence of impairments has reduced the overall depletion rate per Mcfe from \$7.10 (\$42.60 per Boe) in 2007, to \$2.06 per Mcfe (\$12.36 per Boe) in 2008.

Financing Charges

Financing charges increased by \$24.8 million, or 15% to \$195.1 million in 2008 compared to \$170.3 million in 2007. The main reason for the increase in financing charges is due to no change in the fair value of the lender’s warrants and contractor options in 2008 as the share price at the end of the year was \$nil which is consistent with 2007’s ending share price, whereas in 2007 the fair value reduced by \$12.7 million as the share price declined from \$10.00 per share to \$nil. We capitalize interest on unproved properties that are not currently being depleted. During 2008, we capitalized \$15.8 million of interest compared to \$23.4 million in 2007 which translates into higher financing charges. Financing charges also increased due to an increase of \$4.0 million in the amortization of deferred financing charges to \$13.6 million in 2008 compared to \$9.6 million in 2007. The change in fair value of the Series A preferred stock embedded derivative increased financing charges by \$1.8 million to \$62.9 million in 2008 compared to \$61.1 million in 2007. The estimated fair value of the Series A preferred stock embedded derivative is presented as a liability on the consolidated balance sheet with changes in the fair value recorded in the statement of operations in the period they occur. The fair value of the embedded derivative is calculated each balance sheet date using management’s estimates, including the timing for settling the Series A preferred stock. For a more detailed discussion on the Series A preferred stock embedded derivative, see “Liquidity and Capital Resources”. In addition, the accrued interest on the Series B preferred stock increased by \$1.0 million to \$7.7 million in 2008 compared to \$6.7 million in 2007. Partially offsetting the increase in financing charges was an increase in interest income in 2008 of \$3.9 million compared to \$2.0 million in 2007 which lowers financing charges. Finally, during 2008, we recognized \$130.7 million in interest and fees related to our various credit facilities, compared to \$131.1 million in interest and fees in 2007.

Foreign Exchange (Gain)/Loss

In 2008, Trident recognized a foreign exchange loss of \$287.5 million compared to a gain of \$202.1 million in the same period in 2007. We are subject to foreign exchange gains and losses because the majority of our debt and long-term liabilities are denominated in U.S. dollars. Foreign exchange gains and losses recognized relate to our secured term loan facility, our subordinated credit facility, lenders’ warrants and other long-term liabilities, the Series A preferred stock embedded derivative and Series B preferred stock, and U.S. dollar denominated cash balances. Year-over-year, the Canadian dollar has weakened substantially relative to the U.S. dollar. The majority of this decline has been since mid-2008 due mainly to the deteriorating condition of the global markets and lower commodity prices. As uncertainty in the market increases or becomes more volatile, investors tend to purchase what is considered one of the safest investments, which is U.S. Government bonds. The Canadian dollar, relative to the U.S. dollar, may decline during these periods.

Income Taxes

At December 31, 2008, the tax basis of our petroleum and natural gas properties exceeded their net book value, resulting in a deferred tax asset, as was the case in 2007 and 2006. We have not recognized the value of this asset in our financial statements, because we have not determined that utilization of this asset is more likely than not. As a result, tax expense in both 2008 and 2007 was limited to current state taxes and no deferred tax expense or recovery was recorded.

Net Loss

Our net loss for 2008 was \$404.7 million, or \$13.23 net loss per basic and diluted share, as compared to \$84.2 million net loss during the same period in 2007, or \$2.08 net loss per basic and diluted share. This increase in the net loss per share is due substantially to the fluctuation in foreign exchange between the current and the comparative period as described above, and higher financing charges, offset by lower DD&A and higher net revenue.

Reserves Data

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Estimated net proved reserves:		
Proved developed producing (Mmcf)	247,193.8	92,016.6
Proved developed non-producing (Mmcf)	<u>4,959.4</u>	<u>15,675.0</u>
Total proved developed (Mmcf)	252,153.2	107,691.6
Proved undeveloped (Mmcf)	<u>107,726.0</u>	<u>58,416.0</u>
Total proved reserves (Mmcf)	<u><u>359,879.2</u></u>	<u><u>166,107.6</u></u>
Standardized measure of discounted at 10% (in millions)(1)	<u><u>658.7</u></u>	<u><u>402.5</u></u>
Price used for proved reserve PV-10	\$ 6.35	\$ 6.52

(1) Calculated based on our net proved reserves. The "standardized measure of discounted future net cash flows" is the present value of our estimated future net cash flows, discounted at 10% per year, calculated using constant pricing. The standardized measure of discounted future net cash flows does not purport to present the fair market value of our natural gas reserves and is not indicative of actual future net cash flows. It was determined based on the market prices for natural gas as of December 31, 2008 and as of December 31, 2007. The natural gas prices used for the calculations as of December 31, 2008 and December 31, 2007 were C\$6.35 and C\$6.52, respectively. These prices were based on NGX AB-NIT as of December 31, 2008 and AECO-C prices as of December 31, 2007 and were adjusted to account for transportation costs and any difference in quality as applicable. The oil price used for the calculations as of December 31, 2007 was C\$93.44. There are no income taxes expected on future net cash flows. Management believes that the presentation in this table provides useful information to investors because it is widely used by professional analysts and sophisticated investors in evaluating oil and gas companies.

Liquidity and Capital Resources

Our primary sources of cash have been debt and equity financings and more recently cash from operations. Our primary uses of cash have been, and we expect will continue to be, exploration and development of natural gas properties, expenses for continued operations, G&A costs and repayment of principal and interest on outstanding credit facilities.

Our 2008 operating plan was focused on Trident continuing to develop key acreage within our core operating areas as well as having a number of exploratory expenditures within both the Mannville area, as well as the Montney play in British Columbia. Management believes that cash provided from operating activities and cash on hand will be sufficient to fund the Company's 2009 budgeted expenditures throughout the year.

Indebtedness

We have financed our operations since 2004 through the following equity and debt transactions:

- On July 8, 2004, TEC entered into a subordinated credit facility. At December 31, 2004, TEC had drawn US\$15.2 million on the subordinated facility. On January 28, 2005, the subordinated facility was repaid in full;
- On August 25, 2004, we sold 1,750,405 shares of our common stock at \$16.10 per share for gross proceeds of \$28.2 million and 341,595 shares of common stock at \$16.50 per share for gross proceeds of \$5.6 million.
- On January 28, 2005, TEC entered into a senior revolving resource facility with a maximum availability of \$50.0 million due July 28, 2005. On March 15, 2005, TEC repaid the \$13.7 million and US\$16.3 million drawn on the resource facility and on April 18, 2005, TEC cancelled the resource facility;
- In January 2005, all Trident stockholders were offered the opportunity to invest bridge equity on or before February 1, 2005. Certain stockholders funded a US\$3.1 million bridge investment which was convertible into common stock or the units being offered in the March 2005 equity issuance. In March 2005, the stockholders purchased 77,010 common shares at a five percent discount in exchange for the bridge investment;
- On March 3, 2005, we entered into a US\$3.0 million subordinated loan agreement with an affiliate of a stockholder. On March 31, 2005, the loan was repaid;
- From March through November 2005, we issued 1,198,985 shares of common stock for net cash proceeds of \$55.5 million after issuance costs; which includes 77,010 shares of common stock issued as discussed above;
- From March through September 2005, we issued 5,104,311 redeemable units ("Series A units") for gross proceeds of US\$319.1 million before share issue costs of US\$16.4 million. The series A units each consist of one share of our series A preferred stock with a face amount of US\$62.50 per share and one warrant exercisable for the purchase of one share of our common stock;
- On April 26, 2005, TEC entered into a secured term loan facility and we borrowed US\$175.0 million from the facility;
- In July 2005, the Company repurchased 320,000 series A units at a three percent discount from the issuance price without accrued dividends or interest for a total purchase price of US\$19.4 million;
- On December 16, 2005, we borrowed an additional US\$100.0 million under TEC's secured term loan facility;
- On January 5, 2006, we sold 2,380,000 shares of our common stock at \$50 per share for gross proceeds of \$119.0 million. On February 2, 2006, we sold 100,000 shares of our common stock at \$50 per share for gross proceeds of \$5.0 million. Thereafter, we sold 350,034 shares of our common stock at \$50 per share for gross proceeds of \$17.5 million to our existing stockholders pursuant to their pre-emptive rights under our expiring stockholders agreement;
- On January 30, 2006, we issued 8,764 shares of common stock with an aggregate value of \$438,200;
- On April 3, 2006, we borrowed an additional US\$50.0 million from TEC's secured term loan facility;
- On April 25, 2006, we borrowed an additional US\$125.0 million under TEC's secured term loan facility and we borrowed US\$125.0 million under TRC's unsecured term loan facility;
- From June 8 to July 7, 2006, we issued 614,000 redeemable units ("series B units") for gross proceeds of US\$38.4 million. The series B units each consist of one share of our series B preferred stock with a face amount of US\$62.50 per share and one warrant exercisable for the purchase of one share of our common stock;
- On October 25, 2006, we borrowed an additional US\$50.0 million from TEC's secured term loan facility;

- On November 24, 2006, Trident entered into a US\$270.0 million subordinated credit facility agreement. On the same date Trident used the net proceeds to repay the existing US\$125.0 million unsecured credit facility plus accrued interest;
- On August 20, 2007, Trident closed the 2007 unsecured facility, which provided TRC with \$120.0 million of financing. The financing is in the form of a subordinated unsecured loan with detachable warrants to acquire common stock of TRC \$120.0 million subordinated credit facility agreement.

As of December 31, 2008, the principal amount of our total indebtedness was \$1,212.7 million including interest paid in kind and we had \$4.8 million of letters of credit outstanding under the revolving facility, none of which had amounts drawn against them. Our credit facilities generally prohibit us from incurring additional indebtedness.

Revolving Facility

TEC is the borrower under a secured revolving facility with a maximum availability of \$10.0 million dated as of July 8, 2004, as amended and restated as of December 16, 2005, and subsequently amended. The revolving facility may be used for revolving loans, bankers' acceptances, and letters of credit. The revolving facility bears interest at a rate of bank prime plus 1% for Canadian or U.S. prime rate loans and LIBOR plus 2% for LIBOR loans, and provides for a 2% fee and discounted proceeds for bankers' acceptances and undrawn letters of credit. The revolving facility has a commitment fee of 0.5% per annum on undrawn amounts. We currently use the facility to issue letters of credit. The revolving facility's borrowing base is based on the lenders' assessment of the fair value of the proved reserves of TEC and its material subsidiaries and their respective lending criteria and practices in effect at the time of determination for loans to borrowers in the Canadian oil and gas industry. The revolving facility is secured by all present and future assets of TEC and its material subsidiaries. Prior to March 2008, the facility contained a minimum tangible net worth covenant. This covenant was deleted in March of 2008.

At December 31, 2008, we had \$4.8 million of letters of credit outstanding under the revolving facility. The revolving facility expires on October 2, 2009. The revolving facility provides restrictions on TEC from paying any dividends or distributions to us for anything other than general corporate expenses incurred in the normal course of business. In the periods ended December 31, 2008 and December 31, 2007, no cash dividends were paid to us by any of our subsidiaries.

Secured Term Loan Facility

TEC is the borrower under a second lien secured term loan facility dated April 25, 2006 for US\$500.0 million. This loan matures on April 26, 2011 in respect of term advances of US\$450.0 million (and April 26, 2012 in respect of US\$50.0 million). On base rate advances, the loan bears interest at the rate of 6.5% plus a base rate equal to the greater of the US Federal Funds Rate plus 0.5% and the prime rate. On Eurodollar advances, the rate is LIBOR plus 7.5%. This facility is prepayable at any time, subject to a 2.0% premium if prepaid on or prior to August 20, 2009. This agreement is secured by a second lien on the assets securing the TEC first lien credit agreement and has similar covenants to the first lien credit agreement, and also prohibits us from incurring additional debt, subject to limited exceptions. At December 31, 2008, TEC had US\$500 million outstanding under this facility.

Unsecured Term Loan Facility and Subordinated Credit Facility

On April 25, 2006, we entered into a US\$125.0 million unsecured term loan facility and drew the entire amount. This facility matured on November 26, 2011 and bore interest at LIBOR plus 9.5 percent per annum until December 31, 2006 and thereafter increased by 0.5 percent per quarter. On November 24, 2006, Trident entered into a new US\$270.0 million subordinated credit facility agreement. On the same date Trident used the net proceeds to repay the existing US\$125.0 million unsecured credit facility plus accrued interest. The new subordinated credit facility matures on November 24, 2011 and accrues interest at LIBOR plus 12 %. Interest is payable in kind for the first two years, with an option for a third year at Trident's election. The option was elected and effective November 24, 2008, the interest will continue to be paid in kind at LIBOR plus 14 %. This facility may be paid prior to maturity at any time, subject to a 5% premium until November 24, 2008, a 2.5% premium from November 25, 2008 to August 19, 2009, and no premium after August 20, 2009. This credit facility is secured by certain present and future assets of TRC and its U.S. subsidiaries. This agreement has similar covenants to the other credit agreements, and also prohibits us from incurring additional debt, subject to limited exceptions. At December 31, 2008 we had US\$380.9 million outstanding under this agreement.

In conjunction with the facility, we issued lenders warrants to purchase 4,500,000 shares of our common stock at the lower price of \$25.00 per share or 20% below an IPO pricing or the pricing in a change of control. The warrants are exercisable at the earlier of (a) the

date that is one year and one day after the consummation of an IPO, (b) November 25, 2013, or (c) the date that is immediately prior to a change of control. The warrants terminate on the earliest date of (a) seven years after the effective date of an IPO, (b) seven years after a partial change of control (as defined in the agreement), or (c) the consummation of a change of control.

The new subordinated credit facility has substantially the same covenants as the secured term loan facility. If the secured term loan facility is paid off or refinanced without covenants, then the new subordinated credit facility's covenants are eliminated. As of December 31, 2008, all financial covenants have been met in accordance with the agreement.

2007 Unsecured Facility

On August 20, 2007, we entered into a \$120.0 million unsecured term loan facility and drew the entire amount. This facility matures on August 31, 2012 and bears interest at LIBOR plus 7.5%. Interest is due at maturity, and prior to maturity accrued but unpaid interest bears interest at the same rates as principal. This facility may be paid prior to maturity at any time, subject to a make-whole premium until August 19, 2009, and after that date, subject to a 1% premium. In the case of any prepayment made prior to August 20, 2009 and not later than 90 days after the closing of certain specified transactions (including a sale of all or substantially all assets, certain change of control transactions, and a qualified initial public offering yielding net proceeds in excess of US\$100.0 million), the prepayment premium is 1% in lieu of the otherwise applicable make-whole premium. This facility has no financial covenants, and also prohibits us from incurring additional debt, subject to limited exceptions. At December 31, 2008, we had CDN\$139.7 million of principal and accrued but unpaid interest outstanding under this agreement.

In conjunction with the facility, we issued 13,700,000 detachable warrants to purchase shares of our common stock. The warrants have an exercise price of \$0.0001 per share and are exercisable for a period of 7 years after January 1, 2008.

Preferred Stock

Series A Preferred Stock

We have 4,993,559 outstanding shares of Series A preferred stock units. Each unit consists of one share of Series A preferred stock (par value of US\$0.0001 per share) with a face amount of US\$62.50 per share and one warrant exercisable for the purchase of, initially, one share of common stock. In conjunction with the closing of the Unsecured Facility in August 2007, the conversion rate of a series A preferred stock unit and associated warrant into a share of common stock was revised to a ratio of one unit exercisable for 1.4814 shares of common stock. All other terms associated with exercise of the warrant have remaining unchanged from the original issuance. The warrant can only be exercised at the time of redemption of the associated shares of series A preferred stock. A share of series A preferred stock can be redeemed only if the associated warrant is simultaneously exercised.

The shares of Series A preferred stock are mandatorily redeemable on the earlier of March 10, 2013 or the consummation of a public offering of common stock with gross proceeds exceeding US\$50.0 million. The shares of series A preferred stock are redeemable at the option of the holder at any time after March 10, 2008 or in connection with a change of control. We may also elect to redeem the Series A preferred stock after March 10, 2008 or in connection with a change of control.

The Series A preferred stock earns dividends at 9% per annum for the first 24 months after issuance and 11% per annum thereafter.

The redemption price of a share of Series A preferred stock is equal to the exercise price of the corresponding warrant. Upon redemption of a share of Series A preferred stock and exercise of the warrant, the number of shares of common stock issuable upon exercise of the associated warrant will be adjusted if necessary, either (a) upward for the holder to receive the purchase price of US\$62.50 plus the minimum annual compounded return, or (b) downward for the holder to be limited to receipt of the purchase price of US\$62.50 plus the maximum annual compounded return. If a downward adjustment is required upon redemption, the holder has the option to make a cash payment to us in lieu of a downward adjustment of the number of shares of our common stock issuable upon exercise of the warrant. The minimum and maximum annual compounded return is determined based on the date the shares of Series A preferred stock are redeemed and the warrants are concurrently exercised as follows:

<u>Redemption Date</u>	<u>Minimum Return</u>
March 10, 2007 to March 9, 2013.....	15%
After March 10, 2013.....	an additional 1% per year

<u>Redemption Date</u>	<u>Maximum Return</u>
March 10, 2007 to March 9, 2008.....	22%
March 10, 2008 to March 9, 2009.....	20%
March 10, 2009 to March 9, 2010.....	19%
After March 10, 2010.....	18%

The above noted minimum and maximum return feature on redemption comprising (a) the minimum and maximum compounded annual return; and (b) the return of the difference between the face amount and the fair value of the common stock was determined to be an embedded derivative. Accordingly, a portion of the gross proceeds received on issuance of the units was attributed to this embedded derivative and recorded as a liability at its fair value. The carrying amount of the Series A preferred stock was calculated as the gross proceeds received on issuance of the units less the value attributed to the embedded derivative. The Series A preferred stock are classified as temporary equity as the holder has a contingent right to put for cash the common stock received on redemption of the series A preferred stock and concurrent exercise of the warrant. The difference between the original carrying amount recorded on issuance of the Series A preferred stock and their face amount is recognized as an additional charge to deficit on the issuance date. Dividends on the Series A preferred stock are currently recognized in the statement of stockholders' equity at an effective compounded rate of 11% per annum.

Series B Preferred Stock

We have 614,000 outstanding shares of Series B preferred stock units. Each unit consists of one share of Series B preferred stock (par value of US\$0.0001 per share) with a face amount of US\$62.50 per share and one warrant exercisable for the purchase of, initially, one share of common stock. In conjunction with the closing of the Unsecured Facility in August 2007, the conversion rate of a Series B preferred stock unit and associated warrant into a share of common stock was revised to a ratio of one unit exercisable for 1.4814 shares of common stock. All other terms associated with exercise of the warrant have remaining unchanged from the original issuance. The warrant can only be exercised at the time of redemption of the associated shares of Series B preferred stock. A share of Series B preferred stock can only be redeemed if the associated warrant is simultaneously exercised.

The shares of Series B preferred stock are mandatorily redeemable on the earlier of March 10, 2013 or the consummation of a public offering of common stock with gross proceeds exceeding US\$50.0 million. The shares of Series B preferred stock are redeemable at the option of the holder at any time after March 10, 2008 or in connection with a change of control. We may also elect to redeem the series B preferred stock after March 10, 2008 or in connection with a change of control.

The Series B preferred stock earns dividends at seven percent per annum. In the event that the value of Trident's common stock at the time of redemption of a share of preferred stock and exercise of its corresponding warrant is such that, upon such redemption and exercise, the holder would receive less than a 15% annually compounded return, the Company will issue additional shares of common stock as necessary to bring the holder's compounded return up to 15%. In the event that the value of Trident's common stock at the time of redemption of a share of preferred stock and exercise of its corresponding warrant is such that, upon such redemption and exercise, the holder would receive more than a 15% annually compounded return, the holder will pay to the Company such amount necessary to reduce the holder's compounded return to 15%. The holder has the option to either pay this amount to the Company in cash or to forego an equivalent value in common stock by accepting less than one share of common stock for each warrant.

Cash Flow

	<u>Year ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Net cash provided by operating activities	\$ 123,212	\$ 55,257
Net cash provided (used) by financing activities	\$ (3,991)	\$ 91,257
Net cash used for investing activities	\$ (156,109)	\$ (128,402)

Operating Activities

During 2008, net cash provided by operating activities increased by \$67.9 million, or 123%, to \$123.2 million, compared to \$55.3 million in 2007. Increased natural gas sales through higher realized prices and increased production, and lower restructuring costs, more than offset increased cash operating, financing, and G&A expenses.

Financing Activities

Net cash used by financing activities during 2008 was \$4.0 million, as compared to net cash provided by financing activities of \$91.3 million in 2007, an overall decrease of \$95.3 million. The variance can be attributed to long-term debt advances of \$120.0 million in the third quarter of 2007 compared to \$nil in 2008. The cash used in 2008 was for the repurchase of warrants, and expenses incurred in completing the preliminary Form S-1 document submitted to the SEC for review, offset partially by a positive change in non-cash working capital.

Investing Activities

Our main use of cash for investing activities continues to be for the purchase and acquisition of property, plant and equipment through exploration and development of our acreage and capitalized G&A and interest costs.

Net cash used by investing activities in 2008 totaled \$156.1 million, an increase of \$28.0 million, or 22%, compared to a use of \$128.4 million in 2007. The increase in cash used is due mainly to a larger capital expenditure program in 2008 compared to 2007 from exploration and exploitation activities in the Mannville CBM play and the Horseshoe Canyon CBM play along with the commencement of exploration activities in the Montney Shale play, offset partially by a positive change in non cash working capital in 2008.

Capital Expenditures

Over the past three years, we have shifted our capital expenditure activities from a very large capital program to a more modest capital program. In 2005 and 2006, we incurred C\$503.1 million and C\$653.4 million, respectively, in capital expenditures, which were dominated by drilling and facilities construction activities in our Mannville CBM and Horseshoe Canyon CBM plays. After 2006, we significantly reduced facilities construction because the infrastructure to deliver natural gas production in both our Mannville CBM and Horseshoe Canyon CBM plays was substantially complete. In 2007, we incurred C\$89.7 million in capital expenditures, mainly for drilling activities. In 2008, we incurred \$174.7 million of capital expenditures as drilling activities increased mainly in our Mannville CBM play.

Our capital expenditures for the year ended December 31, 2008 increased to \$174.7 million from \$89.7 million during 2007. Approximately 80% of the capital spending was completed in the areas of drilling and gathering pipelines, wellsite facilities, and gas plants. These increases were due primarily to increased drilling activity compared to the prior year where we operated within a maintenance spending scenario for the majority of 2007, and the expansion of certain Mannville CBM facilities in 2008. We also commenced an exploration program on the Montney acreage where we shot and processed 3-d seismic imaging over our lands and drilled our first well in the fourth quarter of 2008. In 2009, we plan to continue to explore and exploit our core producing and non-producing properties through the continued development of the Mannville and Horseshoe Canyon CBM plays and further drilling, completion, and equipping of the Montney Shale gas play. If long-term natural gas prices decrease to a level that we deem to be uneconomical, we could reduce, defer, or cancel planned capital expenditures. We plan to complete only capital projects we believe would meet our target levels of expected returns and cash flow generation. We continue to monitor and may adjust our capital expenditures in response to operating experience, engineering analysis, and changes in natural gas prices, exploration and development costs, industry conditions, and capital resource availability. The unavailability or high cost of drilling rigs, equipment, supplies, and personnel, as well as weather and the time required to receive permits, could also affect the timing of our capital expenditures.

Commitments and Contractual Obligations

The following table sets forth our commitments and contractual obligations as at December 31, 2008:

	Payments due by period				
	1 Year	2-3 Years	4-5 Years	More than 5 Years	Total
	(In thousands)				
Long-term debt	\$ 67,173	\$ 229,714	\$ 1,514,214	\$ -	\$ 1,811,100
Operating lease obligations	3,273	4,546	3,734	8	11,561
Drilling obligations	2,958	1,413	-	-	4,371
Take or pay gathering and processing	2,114	12,966	13,755	8,302	37,137
Total	\$ 75,518	\$ 248,639	\$ 1,531,703	\$ 8,310	\$ 1,864,169

As of December 31, 2008, we had US\$500.0 million outstanding under our secured term loan facility that bears interest at LIBOR plus 7.5%. No principal payments are required before US\$450.0 million of the facility matures on April 26, 2011 and the balance of US\$50.0 million matures on April 26, 2012. In addition, we have US\$380.9 million outstanding including interest before discounts under our subordinated credit facility that bears interest at LIBOR plus 12.0%. For the first two years, interest is payable in kind, with an option for a third year at our election. It was decided to extend the interest payable in kind option for the third year effective November 24, 2008. As a result, after November 24, 2008, the interest on the facility permanently increases to LIBOR plus 14.0%. No principal payments are required until the facility matures on November 24, 2011. Lastly, we have \$139.7 million outstanding under our 2007 unsecured facility that bears interest at LIBOR plus 7.5%, with interest being payable in kind. At December 31, 2008, to calculate the required obligation under our credit facilities, we utilized the current 3 month LIBOR rate for each facility. For principal and interest repayment amounts we used the period-end foreign exchange rate rounded to two decimal places of \$1.22/US\$1.00.

Off-Balance Sheet Arrangements

We have entered into fixed price physical delivery natural gas sales contracts to mitigate the potential adverse impact of changing commodity prices. We have elected to account for fixed price physical delivery natural gas sales contracts as normal sales expected in the normal course of business under FAS 133, and accordingly, these contracts are not recorded on the balance sheet.

Quantitative and Qualitative Disclosures About Market Risk

In order to manage our exposure to market risk, we developed a risk management policy. Under this policy, we may enter into agreements, including fixed price, forward price, physical purchase and sales contracts, futures, currency swaps, financial swaps, option contracts, collars and put options. Our commodity risk management committee evaluates the need to enter into such arrangements, and then seeks the approval of our Board of Directors.

Commodity Price Risk

We are exposed to fluctuations in natural gas prices, as a substantial portion of our production is sold at spot prices that are subject to volatile trading activity. Natural gas commodity prices fluctuate in response to, among other things, domestic and foreign supply/demand, import/export balances, government regulations, weather and fluctuations in the availability and price of other replacement energy sources. A significant drop in natural gas commodity prices could materially impact our natural gas sales, the volume of production we could produce economically, require downward adjustments to proved reserves and could materially impact our financial condition. Trident has entered into several natural gas financial contracts for the purpose of protecting our cash flow from the volatility of natural gas prices. In 2008, our natural gas price risk management program had a net unrealized loss of \$5.5 million, which is included in petroleum and natural gas sales in the Consolidated Statements of Operations and Comprehensive Loss. The current contracts in place expire on various dates to June 2009.

Trident's risk management activities are conducted pursuant to Trident's Risk Management Policy approved by the Board of Directors. We use a combination of fixed price forward contracts and financial instruments designed to establish a minimum floor price and a maximum ceiling price. Our risk management policy provides guidance to reduce the risk exposure to budgeted annual cash flow

projections resulting from uncertainty or changes in natural gas prices. Our risk management positions are described in detail in the notes to the audited financial statements.

Based on our fourth quarter 2008 average natural gas sales volumes and realized natural gas price, a change of \$1.00 per Mcf would increase or decrease our natural gas sales by approximately \$30.4 million on an annual basis.

Interest Rate Risk

We are exposed to changes in interest rates, primarily due to the fact that our term loan facilities bear interest at floating rates and also potentially due to our revolving credit facility. We have not entered into any interest rate swaps to limit or manage our exposure to fluctuations in interest rates. A 10% change in the period end December 31, 2008 floating interest rate based on our debt balances as of December 31, 2008, would change the annual interest expense by approximately \$2.8 million. To calculate the change we used period end December 31, 2008 various LIBOR rates based on our debt balances of \$1,212.7 million before discounts. For the purpose of this calculation we used an average 2008 foreign exchange rate of CDN\$1.07/US\$1.00 rounded to two decimal places.

Foreign Currency Risk

We are exposed to foreign currency exchange rate fluctuations on US dollar denominated cash balances, the US dollar denominated term loan facilities, the Series A preferred stock embedded derivative, and the Series B preferred stock. We currently do not have fixed rate arrangements to mitigate foreign exchange risk, however we continue to monitor our exposure and may enter into foreign exchange hedges if deemed appropriate. In the first half of 2008, we transferred the value of our 2008 cash interest payments into a US dollar denominated account in order to mitigate our exposure to currency fluctuations on these payments. Based on the period-end carrying value of our US dollar cash balances, the Series A preferred stock embedded derivative, Series B preferred stock and our outstanding US denominated debt of US\$880.9 million as at December 31, 2008, a \$0.01 change in the CDN to US dollar average exchange rate would result in an approximate change of \$13.6 million to foreign exchange gain/loss.

Credit Risk

We are exposed to normal credit risk on accounts receivables from customers and counterparties in the natural gas industry, including counterparties related to our risk management activities. We actively monitor our credit risks throughout the year.

Quarterly Financial and Operating Information

	Three months ended							
	Dec. 31 2008	Sept. 30 2008	June 30 2008	March 31 2008	Dec. 31 2007	Sept. 30 2007	June 30 2007	March 31 2007
FINANCIAL HIGHLIGHTS								
Income Statement								
Revenue	\$ 53,251	\$ 63,239	\$ 64,518	\$ 46,036	\$ 44,838	\$ 49,463	\$ 64,995	\$ 42,697
EBITDA	\$ 41,217	\$ 39,786	\$ 32,370	\$ 26,718	\$ 21,294	\$ 27,753	\$ 36,264	\$ 16,288
Income (loss) from operations	26,089	27,213	20,172	6,882	4,421	(66,925)	(27,730)	(6,664)
Net income (loss)	(200,636)	(66,180)	(46,996)	(90,934)	(32,724)	(27,589)	37,499	(61,388)
Cash Flow								
Net cash provided by operations	19,253	45,193	33,301	25,465	15,581	24,557	7,540	7,579
Net cash provided (used) by financing	(3,384)	(575)	-	(32)	89	100,263	(99)	(8,996)
Net cash used for investing	(54,627)	(7,216)	(38,038)	(56,228)	(20,058)	(31,518)	(7,336)	(69,490)
Balance Sheet								
Total current assets	160,833	193,680	202,794	190,627	212,359	208,370	112,031	111,697
Property, plant and equipment	746,367	692,995	663,433	645,167	633,889	624,942	671,221	753,925
Total assets	942,626	920,549	900,261	871,576	883,744	887,957	833,411	894,758
Total current liabilities	84,135	72,110	72,865	62,697	71,265	63,670	58,194	75,478
Total liabilities	1,894,009	1,673,763	1,589,507	1,511,853	1,433,417	1,405,300	1,323,437	1,422,317
Series A preferred stock	518,499	438,958	408,574	404,815	380,828	372,757	390,393	414,025
Total stockholders' deficiency	(1,469,882)	(1,192,172)	(1,097,820)	(1,045,092)	(930,501)	(890,100)	(880,419)	(941,584)
OPERATING RESULTS								
Average sales price (\$ per Boe)	41.62	48.36	57.39	45.45	40.05	37.15	44.49	47.19
Average sales price (\$ per Mcfe)	6.94	8.06	9.57	7.57	6.67	6.19	7.41	7.86
Daily net production (Boe/d)	14,007	12,828	13,191	12,802	13,440	12,996	14,185	11,983
Daily net production (Mcf/d)	84,043	76,969	79,149	76,810	80,642	77,973	85,113	71,900
Expenses (\$ per Boe)								
Operating	11.22	12.72	12.64	11.93	12.69	12.67	12.16	11.97
Depreciation, depletion and accretion ⁽¹⁾	11.74	10.65	10.16	17.03	16.51	21.12	18.52	20.47
General and administrative ⁽²⁾	3.46	3.77	3.62	4.65	5.13	3.78	4.40	3.39
Expenses (\$ per Mcfe)								
Operating	1.87	2.12	2.11	1.99	2.12	2.11	2.03	2.00
Depreciation, depletion and accretion ⁽¹⁾	1.96	1.78	1.69	2.84	2.75	3.52	8.69	3.41
General and administrative ⁽²⁾	0.58	0.63	0.60	0.78	0.86	0.63	0.73	0.57

(1) Depreciation, depletion and accretion expenses per unit in 2007 do not include the asset impairment or ceiling test write-downs. In 2008, no asset impairment or ceiling test write-downs were performed.

(2) General and administrative expense per unit in 2008 does not include the long-term incentive plan. In 2007, there was no long-term incentive plan. Overall, in 2008, the long-term incentive plan was \$0.26 per Mcfe (\$1.56 per Boe).



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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Trident Resources Corp. as at December 31, 2008 and 2007 and the consolidated statements of operations and comprehensive loss, stockholders' deficit and cash flows for each of the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2008 and 2007 and the results of its operations and its cash flows for each of the years then ended in accordance with United States generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Calgary, Canada

March 27, 2008

Trident Resources Corp.
Consolidated Balance Sheets
As at December 31
(In thousands of Canadian dollars, except for share data)

	2008	2007
Assets		
Current		
Cash	\$ 102,652	\$ 134,963
Accounts receivable (note 5)	57,306	69,469
Fair value of risk management contracts (note 6)	-	5,508
Prepaid expenses and deposits	1,819	2,419
Total current assets	161,777	212,359
Property, plant and equipment, full cost method - net (note 7)	746,367	633,889
Other assets (note 9)	34,482	37,496
	\$ 942,626	\$ 883,744
Liabilities		
Current		
Accounts payable	\$ 10,240	\$ 25,377
Accrued interest	11,987	11,788
Accrued other liabilities	61,908	34,100
Total current liabilities	84,135	71,265
Long-term debt (note 10)	1,192,383	918,620
Series A preferred stock embedded derivative	522,092	374,525
Series B preferred stock, 2,000,000 authorized with US\$0.0001 par value and 614,000 issued and outstanding at December 31, 2008 and December 31, 2007 (note 12)	46,718	38,018
Other long-term liabilities (note 13)	27,369	9,185
Asset retirement obligation (note 14)	21,312	19,246
Minority interests in subsidiary (note 15)	-	2,558
	1,894,009	1,433,417
Series A Preferred Stock (note 16)		
Series A redeemable preferred stock, 8,000,000 authorized with US\$0.0001 par value and 4,993,559 issued and outstanding at December 31, 2008 and December 31, 2007	518,499	380,828
Stockholders' Deficit		
Common stock, \$0.0001 par value, 2,490,000,000 authorized with 27,359,357 issued as of December 31, 2008 and 27,330,727 as of December 31, 2007	3	3
Paid-in capital	306,528	303,492
Deficit	(1,776,413)	(1,233,996)
	(1,469,882)	(930,501)
	\$ 942,626	\$ 883,744
Commitments (note 24)		
Contingencies (note 26)		
Going concern (note 2)		

See accompanying notes to the consolidated financial statements.

Trident Resources Corp.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31
(In thousands of Canadian dollars, except for share data)

	2008	2007
Revenue		
Production revenue	\$ 227,044	\$ 201,993
Expenses		
Operating - exclusive of depletion and depreciation shown below	58,538	59,450
General and administrative	26,005	20,198
Restructuring charges (note 20)	2,410	20,746
Impairment charges	-	14,736
Depletion, depreciation and accretion (note 7)	59,735	204,507
	146,688	319,637
Income/(loss) from operations	80,356	(117,644)
Other income and expenses		
Financing charges (note 19)	195,079	170,271
Loss on disposition	430	-
Foreign exchange (gain)/loss	287,483	(202,109)
	482,992	(31,838)
Loss before taxes	(402,636)	(85,806)
Taxes		
Current state taxes (note 22)	168	156
Net loss before undernoted items	(402,804)	(85,962)
Minority interests	(1,942)	1,760
Net loss and comprehensive loss	\$ (404,746)	\$ (84,202)
Net loss per share (note 17)		
Basic and diluted	\$ (13.23)	\$ (2.08)
Weighted average number of shares of common stock outstanding (thousands)		
Basic and diluted	41,005	27,331

See accompanying notes to the consolidated financial statements.

Trident Resources Corp.
Consolidated Statements of Stockholders' Deficit
For the years ended December 31
(In thousands of Canadian dollars, except for share data)

	2008	2007
Common stock , \$0.0001 par value, 2,490,000,000 authorized with 27,359,357 issued as of December 31, 2008 and 27,330,727 as of December 31, 2007		
Balance at beginning and end of year	\$ 3	\$ 3
Paid-in capital		
Balance at beginning of year	303,492	301,133
Issuance of common stock	74	-
Elimination of minority interest stock (note 8)	4,500	-
Stock-based compensation (recovery)	(1,309)	2,359
Repurchase of warrants	(229)	-
Balance at end of year	306,528	303,492
Deficit		
Balance at beginning of year	(1,233,996)	(1,177,132)
Net loss	(404,746)	(84,202)
Accrued dividends on Series A preferred stock	(41,376)	(38,908)
Foreign exchange gain/(loss) on Series A preferred stock	(96,295)	66,246
Balance at end of year	(1,776,413)	(1,233,996)
Total stockholders' deficit at end of year	\$ (1,469,882)	\$ (930,501)

See accompanying notes to the consolidated financial statements.

Trident Resources Corp.
Consolidated Statements of Cash Flows
For the years ended December 31
(In thousands of Canadian dollars)

	2008	2007
Operating activities		
Net loss	\$ (404,746)	\$ (84,202)
Minority interests	1,942	(1,760)
Depletion, depreciation and accretion	59,735	204,507
Impairment charges	-	14,736
Non-cash financing charges	156,104	125,698
Stock-based compensation recovery	(945)	(599)
Long-term portion of long-term incentive plan accrual	7,330	-
Loss on disposition	430	-
Unrealized foreign exchange (gain) loss	287,483	(202,109)
Unrealized loss on derivative contracts	5,508	264
Abandonment costs	(121)	-
Change in non-cash working capital (note 23)	10,492	(1,278)
Net cash provided by operating activities	123,212	55,257
Financing activities		
Settlement of lenders' warrants (note 11)	-	(12,456)
Long-term debt advances	-	120,000
Repurchase of warrants	(229)	-
Debt and share issue costs	(4,272)	(16,700)
Change in non-cash working capital (note 23)	510	413
Net cash from (used for) financing activities	(3,991)	91,257
Investing activities		
Additions to property, plant and equipment	(174,675)	(89,734)
Proceeds from sale of property, plant and equipment	3,935	18,605
Investments	-	(41)
Change in non-cash working capital (note 23)	14,631	(57,232)
Net cash used for investing activities	(156,109)	(128,402)
Effect of translation on foreign currency denominated cash	4,577	(685)
Increase (decrease) in cash	(32,311)	17,427
Cash, beginning of year	134,963	117,536
Cash, end of year	\$ 102,652	\$ 134,963

See accompanying notes to the consolidated financial statements.

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1. Basis of Presentation

Trident Resources Corp. (“Trident”, “TRC”, or “the Company”) was incorporated in the State of Delaware on November 7, 2003 for the purpose of investing in Trident Exploration Corp. (“TEC”) and its subsidiaries, a private Canadian company founded in 2000. Trident participates in the acquisition, exploration, development, and production with a principal focus on natural gas from coals. Substantially all of the Company’s operations and production are in Western Canada with certain unproved landholdings in the United States. All of Trident’s proved reserves are located in the Province of Alberta, Canada.

These consolidated financial statements of Trident Resources Corp. (“Trident”, “TRC” or “the Company”) have been prepared by management in accordance with U.S. generally accepted accounting principles (“GAAP”).

Trident’s functional currency is the Canadian dollar as the majority of the Company’s assets and operations are located in Canada and substantially all of the Company’s operations are conducted using the Canadian dollar. Accordingly, the Company’s reporting currency is also the Canadian dollar.

These financial statements reflect all adjustments (consisting of normal recurring adjustments and accruals) that are, in management’s opinion, necessary for a fair presentation of the results of the year. The timely preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual amounts could differ from estimated amounts due to factors such as fluctuations in commodity prices, changes in the fair value of the Company’s common stock, interest rates and legislative changes.

At December 31, 2008, management’s estimated fair value of Trident common stock was \$nil per share (December 31, 2007 - \$nil). Changes in the estimated fair value of the Company’s common stock price have a material impact on the financial statements including financing charges, subordinated facility warrants included in other long-term liabilities, the Series A preferred stock embedded derivative, stock-based compensation expense/(recovery), paid-in capital, net loss, and deficit. It is reasonably possible that the estimate of the fair value of the Company’s common stock will change in the near term pending reserve report adjustments, exchange rate fluctuations, and volatility or other changes in market conditions. The magnitude of these changes cannot be reasonably estimated.

2. Going Concern

These financial statements have been prepared in accordance with GAAP applicable for a going concern, which presumes the realization of assets and discharge of obligations in the normal course of business. For the year ended December 31, 2008, Trident recorded a net loss of \$404.7 million. At December 31, 2008, the Company had a deficit of \$1,776.4 million and a working capital surplus of \$77.6 million. The Company’s ability to continue as a going concern is dependent upon its ability to generate cash from its operating activities sufficient to meet its obligations as they arise. These financial statements have been prepared on the basis that the Company would meet all its obligations as they become due.

At December 31, 2008, the Company was in compliance with all financial covenants. Due to the combination of an anticipated weak Canadian dollar relative to the United States dollar in future periods coupled with the decline in the anticipated commodity prices for the sales of natural gas expected in future periods, there is the potential that within the next twelve-month period subsequent to December 31, 2008, the Company may violate certain financial covenants that pertain to limits on ratios of consolidated debt measured to qualifying cash flows as prescribed under its lending agreements. Factors which would maintain covenant compliance include the potential for improvement in commodity prices, strengthening of the Canadian dollar relative to the United States dollar, the addition of new investment not classified as debt as it pertains to the relevant covenants, negotiation of the covenant terms during periods of compliance or combinations of the above. The Company’s failure to comply with its financial covenants could result in a portion or all of Trident’s outstanding debt being called by its lenders, which would significantly impact the Company’s ability to continue as a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments may be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

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3. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") within the framework of the accounting policies summarized below.

(a) Principles of consolidation

These consolidated financial statements reflect the activities of Trident and its subsidiaries. Inter-company transactions and balances are eliminated upon consolidation. Substantially all of Trident's activities are conducted jointly with others, and accordingly, Trident reflects its proportionate interest in such activities.

(b) Use of estimates

The timely preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual amounts could differ from the estimated amounts due to factors such as fluctuations in commodity prices, changes in the fair value of the Company's common stock, interest rates and legislative changes. Significant items subject to such estimates and assumptions include the following:

- estimates of proved reserves and related estimates of the present value of future net revenues
- carrying value of property, plant and equipment
- asset retirement obligations
- estimates of common share value and assumptions implicit for calculation of preferred stock embedded derivatives
- valuation of derivative financial instruments
- obligations related to legal and environmental risks and exposures

(c) Accounts receivable

Trident's accounts receivable are with customers and joint venture partners in the oil and gas business. Receivables are generally due within 60 days. If, after consideration of relevant existing economic conditions, management concludes that the collection of any specific amount due is no longer reasonably assured, an allowance for doubtful accounts is established. At December 31, 2008, three purchasers accounted for approximately 40%, 38%, and 21% of Trident's total consolidated sales.

(d) Property, plant and equipment

Trident follows the full cost method of accounting for property, plant and equipment. Accordingly, all costs relating to the acquisition, exploration and development of producing properties, including leasehold costs, geological and geophysical costs, carrying charges of non-producing interests, costs of drilling both productive and non-productive wells, tangible production equipment costs, and general and administrative ("G&A") costs directly related to, and necessary to, exploration and development activities, are capitalized. Proceeds from the disposal of property interests are applied against capitalized costs, with no gain or loss recognized in the statement of operations, unless such disposal would significantly alter the relationship between capitalized costs and proven natural gas and oil reserves.

Costs of unproved properties are not depleted pending determination of the existence of proved reserves. All costs of unproved properties are reviewed quarterly to determine if impairment has occurred. Any amount of impairment assessed is transferred to the costs subject to depletion.

The sum of net capitalized costs and estimated future development and asset retirement costs is depleted on the unit-of-production method, based on proved petroleum and natural gas reserves as determined by independent reservoir engineers. Proved reserve and production volumes are converted to equivalent units on the basis of relative energy content using a ratio of six thousand cubic feet of natural gas to one barrel of crude oil.

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The Company performs a ceiling test each quarter. The ceiling test provides that capitalized costs less related accumulated depletion and deferred income taxes may not exceed the sum of: (a) estimated future net revenues, discounted at 10 % per annum, from proved reserves, based on unescalated period-end prices excluding asset retirement obligations that have been accrued on the balance sheet; (b) the cost of unproved properties not subject to depletion; (c) the lower of cost or estimated fair value of unproved properties included in the cost being depleted; less (d) income tax effects related to differences in the book and tax basis of property, plant and equipment. If capitalized costs exceed this limit, the excess is charged to depletion expense and reflected as additional accumulated depletion and depreciation.

Other equipment, which consists of furniture, fixtures and office equipment, is recorded at cost and depreciated over their useful lives on a declining basis at 20% per annum.

(e) Deferred financing charges

Financing charges relating to long-term debt are deferred and amortized over the term of the related debt using the effective interest rate method.

(f) Asset retirement obligations

Trident records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. Subsequent to the initial measurement of the asset retirement obligations, the obligations are adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

(g) Revenue recognition

Natural gas revenue is recognized when title passes to the customer. Revenue from properties in which Trident has an interest with other joint venture partners is recognized on the basis of Trident's net working interest. Trident's joint venture operating agreements do not permit the Company to take more than its working interest gas production. Accordingly, Trident uses the entitlement method of accounting for gas-balancing arrangements where each owner recognizes revenue based on its ownership share of total gas actually produced during the period, regardless of which owner actually sells and receives payments for the gas.

(h) Income taxes

Trident uses the asset and liability method of accounting for income taxes. This method requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between financial accounting bases and tax bases of assets and liabilities. The tax benefits of tax loss carry-forwards and other potential future income tax deductions are recorded as an asset to the extent that management assesses the utilization of such assets to be "more likely than not". If the future utilization of some portion of a deferred tax asset is not determined to be more likely than not, a valuation allowance is provided to reduce the recorded deferred tax asset.

(i) Stock-based compensation plans

Prior to January 1, 2006, Trident accounted for stock-based compensation using the fair value method as described in the Financial Accounting Standards Board ("FASB") Statement 123, *Accounting for Stock-Based Compensation* ("FAS 123").

Effective January 1, 2006, Trident adopted Statement of Financial Accounting Standard No. 123(R), *Share Based Payments* ("FAS No. 123(R)"), using the modified prospective transition method. Compensation costs continue to be recognized using the accelerated recognition method for options subject to graded vesting. FAS 123(R) requires equity-classified, share-based payments to employees, including grants of employee stock options, to be valued at fair value on the date of grant and to be expensed over the applicable vesting period. Under the modified prospective transition method, share-based awards granted or modified on or after January 1, 2006, are recognized in compensation expense over the applicable vesting period. Also, any

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previously granted awards that were not fully vested as of January 1, 2006 are recognized as compensation expense over the remaining vesting period. Compensation costs recognized are based on awards ultimately expected to vest and are reduced by estimated forfeitures.

Under FAS 123(R), the liability awards are recognized at fair value rather than intrinsic value as required by FAS 123. At January 1, 2006, the difference between the intrinsic value and the fair value of Trident's previously classified liability awards was not material.

Compensation costs that are directly related to, and necessary to, exploration and development activities are recorded as additions to property, plant and equipment on the balance sheet with a corresponding increase to either paid-in capital or liabilities. To the extent that compensation costs do not relate to exploration and development activities, they are recorded in the statement of operations. If a stock option is exercised, the consideration received, together with the amount recognized in paid-in capital or liabilities are recorded as an increase to equity.

Stock-based awards granted to contractors that are no longer subject to service requirements are not subject to FAS 123(R) and become subject to other accounting standards. In certain circumstances, the maximum number of shares that could be required to be delivered to the holders of the Series A preferred stock may exceed the number of authorized shares that have not yet been issued. In those cases, there may be insufficient authorized shares not yet issued to allow settlement of contractor warrants and vested options by delivering shares. Accordingly, contractor warrants and vested options are presented as liabilities and are measured at their vesting date and at each balance sheet date thereafter. The change in fair value at the vesting date is recognized in equity with subsequent changes in fair value recognized as a cost or recovery of financing charges. All shares of common stock that are issued upon the receipt of consideration for the exercise of stock-based awards are issued from treasury.

Temporary differences from stock-based awards classified as both equity and as liabilities that would result in a future tax deduction under existing tax law, will result in the recognition of deferred tax benefits in the income statement with a corresponding increase to a deferred tax asset. Tax benefits resulting from tax deductions in excess of the compensation cost recognized for exercised options ("excess tax benefits") are classified as both an operating cash outflow and a financing cash inflow. As a result of the Company's net operating losses, the excess tax benefits that would otherwise be available to reduce income taxes payable have the effect of increasing Trident's net operating loss carry-forwards. Accordingly, because the Company is not currently able to realize these excess tax benefits, such benefits have not been recognized in the statement of cash flow for the years ended December 31, 2008 and 2007.

(j) Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary items, revenues and expenses are translated at rates of exchange in effect at the respective transaction dates. Foreign exchange gains and losses are included in the statement of operations.

(k) Per share amounts

Basic net loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted per share amounts are calculated using the treasury stock and "if-converted" methods. The treasury stock method recognizes the use of proceeds that could be obtained upon exercise of options and warrants and the associated unamortized stock-based compensation costs in computing diluted earnings per share. It assumes that any proceeds would be used to purchase common shares at the average market price during the period. The if-converted method assumes conversion of convertible securities at the beginning of the reporting period.

(l) Risk management contracts

Trident periodically enters into derivative financial instrument commodity contracts to mitigate the potential adverse impact of changing commodity prices. The Company does not enter into derivative financial instruments for trading or speculative purposes. The derivative contracts are initiated within the guidelines of the Company's risk management policy. The Company considers these contracts to be effective hedges on an economic basis but has decided not to designate these

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contracts as hedges for accounting purposes and, accordingly, an unrealized gain or loss is recorded in production revenue in the statement of operations based on the fair value of the contracts at the balance sheet date. The Company has also entered into fixed price physical commodity sales contracts. Trident has elected to account for fixed price physical delivery natural gas sales contracts as normal sales expected in the normal course of business and accordingly, these contracts are not recorded on the balance sheet.

(m) Capitalization of interest

Trident capitalizes interest as part of the historical cost of acquiring assets. Investments in unproved properties on which depletion and depreciation expense is not currently recorded and on which exploration or development activities are in progress, qualify for capitalization of interest. As excluded property costs are transferred to costs subject to depletion and depreciation, the associated capitalized interest is also transferred to costs subject to depletion and depreciation.

(n) Recently issued accounting standards

In December 2007, FASB issued FAS No. 160 “*Non-controlling Interests in Consolidated Financial Statements – an Amendment of Accounting Research Bulletin No. 51*”, or FAS 160, which establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the non-controlling interest, changes in a parent’s ownership interest and the valuation of retained non-controlling equity instruments when a subsidiary is deconsolidated. The statement also establishes disclosure requirements to clearly identify and distinguish between the interests of the parent and the interest of the non-controlling owners. FAS 160 is effective for fiscal years beginning after December 15, 2008. We plan to implement this standard on January 1, 2009. When adopted, our minority interest positions on the balance sheet will be presented as a component of equity. The Company does not anticipate a material affect on its financial results as a result of adopting this standard on January 1, 2009.

In December 2007, FASB issued Statement 141(R), *Business Combinations* (“FAS 141R”). FAS 141R provides greater consistency in the accounting and financial reporting of business combinations. It requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose the nature and financial effect of the business combination. FAS 141R is effective on a prospective basis for fiscal years beginning after December 15, 2008.

In March 2008, FASB issued FAS No. 161 “*Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133*”, or FAS 161, which is effective for fiscal years beginning after November 15, 2008. FAS No. 161 expands the disclosure requirements for derivative instruments and hedging activities with respect to how and why entities use derivative instruments, how they are accounted for under FAS 133 and the related impact on financial position, financial performance and cash flows. We plan to implement this standard on January 1, 2009. When adopted, we do not anticipate a material change to our consolidated results of operations or financial position.

In May 2008, FASB issued FAS No. 162 “*The Hierarchy of Generally Accepted Accounting Principles*” which codifies the sources of accounting principles and the related framework to be utilized in preparing financial statements in conformity with GAAP. We do not anticipate any impact on our consolidated results of operations or financial position when this is adopted.

4. Changes in Accounting Policies

Two new FASB accounting statements were adopted by Trident in the first quarter of 2008: FASB Statement No. 157 – *Fair Value Measurements* (“FAS 157”) and FASB Statement No. 159 – *The Fair Value Option for Financial Assets and Financial Liabilities* (“FAS 159”). FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This statement applies to other accounting pronouncements that require or permit fair value measurements, and is effective for financial statements issued for fiscal years beginning after November 15, 2007. In addition to required disclosures, FAS 157 also requires companies to evaluate current measurement techniques. The adoption of FAS 157 had no impact on Trident’s consolidated results of operations or financial position. FAS 159 allows an entity to choose to measure many financial instruments and certain other items at fair value for fiscal years beginning on or after November 15, 2007. Trident’s financial statements were not materially impacted by FAS 159.

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The Company's assets and liabilities that are recorded at fair value have been categorized into one of three categories based on the fair value hierarchy established by FAS 157. Fair values of assets or liabilities in Level I are assigned according to published or quoted prices in active markets for identical assets or liabilities. The technique used to measure fair value for Level I is the market approach. Level II includes assets and liabilities that were fair valued either by reference to published or quoted prices in markets that were not active or that had outputs that were observable directly or indirectly. Valuations in Level II include values determined using comparisons of similar assets or liabilities that have established market values, models that estimate fair values and other valuation techniques that are commonly used to assign values by market participants. This valuation technique is called the income approach. Level II valuations may rely on the use of estimates of future cash flows, the timing of those cash flows and future discount rates and their effect on the Company's common stock price per share. In making these assumptions, the Company relies on publicly published interest rate yield data, foreign exchange rates and the share price volatility of the Company's peers. Level III valuations are based on inputs that are unobservable yet significant to the measurement of fair value. The Company does not have any assets or liabilities that have fair values that are based on unobservable inputs.

The following assets and liabilities are measured on a recurring basis in the Company's financial statements as at December 31, 2008 at fair value as defined and categorized by FAS 157:

Liabilities Recorded at Fair Value	I	Level II	III
Costless collars (note 6)	\$ -	\$ -	\$ -
Series A preferred shares embedded derivative (note 16)	-	\$ 522,092	-
Subordinated facility and unsecured facility lender's warrants (note 11)	-	-	-
Stock option loan program and contractors vested options (note 18)	-	-	-
	\$ -	\$ 522,092	\$ -

The Company's management estimates the fair value of shares of its common stock. The valuation has a material impact on the liabilities that are listed as level II liabilities in the table above.

5. Accounts Receivable

At December 31, 2008 and 2007, accounts receivable consisted of the following:

	2008	2007
Joint interest billings	\$ 32,045	\$ 46,661
Accrued production revenue	23,628	20,746
Goods and services tax	1,365	266
Other	268	1,796
	\$ 57,306	\$ 69,469

At December 31, 2008 and 2007, Trident did not have a provision for doubtful accounts.

6. Risk Management Contracts

Trident has entered into costless collar derivative contracts and fixed price commodity sales contracts. The costless collar contracts establish floor and ceiling prices on anticipated future natural gas production. There were no costless collars outstanding at December 31, 2008. The fair value of the costless collar contracts at December 31, 2007 was \$5.5 million and the change in fair value since inception has been recorded in production revenue in the statement of operations. Fixed price contracts represent physical delivery contracts and are recorded as production revenue upon delivery.

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At December 31, 2008, the Company had the following risk management contracts outstanding:

Contract	Volume (gj/day)	Pricing point	Weighted average price (\$/gj)	Term
Fixed price ⁽¹⁾	4,400 - 30,000	AECO	\$6.00 - \$7.24	January 2009 - June 2009

⁽¹⁾ Physical delivery

7. Property, Plant and Equipment

At December 31, 2008 and 2007, property, plant and equipment consisted of the following:

	2008	2007
Properties subject to depletion	\$ 1,584,486	\$ 1,324,828
Properties not subject to depletion	229,388	320,373
Accumulated depletion	(1,069,679)	(1,013,778)
	744,195	631,423
Office equipment, furniture and fixtures	6,036	5,776
Accumulated depreciation	(3,864)	(3,310)
	2,172	2,466
	\$ 746,367	\$ 633,889

In 2007, the net carrying amount of properties subject to depletion exceeded the discounted future net revenues from the proved reserves by \$112.8 million in aggregate, and was recognized as additional depletion expense. During the year ended December 31, 2008, depletion, depreciation and accretion per Mcfe was \$1.97 (2007 - \$7.10). Excluding the effects of the ceiling test write-down and asset impairments in 2007, depletion, depreciation and accretion per Mcfe was \$3.18. During the year ended December 31, 2008, the Company capitalized, excluding recoveries from capital expenditures, general and administrative expenses of \$5.9 million (2007 - \$9.3 million) and interest charges of \$15.8 million (2007 - \$23.4 million).

At December 31, 2008, the carrying value of Trident's property, plant and equipment consists of \$725.1 million of net assets located in Canada and \$21.3 million of net assets located in the United States (December 31, 2007 - \$613.5 million in Canada and \$20.4 million in the United States).

8. Intangible Assets

Effective January 1, 2006, a wholly-owned subsidiary of Trident purchased certain assets of Rakhit Petroleum Consulting Ltd. ("Rakhit") for an aggregate amount of \$6.0 million. The purchase price was paid with 90,000 exchangeable shares of common stock of the subsidiary and \$1.5 million in cash. At the purchase date, the estimated fair value of the subsidiary's common stock was \$50.00 per share. The stock is exchangeable into Trident common stock on a one-for-one basis. Rakhit provided consulting services specializing in the application of hydrodynamics, geology and hydrogeology for petroleum exploration and development, including coalbed methane. The net assets acquired consisted of \$7.7 million of intangible assets, \$0.6 million of property, plant and equipment and a \$2.3 million deferred income tax liability. During 2007, Trident wrote off the remaining unamortized value of the intangible assets and in the year ended December 31, 2008, Rakhit was sold back to its original owner. As part of the sale, Trident maintains a license to Rakhit studies that were part of the original purchase and 28,630 of the exchangeable shares were converted to common shares of Trident. Any remaining outstanding exchangeable shares were eliminated upon closing of the transaction.

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9. Other assets

At December 31, 2008 and 2007, other assets consisted of the following:

	2008	2007
Deferred financing charges, net of accumulated amortization	\$ 34,232	\$ 37,246
Investments	250	250
	\$ 34,482	\$ 37,496

At December 31, 2008, \$4.2 million of the balance in deferred financing charges relates to deferred share issue costs for the preliminary filing of Form S-1 with the U.S. Securities and Exchange Commission in connection with a proposed initial public offering of shares of the Company. Costs amounting to \$28.5 million related to financing raised in August 2007 were charged to deferred financing charges in 2007.

10. Credit Facilities

The Company's credit facilities restrict Trident Exploration Corp. ("TEC"), a Trident subsidiary, from paying any dividends or distributions to Trident for anything other than general corporate expenses incurred in the normal course of business. Due to these restrictions, dividends on the preferred shares are being accrued instead of being paid out. In each of 2008 and 2007, no dividends were paid to Trident by any subsidiaries.

(a) Revolving facility

At December 31, 2008 and 2007, TEC had a 364-day secured revolving facility ("Revolving Facility") with a maximum availability of \$10.0 million. The Revolving Facility bears interest at a rate of bank prime plus 1% for Canadian or U.S. prime loans and bank prime plus 2% for LIBOR loans, bankers' acceptances and letters of credit. The Revolving Facility has a commitment fee of 0.5% per annum on amounts not yet drawn and is also used to issue letters of credit. The Revolving Facility's borrowing base is based on the lender's assessment of the fair value of the proved reserves of TEC.

The Revolving Facility is secured by all of the present and future assets of TEC. The Revolving Facility, prior to March 2008, contained a financial covenant that required the maintenance of a minimum tangible net worth (as defined in the agreement). In advance of the December 31, 2007 measurement date, the lender waived compliance of this covenant for December 31, 2007 and in March 2008, the covenant was deleted. On October 3, 2008, the Revolving Facility was extended to October 2, 2009.

At December 31, 2008, TEC had drawings of \$nil (December 31, 2007 - \$nil) and letters of credit of \$4.8 million (December 31, 2007 - \$9.6 million) under the Revolving Facility.

(b) Long-term debt

At December 31, 2008 and 2007, long-term debt consisted of the following:

	2008	2007
Second lien secured syndicated term loan facility (US \$500 million)	\$ 609,000	\$ 495,650
Discounts on second lien facility	(1,356)	(1,766)
Second lien secured syndicated term facility, net of discount	607,644	493,884
Subordinated facility (US \$270 million plus accrued interest)	463,976	323,805
Discounts and warrants on subordinated facility	(18,953)	(24,839)
Subordinated facility, net of discount and warrants	445,023	298,966
2007 unsecured facility (\$120 million plus accrued interest)	139,716	125,770
	\$ 1,192,383	\$ 918,620

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In 2005, TEC entered into a second lien secured syndicated term loan facility (“Secured Facility”) for US\$325 million and drew US\$275 million prior to December 31, 2005. In 2006, TEC amended the Secured Facility to increase the maximum available to draw to US\$500 million and drew the amounts to the maximum during that year. The amended Secured Facility matures on two dates: US\$450 million matures on April 26, 2011 and US\$50 million matures on April 26, 2012. Principal is due at maturity. In association with an amendment, Trident was required to raise additional capital and enter into certain derivative commodity contracts. Each of these requirements was met within the prescribed periods. Interest on the amended Secured Facility accrues at LIBOR plus 7.5% per annum. The effective rate for this facility is LIBOR plus 7.6% as a result of the discount. The effective interest rate on this facility at December 31, 2008 was 11.1% per annum.

The Secured Facility has a cross covenant which requires Trident to comply with the Revolving Facility covenants. In addition, the Secured Facility has certain financial covenants including a maximum total debt to earnings before interest, taxes, depletion, depreciation, amortization, extraordinary losses and other non-cash expenses as defined in the agreement, an interest coverage ratio and also requires a minimum present value of proved reserves to total debt ratio. As at December 31, 2008, all of these financial covenants have been met.

In 2006, Trident entered into a US\$270 million subordinated credit facility (“Subordinated Facility”). Draws within the Subordinated Facility in 2006 satisfied the additional capital requirement of the Secured Facility. The Subordinated Facility matures on November 24, 2011 and accrues interest at LIBOR plus 12% per annum. The effective interest rate is LIBOR plus 13.1% per annum as a result of discounts applied. Interest is payable in kind for the first two years to be extended for a third year at Trident’s option. During the fourth quarter of 2008, the Company exercised its option to extend paying interest in kind. As a result, the interest rate on the Subordinated Facility increases by 2% per annum to LIBOR plus 14.0% per annum commencing November 24, 2008. Principal is due at maturity. The Subordinated Facility has substantially the same covenants as the Secured Facility. If the Secured Facility is paid off or refinanced without covenants, the Subordinated Facility’s covenants are eliminated. The effective interest rate on this facility at December 31, 2008 was 17.3% per annum. As at December 31, 2008, the Company met the covenant requirements pertaining to this facility.

At the date of issuance, the estimated fair value of warrants issued in conjunction with this facility was \$18.5 million and was recorded as a discount to long-term debt with an offset to long-term liabilities (see note 11). The discount is amortized through financing expense over the term of the Subordinated Facility.

In August 2007, Trident drew \$120 million under a new facility (“the 2007 Unsecured Facility”). The 2007 Unsecured Facility matures August 31, 2012 and bears interest at LIBOR plus 7.5 % per annum. Interest is due at maturity and the 2007 Unsecured Facility does not have any financial covenants.

Principal repayments for the Company’s long-term debt are scheduled as follows:

2009	-
2010	-
2011	1,012,076
2012	200,616
2013 and thereafter	-
Total principal repayments	\$ 1,212,692

11. Lenders Warrants

In conjunction with the Subordinated Facility, Trident issued warrants (“Subordinated Facility Warrants”) to the lenders to purchase 4,500,000 shares of Trident common stock at the lower of \$25.00 per share or 20.0 % below either an IPO price or a price used in the event of a change of control. The warrants are exercisable at the earlier of (a) the date that is one year and one day after the consummation of an IPO, (b) November 25, 2013, or (c) the date that is immediately prior to a change of control. The warrants terminate on the earliest date of (a) seven years after the effective date of an IPO, (b) seven years after a partial change of control (as defined in the agreement), or (c) the consummation of a change of control.

In some circumstances, the maximum number of shares that could be required to be delivered to the holders of the Series A preferred stock exceeds the current number of shares authorized but not yet issued. In those circumstances, there may be

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insufficient shares authorized but not yet issued to allow settlement of the Subordinated Facility Warrants by delivering common stock. As a result, the Subordinated Facility Warrants are recorded as long-term liabilities and are carried at their estimated fair value on the consolidated balance sheet with changes in the fair value recorded as financing charges in the statement of operations in the period they occur (see notes 13 and 19). The fair value of the Subordinated Facility Warrants is calculated each balance sheet date using the Black-Scholes option-pricing model. At December 31, 2008, the estimated fair value of the Subordinated Facility Warrants is \$nil (December 31, 2007 - \$nil).

In conjunction with the 2007 Unsecured Facility issued in August 2007, Trident issued 13.7 million detachable warrants to purchase shares of Trident common stock ("Unsecured Lender's Warrants"). The warrants have an exercise price of \$0.0001 per share and are exercisable for a period of 7 years after January 1, 2008. In some circumstances, the maximum number of shares that could be required to be delivered to the holders of the Series A preferred stock exceeds the current number of shares authorized but not yet issued. In those circumstances, there may be insufficient shares authorized but not yet issued to allow settlement of the Unsecured Lender's Warrants by delivering common stock. As a result, the Unsecured Lender's Warrants are recorded as long-term liabilities and are carried at their estimated fair value on the consolidated balance sheet with changes in the fair value recorded as financing charges in the statement of operations in the period they occur (see notes 13 and 19). The fair value of the Unsecured Lender's Warrants is calculated at each balance sheet date using the Black-Scholes option pricing model. At December 31, 2008, the estimated fair value of the Unsecured Lender's Warrants is \$nil (December 31, 2007 - \$nil).

In addition, the estimated fair value of the employee stock option loan program at December 31, 2008 is \$nil (December 31, 2007 - \$nil).

During the year ended December 31, 2007, Trident cash settled \$12.5 million related to previously outstanding lenders' warrants associated with a 2004 subordinated facility.

12. Series B Preferred Stock

At December 31, 2008, there were 2 million Series B preferred stock authorized with US\$0.0001 par value. In 2006, Trident issued 614,000 units for gross proceeds of US\$38.4 million. Each unit consists of one share of Series B preferred stock with a face amount of US\$62.50 per share and one warrant exercisable for the purchase of, initially, one share of common stock. In conjunction with the closing of the Unsecured Facility in August 2007, the conversion rate of a Series B preferred stock unit and associated warrant into a share of common stock was revised to a ratio of one unit exercisable for 1.4814 shares of common stock. All other terms associated with the exercise of the warrant have remained unchanged from the original issuance. The warrant can only be exercised at the time of redemption of the associated shares of Series B preferred stock. A share of Series B preferred stock can only be redeemed if the associated warrant is simultaneously exercised.

The Series B preferred stock are mandatorily redeemable on the earlier of March 10, 2013 ("Maturity") and the consummation of a public offering of common stock with gross proceeds exceeding US\$50 million. The Series B preferred stock are redeemable at the option of the holder at any time after March 10, 2008 or in connection with a change in control. Trident may also elect to redeem the Series B preferred stock after March 10, 2008, subject to the condition that no debt restrictions exist that would otherwise prevent the Company from doing so, or in connection with a change of control. Also subject to the condition that no debt restrictions exist that would otherwise prevent the transaction, the holder of a unit may elect to put the common stock received on redemption for cash upon maturity of the Series B preferred stock or if Trident elects to redeem the Series B preferred stock at any time after March 10, 2008 or upon a change in control. Upon consummation of a public offering or redemption at the holder's election, the holder will receive common stock.

The Series B preferred stock earn dividends at 7% per annum. In the event that the value of Trident's common stock at the time of redemption of a share of preferred stock and exercise of its corresponding warrant is such that, upon such redemption and exercise, the holder would receive less than a 15% annually compounded return, the Company will issue additional shares of common stock as necessary to bring the holder's compounded return up to 15%. In the event that the value of Trident's common stock at the time of redemption of a share of preferred stock and exercise of its corresponding warrant is such that, upon such redemption and exercise, the holder would receive more than a 15% annually compounded return, the holder will pay to the Company such amount necessary to reduce the holder's compounded return to 15%. The holder has the option to either pay this amount to the Company in cash or to forego an equivalent value in common stock by accepting less than one share of common stock for each warrant. The number of common stock due upon redemption of the Series B preferred stock and concurrent exercise of the warrant is dependent

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on the Company's common stock price on the redemption date. There is no maximum number of shares of common stock that may be issued in the event that the fair value of the Company's common stock declines. As the fair value of the Company's common stock at December 31, 2008 is estimated to be \$nil per share, the number of shares to issue would be infinite if the redemption were to occur at December 31, 2008.

The Series B preferred stock are considered liabilities as they will be settled by issuing a variable number of shares of common stock or cash. Interest is accrued at 15% per annum.

13. Other Long-Term Liabilities

At December 31, 2008 and 2007, other long-term liabilities consisted of the following:

	2008	2007
Accrued interest on Series B preferred stock	\$ 20,039	\$ 9,185
Long-term portion of long-term incentive plan	7,330	-
	\$ 27,369	\$ 9,185

14. Asset Retirement Obligation

Trident's asset retirement obligation results from net ownership interests in property interests including well sites, gathering systems and processing facilities. Trident estimates that the total undiscounted inflation-adjusted amount of cash flows required to settle its asset retirement obligation is approximately \$81.1 million. The costs will be incurred between 2009 and 2058. A credit-adjusted, risk-free rate of 14.8% was used to discount the asset retirement obligation in the most recent quarter.

	2008	2007
Balance, beginning of year	\$ 19,246	\$ 7,298
Accretion expense	2,842	1,943
Revisions and liabilities incurred	(655)	10,005
Abandonment costs	(121)	-
Balance, end of year	\$ 21,312	\$ 19,246

15. Minority Interests

The components of minority interests are presented below:

	2008	2007
Exchangeable shares of subsidiary	\$ -	\$ 4,500
TEC common stock (180,000 shares)	823	823
Cumulative minority interest recorded in the statement of operations	(823)	(2,765)
Balance, end of year	\$ -	\$ 2,558

Holders of TEC common shares are able to exchange one TEC common share for one Trident common share. During the year ended December 31, 2008, Trident cancelled 90,000 exchangeable shares of a subsidiary as part of a sale transaction of the subsidiary (see note 8). The shares were originally issued in 2006 for gross proceeds of \$4.5 million.

16. Series A Preferred Stock

At December 31, 2008, there were 8,000,000 Series A preferred stock authorized with US\$0.0001 par value. In 2005, Trident issued 5,104,311 units for gross proceeds of US\$319 million before share issue costs of \$16 million. In addition, holders of preferred stock of subsidiaries exchanged 1,667,714 preferred stock of subsidiaries for 209,248 units in the amount of US\$13 million. At December 31, 2008 and 2007, there were 4,993,559 units issued and outstanding. Each unit consists of one share of Series A preferred stock with a face amount of US\$62.50 per share and one warrant exercisable for the purchase of, initially, one

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share of common stock. In conjunction with the closing of the Unsecured Facility in August 2007, the conversion rate of a Series A preferred stock unit and associated warrant into a share of common stock was revised to a ratio of one unit exercisable for 1.4814 shares of common stock. All other terms associated with the exercise of the warrant have remained unchanged from the original issuance. The warrant can only be exercised at the time of redemption of the associated shares of Series A preferred stock. A share of Series A preferred stock can only be redeemed if the associated warrant is simultaneously exercised.

The shares of Series A preferred stock are mandatorily redeemable on the earlier of March 10, 2013 ("Maturity") and the consummation of a public offering of common stock with gross proceeds exceeding US\$50 million. The shares of Series A preferred stock are redeemable at the option of the holder at any time after March 10, 2008, or in connection with a change of control. Trident may also elect to redeem the Series A preferred stock after March 10, 2008, or in connection with a change of control, subject to the condition that no debt restrictions exist that would otherwise prevent the Company from doing so. The holder of a unit may elect to put the common stock received on redemption for cash upon maturity of the Series A preferred stock or if Trident elects to redeem the Series A preferred stock at any time after March 10, 2008 or upon a change of control. Upon consummation of a public offering or redemption at the holder's election, the holder will receive common stock. The Series A preferred stock earn dividends at 9% per annum for the first 24 months after issuance and 11% per annum thereafter.

Upon redemption of a share of Series A preferred stock and exercise of the warrant, the number of shares of common stock issued will be adjusted if necessary, (a) either upward for the holder to receive a minimum annual compounded return, or downward for the holder to receive a maximum annual compounded return; and (b) to return the Series A preferred stock's face amount of US\$62.50 per share. The downward adjustment may be paid in cash rather than common stock at the option of the holder. The minimum and maximum annual compounded return is determined based on the date the Series A preferred stock are redeemed and the warrants are concurrently exercised, as follows:

Redemption Date	Minimum Return
Before March 10, 2006	19%
March 10, 2006 to March 9, 2007	17%
March 10, 2007 to March 9, 2013	15%
After March 10, 2013	an additional 1% per year

Redemption Date	Maximum Return
Before March 10, 2006	30%
March 10, 2006 to March 9, 2007	25%
March 10, 2007 to March 9, 2008	22%
March 10, 2008 to March 9, 2009	20%
March 10, 2009 to March 9, 2010	19%
After March 10, 2010	18%

The above noted minimum and maximum return feature on redemption comprising (a) the minimum and maximum compounded annual return; and (b) the return of the difference between the face amount and the fair value of the common stock was determined to be an embedded derivative. Accordingly, a portion of the gross proceeds received on issuance of the units was attributed to this embedded derivative and recorded as a liability at its fair value. The carrying amount of the Series A preferred stock was calculated as the gross proceeds received on issuance of the units less the value attributed to the embedded derivative at issuance. The Series A preferred stock are classified as temporary equity as the holder has a contingent right to put for cash the common stock received on redemption of the Series A preferred stock and concurrent exercise of the warrant. The difference between the original carrying amount recorded on issuance of the Series A preferred stock and their face amount was recognized as an additional charge to deficit on the issuance date. Dividends on the Series A preferred stock are recognized in the statement of stockholders' equity (deficit).

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Series A Preferred Stock	December 31, 2008	December 31, 2007
Balance, beginning of year	\$ 380,828	\$ 408,166
Accrued dividends	41,376	38,908
Foreign exchange (gain) loss	96,295	(66,246)
Balance, end of year	\$ 518,499	\$ 380,828

The number of common stock or amount of cash due upon redemption of the Series A preferred stock and concurrent exercise of the warrant is also dependent on the Company's common stock price on the redemption date. There is no maximum number of shares of common stock that may be issued in the event that the fair value of the Company's common stock declines.

If the redemption and concurrent exercise of the warrants occurred at December 31, 2008, at which time the estimated fair value of the Company's common stock was \$nil per share, the Company would be required to issue infinite shares of common stock to provide the holders with a return of the face amount of the Series A preferred stock plus a compounded minimum return of 15%.

The Series A preferred stockholders vote together with the common stockholders as a single class. The Series A preferred stockholders also have certain separate voting rights. The Series A preferred stock rank senior to the Company's common stock as to dividends and distributions of assets. Trident cannot pay any cash dividends or cash distributions or make any other cash payment in respect of the common stock unless all accrued dividends on the Series A preferred stock have been paid in full in cash.

The estimated fair value of the Series A preferred stock embedded derivative is presented as a liability on the consolidated balance sheet with changes in the fair value recorded in the statement of operations in the period they occur. The fair value of the embedded derivative is calculated each balance sheet date using the Black-Scholes option-pricing model incorporating management's estimates, including the expected method and timing for settling the Series A preferred stock. The Series A preferred stock are denominated in U.S. dollars, and accordingly, foreign exchange gains and losses on the embedded derivative recorded on the balance sheet are recognized in the statement of operations in the period they occur.

17. Common Stock

(a) Issued and outstanding

At December 31, 2008, there were 2,490,000,000 (December 31, 2007 – 2,490,000,000) voting common stock authorized with US\$0.0001 par value.

Number of Outstanding Common Shares	Shares (thousands)
Balance, December 31, 2006	27,330
Issued during the year	-
Balance, December 31, 2007	27,330
Issued during the year	29
Balance, December 31, 2008	27,359

During the year ended December 31, 2008, as part of a transaction that involved the sale of a subsidiary, Trident issued 28,630 shares of common stock and cancelled 90,000 common shares of the subsidiary that were exchangeable into shares of common stock of Trident.

At December 31, 2008, management's estimated fair value of Trident common stock was \$nil per share (December 31, 2007 – \$nil per share). Changes in the estimated fair value of the Company's common stock price have a material impact on the financial statements. It is reasonably possible that the estimate of the fair value of the Company's common stock will change in the future and the magnitude of this change cannot be reasonably estimated.

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(b) Loss per share

	2008	2007
Net loss and comprehensive loss	\$ (404,746)	\$ (84,202)
Accrued dividends on Series A preferred stock	(41,376)	\$ (38,908)
Foreign exchange gain/(loss) on Series A preferred stock	(96,295)	\$ 66,246
Loss attributable to common shareholders	\$ (542,417)	\$ (56,864)
Thousands of common stock		
Weighted average number of common stock - basic ⁽¹⁾	41,005	27,331
Weighted average number of common stock - diluted	41,005	27,331
Basic loss per share	\$ (13.23)	\$ (2.08)
Diluted loss per share	\$ (13.23)	\$ (2.08)

(1) In 2008, the Unsecured Lenders' warrants are included in the basic loss per share calculation

The following securities have been deemed anti-dilutive and were excluded from Trident's calculation of net loss per share:

(thousands)	2008	2007
Warrants	4,500	18,205
Series A preferred stock	4,994	4,994
Stock options	1,307	2,133
Trident in-substance options	756	756
Series B preferred stock	614	614
Convertible minority interest stock	180	180

18. Stock-Based Compensation

For the year ended December 31, 2008, a stock-based compensation recovery of \$0.9 million reduced expenses (December 31, 2007 - \$0.6 million expense) and a \$0.4 million stock-based compensation recovery was capitalized (December 31, 2007 - \$0.7 million recovery). In 2008 and 2007, no amount was recognized as a tax benefit in the statement of operations.

(a) TEC stock options

Trident has a stock option plan under which the Board of Directors may grant stock options to directors, officers, employees, and consultants for the purchase of shares of TEC common stock. The options are granted at the estimated fair value of the TEC common stock at the grant date. The maximum number of options to be granted under the plan is 3.1 million. Trident issues new shares of common stock to settle options exercised. Upon exercise, holders of TEC options have the option of receiving Trident shares.

The fair value of stock options are estimated on the date of the grant, using a Black-Scholes option pricing model that incorporates the assumptions as noted in the table below. The contractual term of stock options granted is 10 years and the options typically vest over four years. Commencing January 1, 2006, the expected term was calculated based on the simplified method due to the limited history of actual employee exercise behaviour and post-vesting termination behaviour. For purposes of the calculation, the employees were divided into two groups (executives and non-executives) based on expected employee exercise behaviour and post-vesting termination behaviour. Expected volatility is based on the historical volatility of a peer group of similar companies, comparable in industry and size, for a period equivalent to the expected term as it was not practicable to estimate Trident's expected volatility due to the limited market data available for share transactions. Expected forfeitures are based on actual historical experience and an analysis of the same peer group. The risk free rate is based on the zero-coupon yield curve for Bank of Canada bonds with a term equivalent to the expected term.

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Option activity for the years ended December 31, 2008 and 2007 was as follows:

	Number of Options (Thousands)	Weighted Average Exercise Price	Exercisable at Year-End (Thousands)	Weighted Average Exercise Price
Balance, December 31, 2006	3,036	\$ 23.21	1,395	\$ 11.82
Forfeited	(940)	26.75		
Balance, December 31, 2007	2,096	\$ 21.60	1,376	\$ 14.15
Forfeited	(789)	23.16		
Balance, December 31, 2008	1,307	\$ 20.67	1,206	\$ 18.21

Details on options outstanding at December 31, 2008 are as follows:

Exercise price	Options Outstanding		Exercisable Options	
	Number of Options (Thousands)	Weighted Average Remaining Term	Exercisable at Year-End (Thousands)	Exercise Price
\$ 4.20	208	3.6	208	\$ 4.20
5.30	90	3.6	90	5.30
8.40	184	3.6	184	8.40
13.00	88	4.6	88	13.00
14.00	218	5.3	218	14.00
16.50	182	5.8	180	16.50
18.70	3	6.3	3	18.70
50.00	280	7.0	204	50.00
53.00	54	7.8	31	53.00
\$ 20.67	1,307	5.2	1,206	\$ 18.21

At December 31, 2008 there were 1,083,928 (December 31, 2007 – 1,695,071) options outstanding to employees and 223,125 (December 31, 2007 – 401,125) options outstanding to consultants. At December 31, 2008, the intrinsic value of all outstanding options was \$nil (December 31, 2007 - \$nil). There have been no options granted in 2008 or 2007.

At December 31, 2008, approximately \$1.2 million (December 31, 2007 - \$2.4 million) of compensation cost relating to unvested stock options has not yet been recognized. The total period over which these costs are expected to be recognized is 1.75 years. No cash has been received from options exercised in 2008 or 2007. At December 31, 2008, the intrinsic value of stock options vested and exercisable was \$nil (December 31, 2007 – \$nil).

(b) Trident in-substance options

In 2005, two then-current members, and a former member, of senior management purchased 755,758 Trident shares of common stock at a price of \$16.50 per share in exchange for share purchase promissory notes in the aggregate amount of US\$10.3 million. The shares are pledged as collateral for the promissory notes and had to be held for 366 days before they could be sold. The promissory notes bear interest at 5% per annum and are due at the earlier of the sale of the shares or December 31, 2012. This arrangement is considered, in substance, to be the issuance of stock options and is accounted for in accordance with the Company's policy on stock-based compensation.

On July 13, 2006, Trident entered into an agreement with two members of senior management ("the individuals") to eliminate their share purchase promissory notes. The individuals granted the Company call options to purchase 497,879 shares of Trident common stock owned by the individuals. In return, the Company cancelled the US\$6.8 million share purchase promissory notes plus all accrued interest thereupon and a US\$0.5 million stock option loan. The exercise price of the option is equal to the greater of \$nil and the fair value of the shares of common stock covered by the option at the time of exercise, less a weighted average purchase discount of US\$15.67 per share. The options are exercisable by the Company at the earliest of: (a) a change of control (as defined in the agreement), (b) December 31, 2012, (c) after an IPO, the date upon which the individuals intends to sell one or more

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of the underlying shares of common stock, or (d) after an IPO, the date at which the exercise price falls below \$0.50 per share. The combination of the common stock and purchased call option has substantially the same characteristics as the grant of stock options. Accordingly, this arrangement is accounted for as a modification of an existing award in accordance with the Company's policy on stock-based compensation. Consistent with the accounting for the promissory notes, because the shares sold subject to the call options are considered stock options, neither the shares outstanding nor the purchased call options are recorded on the balance sheet. As this arrangement does not have a service period, costs related to the issuance were recognized in the third quarter of 2006.

At December 31, 2008, the intrinsic value of the Trident in-substance options was \$nil (December 31, 2007 - \$nil). The two members of senior management are no longer employed by the Company.

(c) Stock option loan program

On June 23, 2005, the Board of Directors approved a program (the "stock option loan program") whereby employees are permitted to borrow from Trident, an amount up to 50% of the July 1, 2005 intrinsic value of their vested TEC stock options or Trident in-substance stock options up to a maximum of \$2.0 million per employee (US\$2.0 million per U.S. based employee). Up to 25% of the intrinsic value of vested stock options as of July 1, 2005 may be borrowed immediately (up to a maximum of \$0.5 million per employee, or US\$0.5 million per U.S. based employee) and the remaining 25% of the intrinsic value of vested options on the date at which Trident achieves a weekly average production rate of 125 Mmcf per day. The loans bear interest at the Canada Revenue Agency's prescribed rate and are secured by the employees' stock options in an amount equal to double the loan amount.

The stock option loan program represents a cash-settled liability indexed to the Company's own common stock and the loan is effectively a put option with an exercise price equal to that required for the employee to breakeven. Accordingly, compensation cost is measured as the fair value of the put option. Changes in the fair value of the liability are recognized in financing charges in the period they occur.

On March 29, 2006, in anticipation of Trident filing an initial registration statement with the SEC, the Board of Directors approved a program under which senior management would repay their stock option loans. On April 21, 2006 a member of senior management repaid his \$0.3 million loan in cash. On June 29, 2006 and July 14, 2006, the remaining members of senior management repaid all amounts borrowed under the employee stock option loan program. These members of senior management exercised a number of TEC stock options with an intrinsic value equivalent to the principal amount owing on the stock option loans. The TEC stock options were exercised for shares of Trident common stock under the exchange rights agreement between Trident and TEC. The Company repurchased the Trident common stock and the funds received by senior management were used to settle the loans.

Due to the decrease in the estimated fair value of the Company's common stock over time, holders of the stock option loans are most likely incented to forfeit the options given as collateral rather than repay the loan. Accordingly in 2007 Trident recorded a \$0.3 million charge to general and administrative expense to recognize an impairment of the outstanding loans to employees, reducing the carrying charge value for these loans to \$nil at the time. At the current \$nil per common share price, the fair value of the put option as of December 31, 2008 is \$nil (December 31, 2007 - \$nil). These loans have not been forgiven.

(d) TEC deferred stock units

On December 17, 2004, the Board of Directors granted 245,000 deferred stock units to members of senior management. Members of senior management will receive a cash payment equal to the number of deferred stock units multiplied by the fair value of one Trident common share on the vesting date. The deferred stock units vest at the earlier of four years after the grant date, the date of a change of control, or two years after Trident becomes a public corporation. During 2007, Trident wrote off the value of the deferred stock units to \$nil based on the current value of the common stock of the Company.

(e) Contractor warrants

In 2006, the Company granted 30,000 warrants to a contractor that have an exercise price of \$50.00 per common share and expire in 2012.

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In 2003, TEC issued 25,000 warrants to a former contractor that have an exercise price of \$4.20 per share and expire in 2012. These warrants may be settled for cash at the Company's option. During the year ended December 31, 2008, 5,000 warrants were exercised for cash at the exercise price of \$4.20 per share. A cash payment of \$0.2 million was made to settle the liability. As of December 31, 2008 the intrinsic value of the 20,000 warrants outstanding is \$nil (December 31, 2007 - \$nil).

19. Financing Charges

For the years ended December 31, 2008 and 2007, financing charges consisted of the following:

	2008	2007
Change in fair value of Series A preferred stock embedded derivative	\$ 62,893	\$ 61,134
Interest expense on credit facilities	130,654	131,064
Amortization of deferred financing charges	13,580	9,540
Accrued interest on Series B preferred stock	7,661	6,657
Change in fair value of lenders warrants and options	-	(12,687)
Interest income	(3,895)	(2,030)
Interest capitalized	(15,814)	(23,407)
	\$ 195,079	\$ 170,271

20. Restructuring Charges

In the first quarter of 2008, Trident underwent a reorganization by consolidating five departments and eliminating 15 employment positions and three contract positions within the Company. The cost of the reorganization was \$2.4 million for the year ended December 31, 2008. Similar restructuring costs were incurred during 2007, which included severance costs, retention costs, and third party advisor costs. A total of \$20.7 million was expensed during the year ended December 31, 2007.

21. Retirement Savings Plan

Effective July 1, 2008, the Company established a Group Retirement Savings Plan ("the Plan") which includes a Defined Contribution Pension Plan ("DCPP") and a Registered Retirement Savings Plan ("RRSP"). In the DCPP, the Company contributes 4% of the eligible employee's gross base salary to specified investments managed by the plan administrator. These contributions vest upon a term of employment of two years and are available to the employee upon reaching 60 years of age. In the RRSP, the eligible employee has the option of contributing to specified investments managed by the same plan administrator as the DCPP. The Company will match 100% of the employee's contribution up to a maximum of 4% of the employee's gross base salary. The RRSP contributions vest immediately after the contribution has taken place. The expenses incurred for this plan for the year ended December 31, 2008 were \$0.3 million (2007 - \$nil) and are recorded in general and administrative expenses.

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22. Income Taxes

The provision for income taxes is comprised of:

	2008	2007
Current state taxes	\$ 168	\$ 156

The provision for taxes reflects an effective tax rate which differs from the statutory federal tax rate. Differences were attributable to the following:

	2008	2007
Loss before taxes	\$ (402,636)	\$ (85,806)
Statutory federal income tax rate	35.0%	35.0%
Expected income tax recovery	(140,923)	(30,032)
Increase (decrease) in income taxes resulting from:		
Unrealized foreign exchange loss	33,798	-
Non-deductible costs	26,173	(2,683)
Current state taxes	168	156
Valuation allowance changes affecting provision	80,951	32,715
	\$ 168	\$ 156

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 2008 and 2007 are as follows:

	2008	2007
Deferred tax assets		
Net operating loss carry-forwards	\$ 123,407	\$ 95,674
Asset retirement obligations	7,459	6,736
Debt issuance costs	2,154	3,344
Property, plant and equipment	163,807	181,437
Long term debt	18,363	-
Other long term liabilities	2,565	-
	317,756	287,191
Valuation Allowance	(317,756)	(236,805)
	-	50,386
Deferred tax liabilities		
Fair value of risk management contracts	-	1,928
Long term debt	-	48,458
	-	50,386
Net deferred tax liabilities	\$ -	\$ -

At December 31, 2008, Trident had approximately \$1.5 billion (December 31, 2007 - \$1.4 billion) of deductions available for income tax purposes.

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Included in deferred tax assets are net operating losses of approximately \$353 million (December 31, 2007 - \$273 million) that are available for carryover beginning in the year 2009 to reduce future U.S. taxable income. The net operating losses will expire in 2023 through 2027.

Tax returns by Trident and its subsidiaries for taxation years from 2003 to present are subject to examination and re-assessment by the Canadian and United States tax authorities.

23. Changes in Non-Cash Working Capital

Cash provided by (used for) changes to:	2008	2007
Accounts receivable	\$ 12,163	\$ 6,518
Prepaid expenses and deposits	600	(1,435)
Accounts payable and accrued liabilities	12,870	(76,650)
Lenders' warrants	-	12,456
Foreign exchange on interest accrued and other	-	1,014
	25,633	(58,097)
Less changes in non-cash working capital for financing activities	(510)	(413)
Less changes in non-cash working capital for investing activities	(14,631)	57,232
Changes in non-cash working capital for operating activities	\$ 10,492	\$ (1,278)

24. Commitments

Trident has entered into operating leases for office space, office equipment, and vehicles, as well as service contracts for drilling rigs and minimum volume contracts for gathering and processing fees. Future minimum lease payments for these agreements as at December 31, 2008 are as follows:

2009	\$	8,345
2010		10,201
2011		8,724
2012		8,911
2013 and thereafter		16,888
Total lease commitments	\$	53,069

25. Related Party Transactions

During 2007, a company that had a member of Trident senior management on its Board of Directors charged Trident \$0.4 million for certain equipment. In 2007 the costs were capitalized to property, plant and equipment. At December 31, 2007, this person was no longer an employee of the Company.

26. Contingencies

The Company is involved in various claims and litigation arising in the normal course of business. While the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in the Company's favour, Trident does not currently believe that the outcome of adverse decisions in any pending proceedings related to these matters or any amount which it may be required to pay would have a material adverse impact on its financial position, results of operations or liquidity.

Trident Resources Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2008
Tabular amounts in thousands of Canadian dollars

27. Financial Instruments

(a) Fair value of financial instruments

Trident's financial instruments consist of cash, accounts receivable, derivative contracts, accounts payable, accrued liabilities, long-term debt, share purchase loan receivable, the embedded derivative within the Series A preferred stock, the Series B preferred stock and the subordinated facility warrants.

Cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amount due to their short terms to maturity. The fair value of the long-term debt approximates its carrying amount due to the at market floating interest rate.

Trident recognizes the estimated fair value of the embedded derivative within the Series A preferred stock on the balance sheets with changes in fair value recorded as financing charges in the period they occur.

The Series B preferred stock are recorded on the balance sheet at their redemption value which approximates fair value.

The subordinated facility warrants are recognized on the balance sheet at their estimated fair value with changes in fair value recorded as financing charges in the period they occur.

The derivative contracts are recognized on the balance sheet at their fair value with changes in the fair value recorded in the period they occur.

(b) Credit risk

Trident is exposed to normal credit risk on accounts receivable from customers and counter-parties in the natural gas industry, including counter-parties related to derivative contract activities. Trident actively monitors the Company's credit risks throughout the year.

(c) Commodity price risk

Trident is exposed to commodity price risk to the extent that changes in commodity prices will impact the sale price of the Company's production. Trident has entered into fixed-price commodity sales contracts and derivative contracts to mitigate the potential adverse impact of changing commodity prices.

(d) Foreign currency risk

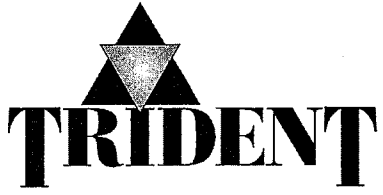
The Company has exposure to foreign exchange rate fluctuations due to U.S. dollar denominated cash balances, long-term debt, Series A and B preferred stock and the Series A preferred stock embedded derivative. Trident does not currently hedge foreign exchange rate fluctuations.

(e) Interest rate risk

Trident is exposed to interest rate risk to the extent that changes in market interest rates will impact the Company's floating interest rate debt. Trident does not hedge its interest rate exposure.

28. Supplemental Cash Flow Information

During the year ended December 31, 2008, Trident paid interest of \$57.6 million (2007 - \$65.2 million) and income taxes of \$nil (2007 - \$nil).



Appendix A



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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Trident Exploration Corp. as at December 31, 2008 and 2007 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Calgary, Canada

March 27, 2008

Trident Exploration Corp.
Consolidated Balance Sheets
As at December 31
(In thousands of Canadian dollars)

	2008	2007
Assets		
Current		
Cash	\$ 102,015	\$ 133,377
Accounts receivable	57,306	69,271
Fair value of risk management contracts (note 11(b))	-	5,508
Prepaid expenses, deposits and other current assets	1,331	1,931
	160,652	210,087
Property, plant and equipment (note 5)	938,955	875,715
Total assets	\$ 1,099,607	\$ 1,085,802
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 82,469	\$ 70,032
Loan from parent (note 6(b))	854,095	864,167
Long-term debt (note 6(b))	599,805	483,093
Asset retirement obligation (note 7)	21,312	19,246
	1,557,681	1,436,538
Shareholders' Deficit		
Common shares (note 8)	93,319	93,319
Preference shares (note 8)	25,842	25,842
Contributed surplus (note 8)	30,334	31,570
Deficit	(607,569)	(501,467)
	(458,074)	(350,736)
Total Liabilities and Shareholders' Deficit	\$ 1,099,607	\$ 1,085,802

Commitments (note 14)
Contingencies (note 15)
Going concern (note 2)

See accompanying notes to the consolidated financial statements.

Trident Exploration Corp.
Consolidated Statements of Operations, Comprehensive Loss and Deficit
For the years ended December 31
(In thousands of Canadian dollars)

	2008	2007
Revenue		
Petroleum and natural gas sales	\$ 281,029	\$ 237,732
Royalties	(53,985)	(35,739)
	227,044	201,993
Expenses		
Operating	58,538	59,450
General and administrative	12,940	14,373
Depletion, depreciation and accretion	92,667	364,902
Financing charges (note 6(d))	58,108	71,045
Restructuring charges (note 9)	2,036	8,666
Foreign exchange (gain)/loss	108,857	(87,816)
	333,146	430,620
Net loss and comprehensive loss for the year	(106,102)	(228,627)
Deficit, beginning of year	(501,467)	(272,973)
Capital contribution from parent	-	133
Deficit, end of year	\$ (607,569)	\$ (501,467)

See accompanying notes to the consolidated financial statements.

Trident Exploration Corp.
Consolidated Statements of Cash Flows
For the years ended December 31
(In thousands of Canadian dollars)

	2008	2007
Operating activities		
Net loss and comprehensive loss for the year	\$ (106,102)	\$ (228,627)
Non-cash financing charges	3,405	2,795
Depletion, depreciation and accretion	92,667	364,902
Unrealized foreign exchange (gain) loss	108,857	(87,816)
Stock-based compensation recovery	(893)	(589)
Abandonment costs	(121)	-
Unrealized loss on risk management contracts (note 11(b))	5,508	264
	103,321	50,929
Change in non-cash working capital	10,371	(415)
Net cash provided by operating activities	113,692	50,514
Financing activities		
Loan advances/(repayments)	(10,072)	134,159
Debt issue costs	(43)	-
Settlement of lenders' warrants (note 6(c))	-	(12,456)
Change in non-cash working capital	-	(268)
	(10,115)	121,435
Investing activities		
Additions to property, plant and equipment	(157,997)	(66,311)
Dispositions of property, plant and equipment	3,935	18,605
Change in non-cash working capital	14,631	(53,791)
	(139,431)	(101,497)
Effect of translation on foreign currency denominated cash	4,492	(204)
Increase/(decrease) in cash	(31,362)	70,248
Cash, beginning of year	133,377	63,129
Cash, end of year	\$ 102,015	\$ 133,377

See accompanying notes to the consolidated financial statements.

Trident Exploration Corp.
Notes to the Consolidated Financial Statements
For the Years ended December 31, 2008 and 2007
(Tabular dollar amounts are in thousands of Canadian dollars, except as otherwise noted.)

1. Nature of Operations

Trident Exploration Corp. (“Trident” or “the Company”) is incorporated under the Companies Act (Nova Scotia) for the purpose of participating in the acquisition, exploration, development and production of coalbed methane interests in Western Canada.

2. Going Concern

These financial statements have been prepared in accordance with GAAP applicable for a going concern, which presumes the realization of assets and discharge of obligations in the normal course of business. For the year ended December 31, 2008, the Company recorded a net loss of \$106.1 million. At December 31, 2008, the Company had a deficit of \$607.6 million and a working capital surplus of \$78.2 million. The Company’s ability to continue as a going concern is dependent upon its ability to generate cash from its operating activities sufficient to meet its obligations as they arise. These financial statements have been prepared on the basis that the Company would meet all its obligations as they become due.

At December 31, 2008, the Company was in compliance with all financial covenants. Due to the combination of an anticipated weak Canadian dollar relative to the United States dollar in future periods coupled with the decline in the anticipated commodity prices for the sales of natural gas expected in future periods, there is the potential that within the next twelve-month period subsequent to December 31, 2008, the Company or its parent may violate certain financial covenants that pertain to limits on ratios of consolidated debt measured to qualifying cash flows as prescribed under its lending agreements. Factors which would maintain covenant compliance include the potential for improvement in commodity prices, strengthening of the Canadian dollar relative to the United States dollar, the addition of new investment not classified as debt as it pertains to the relevant covenants, negotiation of the covenant terms during periods of compliance or combinations of the above. The Company’s failure to comply with its financial covenants could result in a portion or all of Trident’s outstanding debt being called by its lenders, which would significantly impact the Company’s ability to continue as a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments may be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

3. Basis of Presentation

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”) within the framework of the accounting policies summarized below.

(a) Basis of presentation

These consolidated financial statements reflect the activities of Trident and its subsidiaries. Inter-company transactions and balances are eliminated.

Substantially all of Trident’s activities are conducted jointly with others and, accordingly, the Company reflects its proportionate interest in such activities.

(b) Use of estimates

The timely preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual amounts could differ from estimated amounts due to factors such as fluctuations in commodity prices, changes in the fair value of the Company’s common stock, interest rates and legislative changes. Significant items subject to such estimates and assumptions include the following:

- estimates of petroleum and natural gas reserves and related estimates of the present value of future net revenues
- carrying value of petroleum and natural gas properties
- asset retirement obligations

- derivative financial instruments
- obligations related to legal and environmental risks and exposures

(c) Petroleum and natural gas operations

Trident follows the full cost method of accounting for petroleum and natural gas operations. Under the full cost method, all costs relating to the acquisition, exploration and development of petroleum and natural gas reserves are capitalized into a single Canadian cost centre. Such costs include lease acquisition costs, geological and geophysical costs, carrying charges of non-producing interests, costs of drilling both productive and non-productive wells, tangible production equipment costs, and general and administrative costs directly related to, and necessary to, exploration and development activities.

Proceeds from the disposal of petroleum and natural gas interests are applied against capitalized costs, with no gain or loss recognized in the statement of operations, unless such disposal would alter the rate of depletion by 20 % or more.

Trident performs a detailed impairment calculation annually or when events or circumstances indicate a potential impairment of the carrying amount of petroleum and natural gas assets may have occurred. An impairment loss is recognized if the carrying amount of a cost centre is not recoverable and exceeds its fair value. The carrying amount is assessed to be recoverable when the sum of undiscounted cash flows expected from proved reserves plus the cost of unproved interests, net of impairments, exceeds the carrying amount of the cost centre. When the carrying amount is assessed not to be recoverable, an impairment loss is recognized to the extent that the carrying amount of the cost centre exceeds the sum of the discounted cash flows from proved and probable reserves plus the cost of unproved interests, net of impairments, of the cost centre. The cash flows are estimated using expected future commodity prices and costs and discounted using a risk-free interest rate.

(d) Depletion and depreciation

Petroleum and natural gas interests are depleted using the unit of production method, based upon proved reserves, before royalties, as determined by independent reservoir engineers. Proved reserve and production volumes are converted to equivalent units on the basis of relative energy content using a ratio of six mcf of natural gas to one barrel of crude oil. Costs subject to depletion include the estimated costs to be incurred in developing and retiring proved reserves. Unproved interests, net of impairment, are excluded from the depletion base until proved reserves are added.

Other assets, which consist of office equipment, furniture and fixtures, are recorded at cost and depreciated over their useful lives on a declining basis at 20% per annum.

(e) Environmental compliance and remediation

Environmental compliance costs, including ongoing maintenance and monitoring, are expensed as incurred. Environmental remediation costs, which improve the condition of a property, are capitalized.

(f) Deferred financing charges

Financing charges relating to long-term debt are deferred and amortized using the effective interest rate method over the term of the related debt.

(g) Asset retirement obligations

Trident records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets resulting from the acquisition, construction, development and/or normal use of the assets. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. Subsequent to the initial measurement of the asset retirement obligations, the obligations are adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

(h) Revenue recognition

Petroleum and natural gas revenue is recognized when title passes to the customer. Revenue from properties in which Trident has an interest with other joint venture partners is recognized on the basis of Trident's net working interest.

(i) Future income taxes

Income taxes are accounted for using the asset and liability method of tax allocation, which determines future income taxes based on the differences between assets and liabilities reported for financial accounting purposes and those reported for tax purposes (“temporary differences”). Future income taxes are calculated using tax rates anticipated to apply in periods that temporary differences are expected to reverse. The effect on future tax assets and liabilities of a change in tax rates is included in earnings in the period the change is substantially enacted. Future income tax assets are evaluated and if realization is not considered ‘more likely than not’, a valuation allowance is provided.

(j) Stock-based compensation plans

Trident classifies cash-settled instruments as liabilities and equity-settled instruments as equity. Trident uses the fair value method of accounting for all equity-settled stock-based compensation. Under the fair value method, compensation costs for transactions with employees are measured at the grant date and recognized over the vesting period of the related options. For transactions with contractors, compensation costs are initially recognized at fair value on the grant date and are revalued until the measurement date, which is typically when the related options vest. Changes in compensation costs are recorded in the period they occur. If a grantee changes status from a contractor to employee and the grantee’s options have not vested, the Company measures the fair value of the award at the date of change in status, which is deemed to be the grant date.

Compensation costs that are directly related to, and necessary to, exploration and development activities are recorded as property, plant and equipment on the balance sheet with a corresponding increase to either contributed surplus or liabilities. To the extent that compensation costs do not relate to exploration and development activities, they are recorded in the statement of operations. If a stock option is exercised, the consideration received, together with the amount recognized in contributed surplus or liabilities, is recorded as an increase to share capital.

Trident issued stock options to employees of Trident Resources Corp. (“TRC”), Trident’s parent company. The grant date fair value of the options is recognized as a dividend contribution to the parent company over the vesting period of the related options.

Trident has a deferred stock unit plan. Trident recognizes the intrinsic value of the units as a liability and a compensation cost over the vesting period of the units. After the vesting period is complete, changes in intrinsic value are recognized in the period they occur. Compensation costs are allocated between the statement of operations and property, plant and equipment as discussed above.

Trident issued warrants to lenders (note 6(c)) and a former contractor. The fair value of the warrants is recognized as a liability with changes in fair value recorded in the statement of operations in the period that they occur.

(k) Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary items, revenues and expenses are translated at rates of exchange in effect at the respective transaction dates. Foreign exchange gains and losses are included in the statement of operations.

4. New Accounting Policies

a) Financial Instruments – Disclosure and Presentation

Effective January 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants (“CICA”) section 3862, “Financial Instruments – Disclosures” and CICA section 3863 “Financial Instruments –Presentation”, which replaced CICA section 3861, “Financial Instruments – Disclosure and Presentation.” Section 3862 outlines the disclosure requirements for financial instruments and non-financial derivatives. This guidance prescribes an increased importance on risk disclosures associated with recognized and unrecognized financial instruments and how such risks are managed. Specifically, section 3862 requires disclosure of the significance of financial instruments on the Company’s financial position. In addition, the guidance outlines revised requirements for the disclosure of qualitative and quantitative information regarding exposure to risks arising from financial instruments.

The presentation requirements under section 3863 are relatively unchanged from section 3861. Refer to Note 11, “Financial Instruments and Risk Management” for additional disclosures under section 3862.

b) Capital Disclosures

Effective January 1, 2008, the Company adopted CICA section 1535, "Capital Disclosures." This new guidance requires disclosure about the Company's objectives, policies and processes for managing capital. These disclosures include a description of what the Company manages as capital, the nature of externally imposed capital requirements, if any, how the requirements are incorporated into the Company's management of capital, whether the requirements have been complied with, or consequence of non-compliance and an explanation of how the Company is meeting its objectives for managing capital. In addition, quantitative disclosures regarding capital are required. Refer to Note 12, "Capital Disclosures."

5. Property, Plant and Equipment

At December 31, 2008 and 2007, property, plant and equipment consisted of the following:

	2008	2007
Petroleum and natural gas interests subject to depletion	\$ 1,384,469	\$ 1,150,066
Petroleum and natural gas interests not subject to depletion	138,875	221,260
Accumulated depletion	(587,269)	(498,401)
	<u>936,075</u>	<u>872,925</u>
Office equipment, furniture and fixtures	6,036	5,226
Accumulated depreciation	(3,156)	(2,436)
	<u>2,880</u>	<u>2,790</u>
Property, plant and equipment	\$ 938,955	\$ 875,715

In 2008, excluding overhead recoveries from capital expenditures, Trident capitalized general and administrative costs relating to exploration and development activities of \$6.3 million (2007 - \$10.5 million).

In 2007, the net carrying amount of petroleum and natural gas interests subject to depletion exceeded the discounted future net revenues from proved and probable reserves by \$196.3 million in aggregate and was recognized as additional depletion expense.

6. Credit Facilities

(a) Revolving facility

At December 31, 2008 and 2007, Trident had a 364-day secured revolving facility ("Revolving Facility") with a maximum availability of \$10.0 million. The Revolving Facility bears interest at a rate of bank prime plus 1% for Canadian or U.S. prime loans and 2% for LIBOR loans, bankers' acceptances and letters of credit. The Revolving Facility is secured by all of the present and future assets of the Company. In 2008, the Revolving Facility was renewed for a period of 364 days, from a maturity date of October 3, 2008 to October 2, 2009.

At December 31, 2008, Trident had drawings of \$nil (December 31, 2007 - \$nil) and undrawn letters of credit of \$4.8 million (December 31, 2007 - \$9.6 million) under the Revolving Facility.

(b) Long-term debt

At December 31, 2008 and 2007, long-term debt consisted of the following:

	2008	2007
Second lien secured syndicated term loan facility (US \$500 million)	\$ 609,000	\$ 495,650
Discounts and deferred financing charges on second lien facility	(9,195)	(12,557)
Second lien secured syndicated term facility, net of discount	599,805	483,093
Subordinated loan from parent	854,095	864,167
	<u>\$ 1,453,900</u>	<u>\$ 1,347,260</u>

In 2005, Trident entered into a second lien secured syndicated term loan facility ("Secured Facility") for US\$325 million and drew US\$275 million prior to December 31, 2005. In 2006, Trident amended the Secured Facility to increase the maximum available to draw to US\$500 million and drew the amounts to the maximum during that year. The amended Secured Facility matures on two dates: US\$450 million matures on April 26, 2011 and US\$50 million matures on April 26, 2012. Principal is due

at maturity. In association with an amendment, Trident was required to raise additional capital and enter into certain derivative commodity contracts. Each of these requirements was met within the prescribed periods. Interest on the amended Secured Facility accrues at LIBOR plus 7.5% per annum. The effective rate for this facility is LIBOR plus 7.6% as a result of the discount. The effective interest rate on this facility at December 31, 2008 was 11.1% per annum.

The Secured Facility has a cross covenant which requires Trident to comply with the Revolving Facility covenants. In addition, the Secured Facility has certain financial covenants including a maximum total debt to earnings before interest, taxes, depletion, depreciation, amortization, extraordinary losses and other non-cash expenses as defined in the agreement, an interest coverage ratio and also requires a minimum present value of proved reserves to total debt ratio. As at December 31, 2008, all of these financial covenants have been met.

On November 24, 2006, TRC entered into a US\$270.0 million subordinated credit facility, of which Trident has guaranteed US\$150.0 million to the lenders. On November 27, 2006, TRC loaned US\$75.0 million to Trident thereby satisfying the Secured Facility's additional capital requirement.

On August 20, 2007, TRC entered into the 2007 Unsecured Facility in the amount of \$120.0 million, of which Trident has guaranteed the entire amount. TRC loaned the proceeds from this facility to Trident and the balance is included in the subordinated loan from parent.

As of December 31, 2008, TRC had loaned \$854.1 million (2007 - \$864.2 million) to Trident in return for an interest-free 25-year note.

(c) Lenders' warrants

During the first quarter of 2007 Trident cash settled \$8.9 million related to outstanding lenders' warrants associated with the 2004 subordinated facility, as a result of the provision in the warrant agreement which allowed the warrant holder the right to put all of the outstanding lenders' warrants to TRC for a maximum cash payment of \$12.5 million. Trident cash settled the remaining amounts in the third quarter of 2007.

(d) Financing charges

For the years ended December 31, 2008 and 2007, financing charges associated with Trident's credit facilities were:

	2008	2007
Interest expense on credit facilities	\$ 58,685	\$ 69,978
Amortization of discount on long-term debt	3,405	4,128
Interest income	(3,982)	(3,061)
	\$ 58,108	\$ 71,045

7. Asset Retirement Obligation

Trident's asset retirement obligations results from net ownership interests including well sites, gathering systems and processing facilities. Trident estimates that the total undiscounted inflation-adjusted amount of cash flows required to settle its asset retirement obligation is approximately \$81.1 million, which will be incurred between 2009 and 2058. A credit-adjusted risk-free rate of 14.8% was used to calculate the asset retirement obligation.

The following table reconciles Trident's asset retirement obligation for the years ended December 31, 2008 and 2007:

	2008	2007
Balance, beginning of year	\$ 19,246	\$ 7,298
Accretion expense	2,842	1,943
Revisions and liabilities incurred	(655)	10,005
Abandonment costs	(121)	-
Balance, end of year	\$ 21,312	\$ 19,246

8. Share Capital

(a) Authorized

Common shares

1,000,000 Class A voting without nominal or par value.

Preference shares

100,000,000 Class A non-voting without nominal or par value. The shares are redeemable at the option of Trident. Cumulative dividends of 8% per annum are due prior to any distribution to Class A common shareholders. The redemption price is equal to \$7.50 per share plus cumulative but unpaid dividends less any return of capital.

(b) Issued

	Shares (thousands)	Amount
Class A Common Shares		
Balance, December 31, 2007 and 2008	23,539	\$ 93,319
Class A Preference Shares		
Balance, December 31, 2007 and 2008	3,675	\$ 25,842

Holders of Trident's common shares are able to exchange their common shares for TRC common shares on a one-for-one basis.

(c) Preference share dividends

Dividends are declared at the discretion of the Boards of Directors of Trident and the Board of Directors of TRC. As of December 31, 2008, no dividends have been declared since the issuance of the preference shares.

(d) Stock options

Trident has a stock option plan under which the Board of Directors of Trident may grant stock options to officers, employees, and consultants of Trident and its parent company for the purchase of common shares. The options are granted at the estimated fair value of the common shares at the time of grant. The contractual term of stock options granted is 10 years and the options typically vest over four years. The maximum number of options to be granted under the plan is 3.1 million.

In 2008 and 2007, option activity was as follows:

	Number of Options (thousands)	Weighted Average Exercise Price	Exercisable at Period-End (thousands)	Weighted Average Exercise Price
Balance, December 31, 2006	3,036	\$ 23.21	1,395	\$ 11.82
Forfeited	(940)	26.75		
Balance, December 31, 2007	2,096	\$ 21.60	1,376	\$ 14.15
Forfeited	(789)	23.16		
Balance, December 31, 2008	1,307	\$ 20.67	1,206	\$ 18.21

Details on options outstanding at December 31, 2008 are as follows:

Exercise price (\$ per share)	Options Outstanding		Exercisable Options	
	Number of options (thousands)	Weighted average remaining term (years)	Number of options (thousands)	Exercise price (\$ per share)
\$ 4.20	208	3.6	208	\$ 4.20
5.30	90	3.6	90	5.30
8.40	184	3.6	184	8.40
13.00	88	4.6	88	13.00
14.00	218	5.3	218	14.00
16.50	182	5.8	180	16.50
18.70	3	6.3	3	18.70
50.00	280	7.0	204	50.00
53.00	54	7.8	31	53.00
\$ 20.67	1,307	5.2	1,206	\$ 18.21

At December 31, 2008, there were 1,083,928 options outstanding to employees and 223,125 options outstanding to contractors.

(e) Stock-based compensation

For the years ended December 31, 2008 and 2007, there were no new options granted.

On March 29, 2006, the Board of Directors of Trident and the Board of Directors of TRC approved a modification of the stock option plan. Upon exercise, holders of Trident options will have the option of receiving TRC shares.

On June 23, 2005, the Board of Directors of Trident and the Board of Directors of TRC approved a program to provide for the partial liquidity of employees' vested stock options. Under the program, employees are permitted to borrow from TRC, an amount up to 50% of the July 1, 2005 intrinsic value of their vested stock options up to a maximum of \$2.0 million per employee. Up to 25% of the intrinsic value of vested stock options as of July 1, 2005 may be borrowed immediately (up to a maximum of \$0.5 million per employee) and the remaining 25% of the intrinsic value of vested options on the later of March 31, 2006 or the date at which Trident achieves a weekly average production rate of 125 mmcf per day. The loans bear interest at the Canada Revenue Agency's prescribed rate and are secured by the employees' stock options in an amount equal to double the loan amount. The estimated value of Trident's common stock on July 1, 2005 was \$50.00 per share. Due to the decrease in the estimated fair value of the Company's stock, holders of stock options are incented to forfeit the options given as collateral rather than repay the loan. Accordingly, in 2007, Trident recorded a \$0.3 million charge to general and administrative expenses to recognize an impairment of the outstanding loan to employees, reducing the carrying value to \$nil. These loans have not been forgiven.

(f) Contributed surplus

The following table reconciles Trident's contributed surplus for the years ended December 31, 2008 and 2007:

	2008	2007
Balance, beginning of year	\$ 31,570	\$ 30,624
Stock-based compensation expense/(recovery)	(1,236)	946
Balance, end of year	\$ 30,334	\$ 31,570

(g) Distributions

Upon Trident becoming profitable, certain of its U.S. shareholders may be subject to U.S. tax on income allocated but not paid to them by virtue of Trident being classified as a partnership for U.S. federal income tax purposes. Pursuant to Trident's stakeholders agreement, Trident is required to issue dividends to the holder of each share of any class of shares in sufficient amounts to cover the net tax liability arising under these circumstances. No amounts have been distributed to date.

9. Restructuring Charges

In the first quarter of 2008, Trident underwent a reorganization by consolidating five departments and eliminating 15 employment positions and three contract positions within the Company. As a result, \$2.0 million in reorganization costs were recognized for the year ended December 31, 2008. Similar restructuring costs were incurred during 2007, which included severance costs, retention costs, and third party advisor costs. A total of \$8.7 million was expensed during the year ended December 31, 2007. These restructuring charges have been presented as a separate line item in the Consolidated Statement of Operations, Comprehensive Loss and Deficit.

10. Income Taxes

The provision for taxes reflects an effective tax rate which differs from the expected statutory tax rate. Differences were attributable to the following:

	2008	2007
Loss before taxes	\$ (106,102)	\$ (228,627)
Statutory Canadian federal and provincial tax rate	29.50%	32.12%
Expected income tax reduction	(31,300)	(73,435)
Increase (decrease) in income taxes resulting from:		
Unrealized foreign exchange (gain) loss	16,719	(14,103)
Stock based compensation	(263)	(189)
Changes in enacted tax rates	(5,302)	22,101
Valuation allowance	19,349	64,711
Other	797	915
Provision for taxes	\$ -	\$ -

The future income tax liability at December 31, 2008 and 2007 is comprised of the tax effect of temporary differences as follows:

	2008	2007
Property, plant and equipment	\$ (4,421)	\$ (3,097)
Asset retirement obligation	(5,204)	(4,812)
Non-capital loss carry forward	(85,732)	(85,876)
Foreign exchange gain (loss) on long-term debt	(4,164)	10,977
Attributed Canadian royalty income	(2,477)	(424)
Expenses related to financing activities	(2,251)	(3,045)
Fair value of risk management contracts	-	1,377
Valuation allowance	104,249	84,900
Future income tax liability	\$ -	\$ -

At December 31, 2008, Trident had approximately \$1,296 million (2007 - \$1,258 million) of deductions available for Canadian income tax purposes.

Trident has incurred \$342.9 million (2007 - \$343.7 million) of losses for income tax purposes, which unless sufficient taxable income is earned, will expire as follows:

2009	\$ 1,681
2010	4,139
2014	10,348
2015	19,093
2026	126,990
2027	180,676
	\$ 342,927

11. Financial Instruments and Risk Management

a) Risk Management Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market Risk
- Credit Risk
- Liquidity Risk

This note presents information about the company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels. Risk management is ultimately established by the Company's Board of Directors and is implemented by senior management and monitored by the risk management function within the Company.

b) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. The Company is exposed to the market risks related to the volatility of commodity prices, foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

The Company uses a combination of agreements including fixed price forward contracts and financial instruments designed to establish a floor price and a maximum ceiling price to manage the Company's exposure to price volatility on a portion of its natural gas production. All such transactions are conducted in accordance with the risk management policy, and evaluated by our commodity risk management committee.

i) Commodity Price Risk

The Company is exposed to fluctuations in natural gas prices, as a substantial portion of its production is sold at spot prices. Natural gas commodity prices fluctuate in response to, among other things, domestic and foreign supply/demand, global market conditions, import/export balances, government regulations, weather and fluctuations in the availability and price of other replacement energy sources. Trident has entered into several natural gas financial contracts for the purpose of protecting our cash flow from the volatility of natural gas prices. The Company's policy is to enter into commodity contracts considered appropriate in order to adhere to both minimum and maximum hedging levels as prescribed by the Company's debt agreements. The Company's contracts in place at December 31, 2008 are as follows:

Contract	Volume (gj/day)	Pricing point	Weighted average price (\$/gj)	Term
Fixed price ⁽¹⁾	4,400 - 30,000	AECO	\$6.00 - \$7.24	January 2009 - June 2009

⁽¹⁾ Physical delivery

The Company's fixed price contracts represent physical sales contracts for production in future periods and are accounted for on an accrual basis. There were no costless collar contracts outstanding at December 31, 2008. The positive fair value, recorded as an asset, of the costless collars at December 31, 2007 was \$5.5 million and the change in fair value since inception has been recorded in petroleum and natural gas sales in the statement of operations. During the year ended December 31, 2008, our natural gas price risk management program had an unrealized loss of \$5.5 million (2007 - \$0.3 million loss) and a realized loss of \$2.9 million (2007 - gain of \$8.1 million), which are included in petroleum and natural gas sales in the Consolidated Statements of Operations, Comprehensive Loss and Deficit.

ii) Interest Rate Risk

The Company is exposed to changes in interest rates, primarily due to the fact that its term loan facilities bear interest at floating rates and also potentially due to our Revolving Facility. Trident has not entered into any interest rate swaps to limit or manage our exposure to fluctuations in interest rates. A 10% change in the floating interest rate (approximately 35 basis points) based on the debt balance as of December 31, 2008 would change the annual interest expense by approximately \$1.9 million. To calculate the change a LIBOR rate of 3.54% was used on the third party debt balance of US\$500.0 million as at December 31, 2008. For the purpose of this calculation an average foreign exchange rate of CDN\$1.07/US\$1.00 was used.

iii) Foreign Currency Exchange Rate Risk

The Company is exposed to foreign currency exchange rate fluctuations on US dollar denominated cash balances, and the US dollar denominated term loan facility. The Company currently does not have fixed rate arrangements to mitigate foreign exchange risk, however the Company continues to monitor its exposure and may enter into foreign exchange hedges if deemed appropriate. Based on the carrying value of our US dollar cash balances and our outstanding US dollar denominated debt of US\$500.0 million as at December 31, 2008, a \$0.01 change in the CDN to US dollar average exchange rate would result in an approximate change of \$5.0 million for foreign exchange gain/loss. This calculation has been prepared without reflecting the potential impact that a change in foreign exchange rates would have on US dollar denominated interest expense on the secured term loan facility.

The Company had no forward exchange rate contracts in place as at or during the year ended December 31, 2008. During the year, the Company had a portion of its funds to cover the USD dollar cash interest owing on the second lien facility held in its US dollar denominated account, in order to mitigate a portion of the fluctuations in foreign exchange rates.

c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from joint venture partners and petroleum and natural gas marketers. The Company actively monitors its credit risk throughout the year. As at December 31, 2008, the Company's receivables consisted of \$31.2 million (December 31, 2007 - \$44.0 million) from joint venture partners, \$23.6 million (December 31, 2007 - \$20.7 million) of receivables from petroleum and natural gas marketers and \$1.6 million (December 31, 2007 - \$4.6 million) of other trade receivables.

Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with large purchasers. The Company historically has not experienced any collection issues with its petroleum and natural gas marketers. Joint venture receivables are typically collected within one to three months of the joint venture bill being issued to the partner. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to expenditure. However, the receivables are from participants in the petroleum and natural gas sector, and collection of the outstanding balances is dependant on industry factors such as commodity price fluctuations, escalating costs and the risk of unsuccessful drilling. In addition, further risk exists with joint venture partners as disagreements occasionally arise that increases the potential for non-collection. The Company does not typically obtain collateral from petroleum and natural gas marketers or joint venture partners; however, the Company does have the ability to withhold production from joint venture partners in the event of non-payment.

Cash consists of cash bank balances. The Company manages the credit exposure related to cash balances by holding cash within money-market accounts to ensure a stable return rather than entering into complex investment vehicles with risky returns.

The carrying value of accounts receivable and cash represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts as at December 31, 2008 nor was it required to write-off any receivables during the year.

The Company considers its receivables to be aged as of December 31, 2008 and 2007 as follows:

Aging	2008	2007
Not past due (less than 90 days)	\$ 48,028	\$ 55,122
Past due 0-30 days	756	6,855
Past due 31-120 days	1,202	337
Greater than 120 days past due	7,320	6,957
Total Accounts Receivable	\$ 57,306	\$ 69,271

d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company requires authorization for expenditures on both operated and non-operated projects to further manage capital expenditures. The Company ensures that it has a sufficient amount of cash in stable return liquid investments in order to meet its short term liabilities.

The following are the contractual maturities of financial liabilities and associated interest payments as at December 31, 2008:

Financial Liability	< 1 year	1-2 years	2-5 years	Thereafter
Accounts payable and accrued liabilities	\$ 82,469	\$ -	\$ -	\$ -
Loan from parent	-	-	-	854,095
Bank-debt - interest	52,797	52,797	18,479	-
Bank-debt - principal	-	-	609,000	-
Total	\$ 135,265	\$ 52,797	\$ 627,479	\$ 854,095

e) Fair Value of Financial Instruments.

The Company's financial instruments as at December 31, 2008 included cash, accounts receivable, accounts payable and accrued liabilities and long-term debt. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximates their fair value due to the short-term maturity of these instruments. The estimation of the fair value of the costless collars as at December 31, 2007 incorporates forward prices and adjustments for quality and location.

The fair value of long-term debt is the present value of future cash flows related to the debt. Market information such as treasury rates and credit spreads is used to determine the appropriate discount rates. These fair value determinations are compared to quotes received from financial institutions to ensure reasonability. The estimated fair value of the long-term debt approximates the carrying value of the debt as at December 31, 2008.

12. Capital Disclosures

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor, vendor, and market confidence, as well as to sustain the future growth development of the business.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying natural gas assets. The Company considers its capital structure to include shareholders' equity, bank debt, and working capital.

The Company monitors capital based on the ratio of net debt to EBITDA and EBITDA to interest as defined under the terms of the Company's debt agreement. To facilitate the management of this ratio, the Company prepares annual budgets, which are updated during the year depending on varying factors such as market conditions and successful capital spending. The annual budget and all updates are approved by the Board of Directors.

The Company's share capital is not subject to external restrictions; however the credit facility is subject to a number of financial and operational covenants.

13. Retirement Savings Plan

Effective July 1, 2008, the Company established a Retirement Savings Plan (“the Plan”) which includes a Defined Contribution Pension Plan (“DCPP”) and a Registered Retirement Savings Plan (“RRSP”). In the DCPP, the Company automatically contributes 4% of the eligible employee’s gross base salary to specified investments managed by the plan administrator. These contributions vest upon a term of employment of two years and are available to the employee upon reaching 60 years of age. In the RRSP, the eligible employee has the option of contributing to specified investments managed by the same plan administrator as the DCPP. The Company will match 100% of the employee’s contribution up to 4% of the employee’s gross base salary. The contributions vest immediately after the contribution has taken place. The expenses incurred for this Plan are recorded in general and administrative expenses. The expenses incurred for this plan for the year ended December 31, 2008 were \$0.3 million (2007 - \$nil) and are recorded in general and administrative expenses.

14. Commitments

Trident has entered into operating leases for office space, office equipment, and vehicles as well as service contracts for drilling rigs and minimum volume contracts for gathering and processing fees. Future minimum payments for these agreements as at December 31, 2008 are as follows:

2009	\$	8,345
2010		10,201
2011		8,724
2012		8,911
2013 and thereafter		16,888
Total lease commitments	\$	53,069

15. Contingencies

The Company is involved in various claims and litigation arising in the normal course of business. While the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in the Company’s favour, Trident does not currently believe that the outcome of adverse decisions in any pending proceedings related to these matters or any amount which it may be required to pay would have a material adverse impact on its financial position, results of operations or liquidity.

16. Related Party Transactions

During the year ended December 31, 2007, a company that had a member of Trident senior management on its Board of Directors charged Trident \$0.4 million for certain equipment. No similar charges were incurred in 2008.

17. Supplemental Cash Flow Information

During the year ended December 31, 2008, Trident paid interest of \$57.6 million (2007 - \$65.2 million) and \$nil in income taxes (2007 - \$nil).

Corporate Information

EXECUTIVE OFFICERS

Todd Dillabough
President, Chief Executive Officer
and Chief Operating Officer

Alan Withey
Chief Financial Officer

Jacques St-Hilaire
Vice President Exploitation,
Reserves and Planning

Colin Michael Finn
Vice President Exploration

Tracey Bell
Vice President Marketing

AUDITORS

KPMG LLP
Calgary, Alberta

HEAD OFFICE

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www.tridentexploration.ca

BOARD OF DIRECTORS

Eugene Davis ^{(2) (3)}
Executive Chairman

Timothy Bernlohr ⁽¹⁾
Director

Anthony Caluori ⁽¹⁾
Director

John Forsgren ⁽²⁾
Director

Marc Macaluso ^{(1) (2) (3)}
Director

Todd Overbergen ^{(1) (3)}
Director

Ken Ancell ⁽³⁾
Director

Todd Dillabough
President, Chief Executive Officer,
Chief Operating Officer and Director

⁽¹⁾ Compensation Committee

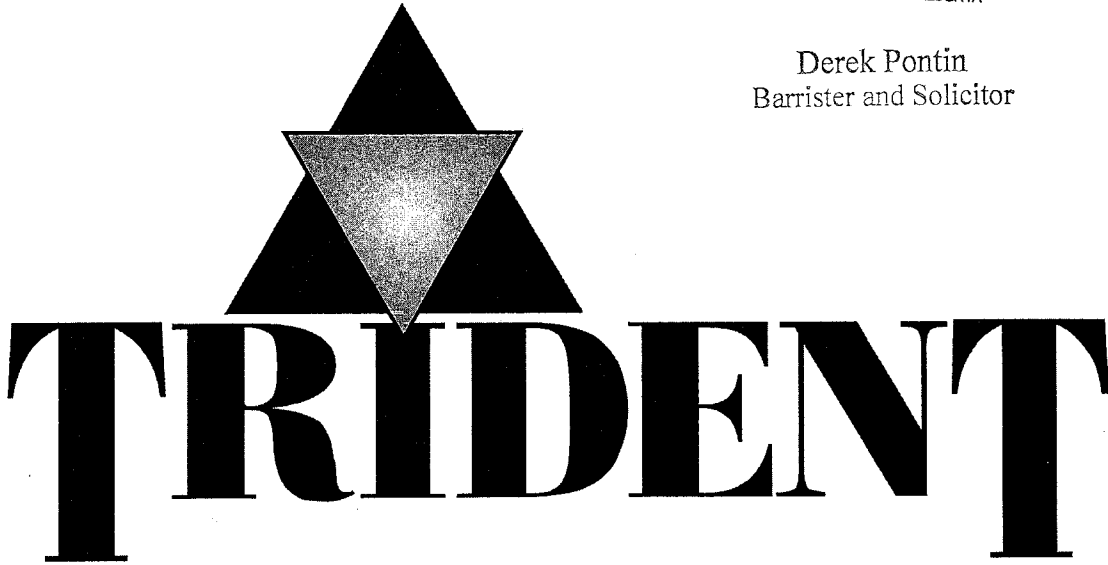
⁽²⁾ Audit Committee

⁽³⁾ Reserves Committee

TAB C

THIS IS EXHIBIT " C " referred to in the Affidavit of Lodd Ollabaugh
Sworn before me this 8 Day of Sept A.D. 2009
[Signature]
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Derek Pontin
Barrister and Solicitor



Second Quarter Report
for the six months ended June 30, 2009



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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management's discussion and analysis ("MD&A") is dated August 28, 2009 and should be read in conjunction with our unaudited consolidated financial statements and related notes for the period ended June 30, 2009, as well as our annual audited MD&A and consolidated financial statements and related notes for the year ended December 31, 2008. It contains forward looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results may differ materially from those anticipated or implied in these forward looking statements. Certain metrics within this MD&A have been converted from Mcf (meaning thousand cubic feet) to Boe (meaning barrel of oil equivalent) at the industry standard rate of 6:1. The volumes of natural gas production presented in this MD&A are net of royalties paid for such production.

Overview

Trident Resources Corp. ("Trident", "TRC", "Company", "we", "us", "our") is a private, independent natural gas production company, principally focused on the exploration for and exploiting unconventional natural gas resources, primarily in the Western Canadian Sedimentary Basin ("WCSB"). We target coalbed methane, or CBM, in our core producing areas in the Mannville and Horseshoe Canyon CBM plays in Alberta, and shale gas in our emerging Montney resource play in British Columbia. We are the largest CBM producer in the Mannville and one of the five largest in the Horseshoe Canyon. We also maintain a large exploratory acreage position in selected areas in the northwestern United States. We intend to add to our existing reserve and predictable production base by increasing our drilling activities in our large acreage positions in the Mannville and Montney plays as well as continuing to drill in the Horseshoe Canyon CBM play.

We have assembled an extensive property base. As of June 30, 2009, we had natural gas and oil leasehold interests in approximately 1.7 million gross (1.3 million net) acres, of which approximately 70% of the gross acreage is undeveloped. Most of this land was acquired before 2008. In the six months of 2009, land acquisitions were minimal. Based on the evaluation of approximately 20% of our total net undeveloped acreage, we have identified approximately 1,750 evaluated surface drilling locations which are locations specifically identified and scheduled by management as an estimate of our near-term multi-year drilling activities on existing acreage over the next five to seven years with estimated Finding and Development costs less than gross \$1.67 per Mcfe (\$10.00 per BOE). Trident also has significant land positions in two unconventional, underexplored gas basins in the northwest United States in the Columbia River and Snake River Basins. Based on a reserve report prepared by the independent petroleum engineers Netherland, Sewell & Associates, Inc., or NSAI, as of June 30, 2009, with a constant price forecast, our estimated proved reserves were 215.8 Bcfe (net), 90.2% of which represented estimated total proved developed reserves. At June 30, 2009, we owned interests in 831 gross (449 net) economic producing wells. Our June 30, 2009 estimated proved reserves are considered to be long-lived with a total proved reserve-to-production-ratio of 6.1 years based on 97.3 Mmcf/d net production in June 2009. As of August 2009, we had no drilling rigs in the Mannville CBM play, the Montney Shale play, and the Horseshoe Canyon CBM play. Spring break-up limits the Company's rig activities in the southern Horseshoe Canyon area, but the rigs in our northern Mannville area and BC Montney area do not have this issue. With the current economic environment, our 2009 capital program is minimal in the summer months.

Our core operating areas include the Mannville CBM plays and the Horseshoe Canyon CBM play in the WCSB and the Montney resource play in British Columbia. The Mannville CBM plays represent a significant part of our development and exploration opportunities, with proved reserves as of June 30, 2009 of 127.2 Bcfe (59% of our total proved reserves) and net daily production of 58.3 Mmcf/d for the month of June 2009 (approximately 60% of our total net daily production for the month). Trident operates more than 70% of the Canadian Mannville CBM production. The Horseshoe Canyon CBM play has proved reserves as of June 30, 2009 of 85.4 Bcfe (40% of our total proved reserves) and net daily production of 39.0 Mmcf/d for the month of June 2009 (40% of our total net daily production). In the Montney Resource play, at the end of the second quarter of 2009, we now have one vertical well drilled and completed, two single leg horizontal wells drilled and completed, and 2 two legged multilateral wells with one of these completed and the other completed in the third quarter. All tests completed have shown very positive results and are within management's expectations. The Montney resource play has proved reserves as of June 30, 2009 of 3.2 Bcfe (1% of our total proved reserves) with no current production expected until the fourth quarter of 2009.

Corporate History

We are a Delaware corporation. Our primary subsidiary is Trident Exploration Corp. ("TEC"), a Nova Scotia unlimited liability company. Our headquarters are located in Calgary, Alberta, Canada.

Our business was founded in 2000 with the acquisition of certain working interests in lands in Alberta and British Columbia. TEC was formed in September 2001 and capitalized in October 2001 when the owners at that time of certain working interests contributed their interests in exchange for common and preferred shares of TEC. TEC is a corporation for Canadian income tax purposes and is treated as a partnership for U.S. income tax purposes. Consequently, any Canadian income tax paid should qualify for foreign tax credit against any U.S. income tax payable.

We were incorporated in Delaware in November 2003 as a U.S. holding company for Trident Exploration Corp., or TEC. TEC was incorporated as a Nova Scotia unlimited liability company in September 2001. We currently own, directly and indirectly, approximately 99.2% of TEC's capital stock.

In early 2002, TEC, together with a significant shareholder of TEC, acquired property in the Corbett Creek area in the Mannville wet CBM plays through the purchase of Trinity Energy Inc., or Trinity. Trinity had targeted the Corbett Creek area in 2000 and drilled its first four vertical CBM test wells in 2001. The test wells generated encouraging results and Nexen Inc., or Nexen, joined the project as a non-operating funding partner. With \$4.0 million in additional funding, Trinity drilled and evaluated three additional operated test wells.

Following the acquisition of Trinity, TEC formed a joint venture with Husky Oil Operations Limited, or Husky, to explore CBM resources within the Horseshoe Canyon dry CBM play. Substantially all of our activities are conducted jointly with others, and accordingly, our consolidated financial statements reflect our proportionate interest in such activities.

TEC's team of professionals, technology and industry know-how enabled us to identify and begin acquiring our land base of targets for CBM exploration and development. Between 2002 and 2005, we invested significantly in the Mannville, including by expanding our infrastructure. In 2005, we operated the first commercial project in the Mannville CBM play. However, we had to raise additional capital because production did not increase on a timely basis. As a result of low production volume and low gas prices, which impacted our cash flows and result of operations, our equityholders made changes to our board of directors. This resulted in additional financing in August 2007 and the replacement of our senior management team. The majority of our current senior management team joined us in late 2007 and early 2008.

On November 10, 2008, the Company filed a preliminary Form S-1 Registration Statement with the Securities and Exchange Commission ("SEC") in the United States to become a public entity. As of the date of this MD&A, the status of the filing is ongoing as market and risk conditions continue to be monitored.

In 2009, the Company is mainly focusing on the Montney resource play in BC and continuing to further develop the Mannville CBM play. All capital costs are being funded through current cash on hand and cash provided by operating activities.

Business Environment

Going Concern

The financial statements have been prepared in accordance with GAAP applicable for a going concern, which presumes the realization of assets and discharge of obligations in the normal course of business. For the three and six month periods ended June 30, 2009, Trident recorded net income of \$29.3 million and a net loss of \$327.1 million, respectively. At June 30, 2009, the Company had a deficit of \$2,106.3 million and a working capital surplus of \$37.2 million compared to \$1,776.4 million and \$77.6 million respectively at December 31, 2008. In November 2009, the Subordinated facility will begin to accrue interest at LIBOR plus 14% that will be due in cash within three months or sooner depending on the period elected by the Company. To date, the interest on this facility has been paid in kind. The principal plus accrued interest for this facility at June 30, 2009 is US\$410.9 million. The Company's ability to continue as a going concern is dependent upon its ability to generate cash from its operating activities sufficient to meet its obligations as they arise. The Company's ability to develop its properties is dependent upon its ability to generate excess cash from its operating activities above its obligations or to raise additional funds to supplement its working capital surplus.

At June 30, 2009, the Company was in compliance with all financial covenants. Due mainly to the continued weakness in anticipated commodity prices for sales of natural gas projected for future periods, there is a potential that within the next twelve-month period subsequent to June 30, 2009, the Company may violate certain financial covenants that pertain to limits on ratios of consolidated debt to qualifying cash flows as prescribed under its lending agreements that become increasingly restrictive over time. Factors which would maintain covenant compliance include the potential for improvement in commodity prices, further strengthening of the Canadian dollar relative to the United States dollar, the addition of new investment not classified as debt as it pertains to the relevant covenants, negotiation of the covenant terms during periods of compliance or combinations of the above.

The financial statements have been prepared on the basis that the Company would meet all its obligations as they become due. The Company's failure to generate sufficient cash or to comply with its financial covenants as described above could result in a portion or all of Trident's outstanding debt being called by its lenders, which would significantly impact the Company's ability to continue as a going concern. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for the financial statements, then adjustments may be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

Gas Prices and Revenues

Approximately 99% of our production revenue for the three and six month periods ended June 30, 2009 consisted of natural gas sales. Accordingly, our financial results are more sensitive to movements in natural gas prices than those oil and gas companies that produce natural gas and significant quantities of petroleum products. Natural gas prices have been extremely volatile and a substantial amount of our production is sold at spot prices. Since the summer of 2008, there has been a significant decline in natural gas prices coming off record prices that has continued into the second quarter of 2009. This trend has adversely affected the carrying value of our proved reserves and may further deteriorate that value in the future should it continue. Our revenue, profitability, future growth, the carrying value of our properties, our ability to find, develop and acquire additional natural gas resources, and our ability to commercialize those resources, are substantially dependent on the prevailing price of natural gas.

The volatility of natural gas prices has a significant impact on our financial performance. Natural gas prices in Canada are usually seasonal in nature, with generally higher prices existing in the winter months (November to March) and lower prices in the summer months (April to October). Unusual weather conditions can impact gas prices by spiking or deflating consumer demand with relative impacts on commodity prices. Natural gas prices are also affected by the natural gas inventories in local and North America-wide storage. Usually as inventories are increasing, the price of natural gas decreases. During 2009, just under half of our projected net production revenue after royalties was being sold pursuant to fixed price forward sales contracts with the balance at current AECO market prices. Trident has committed to deliver specified quantities of natural gas at fixed prices throughout all of 2009. For further discussion refer to the financial statement disclosures and the Commodity Price Risk section of the Quantitative and Qualitative Disclosures about Market Risk area of this MD&A.

Operations

The Horseshoe Canyon CBM play in our southern area was first declared a commercial success in 2001. Due to these results, we have increased our focus on the area, which is now in its development phase. In the first six months of 2009, this play is producing 42.3 Mmcf/d in sales volume as measured on a before royalty basis. In 2008, we drilled 87 locations of which 26 were required for desorption control well coverage. Of the 87 locations drilled, 58 were tied in and producing by the end of 2008. Of the remaining 29, 28 were tied in and producing by July 31, 2009 and one tie-in is to be completed in 2010. In the first quarter of 2008, we had 36 wells shut-in due to control well deficiencies. Currently, all of the wells have been put back on production. Our main goal in 2009 is to complete the remaining tie-ins from our 2008 drilling program and reduce our operating expenses. In 2008, we started to remove existing wellsite compressors and replace them with larger pod compressors. This also eliminated the need for future compression around existing pods. Also planned in 2009 is to drill up to 6 operated wells in the core area of the play in the fourth quarter of 2009. These initiatives resulted in operating expense savings that will continue into 2009 and beyond. In 2009, we will see a substantial reduction in the royalty cost on the production revenue from the Horseshoe Canyon CBM play due to an increased low-productivity credit introduced as part of the new Alberta royalty framework that applies to a substantial portion of our production in this area. Also due to the new Alberta royalty framework, relative to periods prior to 2009, the sensitivity of the sliding scale royalty rate to commodity prices has increased resulting in a wider variance for royalty rates from low to high price periods. This play will make up the smallest portion of our 2009 capital program amongst our focused areas of operations in Canada.

The Mannville CBM play in our northern area still remains in relatively early stages of commercial development when compared to the Horseshoe Canyon CBM play. In the first six months of 2009, this play is producing 58.0 Mmcf/d in sales volume as measured on a

before royalty basis. Due to the early stages of development, we expect per unit operating expenses to continue to decline as we refine operating practices and increase production, providing more efficient usage of existing facilities. The Mannville CBM play differs from the Horseshoe Canyon CBM play in that it requires us to pump water out of producing formations. In areas where significant dewatering has occurred, we are able to produce gas without the use of water pumps. This is occurring in approximately 25% of the multilateral wells in varying stages. The costs of pump maintenance and electricity utilization required for the use of those pumps makes up a significant portion of operating expenses. We expect costs will continue to decrease over time as gas production increases and the use of pumps decreases. To further reduce operating expenses, we are testing alternative pumping strategies in the field to increase pump life where pumps are required, and continuing to improve our multilateral well designs. Our greater Corbett area is mainly a closed system, with no new water that enters the formation. This also contributes to operating cost reductions over time. Reduction or elimination of these variable expenses from the area will materially impact the overall project economics in favour of Trident. Our Thunder operating area, south of the greater Corbett area, continues to develop along similar timelines that we have seen from the original Corbett area development. In addition to the reduced water handling costs, we expect per unit operating expenses to decline in this area as we refine operating practices and increase production, resulting in improved economies of scale. In the first six months of 2009, the overall royalty rates in the Mannville CBM play have declined due to a measured depth drilling credit offset by the otherwise higher royalty rates for the Mannville CBM wells and an increased sensitivity of the sliding scale royalty rate to commodity prices in the new Alberta royalty framework. This play will make up a significant portion of our 2009 capital program.

We have completed seismic surveys as well as a comprehensive evaluation of our strong land position in British Columbia known as the Montney Resource play. Trident is operator of all the lands with a 70% working interest. Our first well in the area was drilled in the fourth quarter of 2008. We currently have one vertical well, 2 single leg horizontal wells, and two 2 legged multilateral wells. The pipelines are currently under construction and we are awaiting completion of the plant expansion that is designed to take our production. We are expecting our first production from this play in the fourth quarter of 2009. Development of this play makes up the most significant portion of our 2009 capital program expenditures.

Drilling rigs, service rigs, equipment and experienced crews have operated significantly below maximum capacity in the WCSB in 2009 and previously in 2008 and 2007. In 2005 and 2006, equipment and personnel operated at or near maximum capacity during peak periods, which resulted in escalated industry-wide drilling and service costs. The greater availability of equipment and personnel since 2006 has stemmed cost inflation and enabled us to negotiate changes to existing drilling commitments. In addition, the Canadian regulatory environment has undergone significant changes, particularly related to CBM activities, which have affected areas such as license and permit applications, and environmental and new data submission requirements of the government have increased our operating costs. Increased global demand for raw steel has increased the price of casings, line pipe and vessels fabricated from steel, which we employ in our operations. Finally, our operations are also impacted by seasonality, as road closures to heavy loads occur in the spring months, which can delay our access to drilling locations. The factors that create delays can have a negative effect on overall operating costs, workloads, and timing of operations.

Royalties

Our current operations are subject to Alberta royalty laws. The volumes of natural gas production presented in this MD&A are net of royalties paid for such production except where otherwise noted. The royalty payable on the vast majority of natural gas sales is determined by regulation. It is a sliding scale rate based on a reference price, which is the greater of the amount obtained by the producer and a prescribed minimum provincial price, determined by a one-time election available to the producer. In Alberta, a producer of natural gas is entitled to a credit against the royalties payable to the Crown for low-rate wells, or the productivity discount. In a lower natural gas price environment, we will pay a lower royalty on the sale of our production because the sliding scale royalty regime is determined by commodity prices, well productivity and total vertical and horizontal length, or measured depth, of natural gas wells.

On January 1, 2009 a new royalty framework replaced the previous framework. Under the new royalty framework, the maximum royalty rate for a producing well increased substantially and the productivity discount for low-rate wells also increased. In addition, a new credit applies to wells with measured depth greater than 6,560 feet with an increasing credit based on measured depth up to a maximum at 13,125 feet. Royalties on revenue in 2009, derived from our production in the Mannville CBM plays, are expected to decline compared to 2008 as a result of new measured depth credits and lower sliding scale rates in the lower price environment that more than offsets base royalty increases for the majority of our Mannville CBM wells. Royalties from revenue derived from our production in the Horseshoe Canyon CBM play are expected to decrease substantially in 2009 as a result of increased productivity discounts under the new framework and lower sliding scale rates in the lower price environment exceeding the base royalty increases for the majority of the Horseshoe Canyon CBM wells. Royalty rates in our Montney Resource play are expected to be higher than the Mannville and Horseshoe Canyon CBM plays.

On March 3, 2009, the Alberta Government released a three-point incentive program aimed at stimulating new and continued economic activity for conventional producers in the province. Two new drilling-based royalty incentive programs were introduced. The Drilling Royalty Credit Program is a one year program for new conventional natural gas wells drilled that will provide a \$200 per meter royalty credit for new gas wells. The credit will not be allowed to reduce the royalty payable to less than 5% in any month. The New Well Royalty Reduction Program is a one year program that provides for a maximum 5% royalty rate subject to a cap based on the first twelve months of production of all new wells that begin production after April 1, 2009, or 500 Mmcfe of gas production, whichever is reached first. The third program introduced is the Orphan Well Fund where the province will invest \$30 million in the fund committed to cleaning up inactive oil and gas wells. This program has been extended out another year to wells producing up to March 31, 2011. The Company is continuing to review these new programs and determine the financial impact in the future. It has been concluded that the Drilling Royalty Credit Program and the New Well Royalty Reduction program will positively impact the Company's financial results in 2009 as we continue to expect our lowest royalty rates in the company's history.

Operated vs. Non-Operated Properties

We operate approximately 65% of our development properties and approximately 95% of our exploration properties in which we have a working interest. The balance of our properties are operated by our joint venture partners. We have a significant joint venture with Nexen in connection with the Mannville CBM play, with Husky in connection with the Horseshoe Canyon CBM play, and with Encana in connection with the Montney Resource play. We also have joint ventures with other Canadian-based energy companies in each play. To date, we have operated our properties at lower costs than our partners and therefore have had higher revenues net of royalties after operating expenses from these properties. Joint ventures in which we are not the operator do not provide us with the same level of profitability in drilling or developmental activities due to lower productivity and higher capital and operating costs. We continue to monitor all of our non-operated properties to try and implement some cost reductions.

Exchange Rate Fluctuations

We are exposed to foreign exchange rate fluctuations as we report our operating results in Canadian dollars and a majority of our debt is denominated in U.S. dollars. We do not currently hedge our foreign exchange rate exposure. We also have some of our cash in U.S. dollar bank accounts. The ending foreign exchange Cdn/US rate as at June 30, 2009 was 1.16. As of the date of this MD&A, the Canadian dollar has strengthened substantially which largely benefits the Company.

Reserves

Reserve levels and the costs required to replace reserves are key measures of our sustainability, the effectiveness of our capital spending, and the ability to grow the Company. Trident's proved natural gas reserves, measured at June 30, 2009 using a constant price for future periods, totaled 215.8 Bcfe compared to a total of 359.9 Bcfe at December 31, 2008. The significant reduction in reserves is due mainly to the large decrease in the AECO spot natural gas price market from December 31, 2008 to June 30, 2009.

Trident received an updated reserves evaluation at June 30, 2009 from Netherland, Sewell and Associates Inc. ("NSAI"), based on updates for new information provided by Trident management. The evaluation measured Trident's assets based on three price scenarios: a constant flat price for future periods based on the closing price as at June 30, 2009; a forecasted price deck obtained from a third-party engineering firm; and a prescribed price forecast based on the requirements of the Company's lending agreements. The constant flat price scenario was used for the Trident Resources Corp. financial statements in compliance with U.S. generally accepted accounting principles ("GAAP") and is reported in this MD&A. The forecasted price scenario is used by management to reflect development progress. The Company has a Reserves Committee of independent Board members, which reviews the qualifications and appointment of our reserves evaluators on a regular basis, and also reviews the reserve reports in detail.

Critical Accounting Policies and Estimates

Trident's Critical Accounting Policies and Estimates have remained unchanged since December 31, 2008. For further information on these policies and estimates, please refer to the MD&A in Trident's 2008 Annual Report. As Trident has incurred a large impairment of property, plant, and equipment ("PP&E") in the three and six month periods ended June 30, 2009, the critical accounting policy and estimate called ceiling test is described below.

Ceiling test

Trident performs a ceiling test each quarter. The ceiling test provides that capitalized costs, less related accumulated depletion and depreciation and deferred income taxes, may not exceed the ceiling of the sum of: estimated future net revenues from proved reserves, discounted at 10% per annum, based on unescalated (constant) period-end prices; the cost of properties not being depleted and depreciated; the lower of cost or estimated fair value of unproved properties included in the cost being depleted and depreciated; less income tax effects related to differences in the book and tax basis of natural gas properties.

If the ceiling is calculated to be less than the net book value of our natural gas properties, then an impairment is deemed to have occurred and a non-cash write-down is recorded, which could materially impact our financial statements. In the three and six month periods ended June 30, 2009, we incurred a ceiling test write-down of \$76.7 million and \$339.6 million respectively compared to no write-down in the same periods in 2008, due mainly to a substantial decrease in natural gas prices at June 30, 2009 and March 31, 2009 compared to December 31, 2008.

There are a number of estimates contained within a ceiling test calculation, including an estimate of the volume of proved reserves from the most recent reserve report. This reserve number affects both the estimate of future revenue within the ceiling test calculation, as well as depletion expense, as both calculations use the estimated volume of proved reserves.

Because the ceiling test calculation dictates that prices in effect as of the last day of the applicable period are held constant indefinitely, and requires a 10% annual discount factor, the resulting value may not be indicative of the fair value of the reserves. Natural gas prices have historically been volatile. On any particular day at the end of a period, prices can be either substantially higher or lower than our long-term price forecast that we use as a barometer for fair value. Therefore, we believe that natural gas property write-downs that result from applying the full cost ceiling test limitation, and that are caused by fluctuations in short-term prices as opposed to reductions to the underlying quantities of reserves or changes in long-term price projections, should not be viewed as absolute indicators of a reduction of the ultimate value of the related reserves. The period-end constant price used in the June 30, 2009 reserve report incorporated in the ceiling test was \$3.18 per Mcfe (December 31, 2008 - \$6.35 per Mcfe). Effective for the fourth quarter of 2009, the U.S. GAAP method will be changing to use a longer period average of historical prices.

Recently Adopted Accounting Standards

Effective January 1, 2009, the Company adopted the Financial Accounting Standards Board's (FASB) Statement No. 157 (FAS 157), "Fair Value Measurements" for nonfinancial assets and liabilities, in accordance with Staff Position FAS 157-2 (FSP 157-2), "Effective Date of FASB Statement No. 157", which delayed the effective date of FAS 157 to fiscal years beginning after November 15, 2008 for all nonfinancial assets or liabilities except those recognized or disclosed at fair value in the financial statements on a recurring basis, at least annually. FAS 157 defines fair value, establishes a framework for measuring fair value when an entity is required to use a fair value measure for recognition or disclosure purposes and expands the disclosures about fair value measures. The adoption did not have a material impact on Trident's Consolidated Financial Statements.

Effective January 1, 2009, the Company adopted FASB Statement No. 160 (FAS 160), "Non-controlling Interests in Consolidated Financial Statements – an Amendment of ARB No. 51" And FAS No. 141(R) "Business Combinations". FAS 160 changed the accounting and reporting for non-controlling interests, which are recharacterized as non-controlling interests and classified as a component of equity. In addition, the income or losses attributable to the non-controlling interest is now included in consolidated net loss and deducted separately at the bottom of the statement of operations. FAS 160 requires retrospective adoption of the presentation and disclosure requirements for existing non-controlling interests. All other requirements of FAS 160 are applied prospectively.

Effective January 1, 2009, the Company adopted FASB Statement No. 161 (FAS 161), "Disclosures about Derivative Instruments and Hedging Activities - An Amendment of FASB Statement No. 133". FAS 161 requires enhanced disclosure about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under FAS 161 and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows.

In April 2009, FASB issued Staff Position No. 107-1 and APB 28-1 "Interim Disclosures about Fair Value of Financial Instruments" which amends SFAS 107 "Disclosures about Fair Value of Financial Instruments" to require fair value disclosures for interim reporting periods in addition to annual financial statements. This Staff Position is effective for interim reporting periods after June 15, 2009. The Company has included these disclosures in the current interim financial statements.

In May 2009, FASB issued Statement No. 165 (FAS 165), "Subsequent Events", which provides guidance on events that occur after the balance sheet date but prior to the issuance of the financial statements. FAS 165 distinguishes events requiring recognition in the financial statements and those that may require disclosure in the financial statements. Furthermore, FAS 165 requires disclosure of the date through which subsequent events were evaluated. FAS 165 is effective for interim and annual periods after June 15, 2009. The Company has adopted FAS 165 for the quarter ended June 30, 2009, and has evaluated subsequent events through August 27, 2009.

Recently Issued Accounting Standards

On December 31, 2008, the Securities and Exchange Commission ("SEC") issued Release No. 33-8995, "Modernization of Oil and Gas Reporting," which revises disclosure requirements for oil and gas companies. In addition to changing the definition and disclosure requirements for natural gas reserves, the new rules change the requirements for determining natural gas reserve quantities to permit the use of new technologies to determine proved reserves under certain criteria and allow companies to disclose their probable and possible reserves. The new rules also require companies to report the independence and qualifications of their reserves preparer or auditor and file reports when a third party is relied upon to prepare reserves estimates or when a third party conducts a reserves audit. The new rules also require natural gas and crude oil reserves to be reported and the full cost ceiling limitation to be calculated using a twelve-month average price rather than period-end prices. The use of a twelve-month average price could have had an effect on the Company's 2008 and 2009 depletion rates for its natural gas properties. The new rules are effective for annual reports for fiscal years ending on or after December 31, 2009, pending the contemplated alignment of certain accounting standards by the FASB with the new rules. The Company plans to implement the new requirements beginning in its financial statements for the year ended December 31, 2009.

In June 2009, FASB issued Statement No. 168 (FAS 168), "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles", which establishes the FASB Accounting Standards Codification ("Codification"), which supersedes all existing accounting standard documents and will become the single source of authoritative non-governmental U.S. GAAP. All other accounting literature not included in the Codification will be considered non-authoritative. The Codification was implemented on July 1, 2009 and will be effective for interim and annual periods ending after September 15, 2009. The Company expects to conform our note references to the new Codification for the quarter ended September 30, 2009.

Non-GAAP Measures

In addition to the results prepared in accordance with GAAP, the Company reports the non-GAAP measure EBITDA. The Company defines EBITDA as net income (loss) and comprehensive income (loss) before income taxes, financing charges (including foreign exchange gains and losses), gains and losses on disposition, impairments, and depletion, depreciation and accretion expense.

Results of Operations

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Revenue				
Production revenue	\$ 43,179	\$ 64,518	\$ 90,492	\$ 110,554
Expenses				
Operating - exclusive of depletion and depreciation shown below	13,380	15,170	27,073	29,068
General and administrative	5,445	16,978	9,930	22,398
Restructuring charges	-	258	-	2,410
Impairment of petroleum and natural gas interests	76,736	-	339,619	-
Depletion, depreciation and accretion	13,983	12,198	34,781	32,034
	109,544	44,604	411,403	85,910
Income/(loss) from operations	(66,365)	19,914	(320,911)	24,644
Other income and expenses				
Financing charges	40,360	74,532	83,044	126,800
Loss on disposition	-	423	-	423
Foreign exchange (gain)/loss	(136,458)	(8,246)	(77,070)	35,409
	(96,098)	66,709	5,974	162,632
Income/(loss) before taxes and non-controlling interest	29,733	(46,795)	(326,885)	(137,988)
Taxes				
Current state taxes	74	65	116	98
Net income/(loss)	29,659	(46,860)	(327,001)	(138,086)
Less: (income)/loss attributable to non-controlling interest	(317)	(136)	(98)	159
Net income/(loss) and comprehensive income/(loss) attributable to common stockholders	\$ 29,342	\$ (46,996)	\$ (327,099)	\$ (137,927)
EBITDA	\$ 24,354	\$ 31,689	\$ 53,489	\$ 56,255
Net Capital Expenditures	\$ 25,196	\$ 29,597	\$ 74,063	\$ 60,463
Net sales volumes (Boe/d):	16,304	13,191	15,494	13,012
Net sales volumes (Mcf/d):	97,823	79,149	92,965	78,074
Realized prices (\$ per Boe):	29.10	57.39	32.27	51.45
Realized prices (\$ per Mcfe):	4.85	9.57	5.38	8.57
Expenses (\$ per Boe):				
Operating	9.02	12.64	9.65	12.27
General and administrative	3.67	14.14	3.54	9.46
Depletion, depreciation and accretion	9.42	10.16	12.40	13.53
Expenses (\$ per Mcfe):				
Operating	1.50	2.11	1.61	2.05
General and administrative	0.61	2.36	0.59	1.58
Depletion, depreciation and accretion	1.57	1.69	2.07	2.25

	At June 30,	At December 31,
	2009	2008
	(Dollars in thousands)	
Consolidated Balance Sheet Data:		
Total current assets	\$ 80,286	\$ 161,777
Property, plant and equipment	447,024	746,367
Total assets	557,648	942,626
Total current liabilities	43,102	84,135
Total liabilities	1,835,668	1,894,009
Series A preferred stock	521,297	518,499
Total stockholders' deficit	(1,799,415)	(1,469,882)
Non-controlling interest	98	-

Three Months Ended June 30, 2009 compared to the Three Months Ended June 30, 2008

Production Revenue

For the three month period ended June 30, 2009, revenue net of royalties decreased by \$21.3 million, or 33.1%, to \$43.2 million compared to \$64.5 million in the same period in 2008. The decrease is primarily related to a decline in net realized price offset partially by an increase in net natural gas sales volumes. Net natural gas sales volumes increased by 23.6% to 97.8 Mmcfe per day (16,304 Boe per day) in the three month period ended June 30, 2009, as compared to 79.1 Mmcfe per day (13,191 Boe per day) during the same period in 2008, which contributed \$16.3 million in additional revenue. Natural gas volumes before royalties were 99.5 Mmcfe per day (16,579 Boe per day) in the three month period ended June 30, 2009 compared to 94.8 Mmcfe per day (15,806 Boe per day) in the same period in 2008, an increase of 4.6 Mmcfe per day, or 4.9%. The increase is mainly the result of an increase in production in our northern area from the Mannville CBM play, specifically our Thunder and Sandhills developmental areas. Offsetting the volume increase was a decline in net realized price. The net realized price of \$4.85 per Mcfe (\$29.10 per Boe) in the three month period ended June 30, 2009, compared to a price of \$9.57 per Mcfe (\$57.39 per Boe) in the same period in 2008, reducing revenue by \$42.0 million. The average spot price for gas during the three month period ended June 30, 2009 was \$3.45 per Mcfe (\$20.70 per Boe) compared to \$9.68 per Mcfe (\$58.08 per Boe) in the same period in 2008. Due to proceeds from forward contract sales realized during the period, our net realized price in 2009 was higher than the spot price. The Company had no derivative contracts in 2009 resulting in \$nil unrealized gain/loss on risk management contracts, compared to an unrealized loss of \$4.4 million in the same period in 2008. Net (after royalty) production was higher as a result of reduced royalties. Royalties in the three month period ended June 30, 2009 were \$0.08 per Mcfe (\$0.48 per Boe) compared to \$1.58 per Mcfe (\$9.48 per Boe) in the same period in 2008. The average royalty rate in the three month period ended June 30 decreased substantially to 1.7% compared to 16.5% in the same period in 2008 due mainly to credits applied for under the new royalty framework introduced by the Alberta Government effective January 1, 2009 and lower sliding-scale rates due to a lower price period. This new framework specifically includes significant productivity discount increases in the Horseshoe Canyon CBM play, and many measured depth credits in the Mannville CBM play.

Operating Expenses

Operating expenses decreased by \$1.8 million, or 11.8%, to \$13.4 million in the three month period ended June 30, 2009 as compared to \$15.2 million in the same period in 2008. The decrease in operating expenses was mainly in the southern area from the removal of well site compressors in place of electric pod compressors, lower costs from vendors due to competitive prices and the current economy, along with lower costs in the northern areas due to a higher number of wells becoming free-flowing and not requiring gas pumps to lift water. Overall operating expense also decreased from higher recoveries of gathering, processing, and marketing fees. On a per unit basis after royalty volumes, our operating expenses in the three month period ended June 30, 2009 were \$1.50 per Mcfe (\$9.02 per Boe) compared to \$2.11 per Mcfe (\$12.64 per Boe) for the same period in 2008. Before royalty volumes, our operating expense per unit in the three month period ended June 30, 2009 decreased to \$1.48 per Mcfe (\$8.88 per Boe) compared to \$1.76 per Mcfe (\$10.56 per Boe) in the same period in 2008. Trident will continue to attempt to reduce variable operating expenses through ongoing initiatives in both our northern and southern areas in the future.

General and Administrative Expenses

General and administrative (“G&A”) expenses decreased by \$11.5 million, or 67.9%, to \$5.4 million in the three month period ended June 30, 2009, as compared to \$17.0 million in the same period in 2008, or \$0.61 per Mcfe (\$3.67 per Boe) in the three month period ended June 30, 2009 compared to \$2.36 per Mcfe (\$14.14 per Boe) in the same period in 2008. The main reason for the decrease is that in 2008 there was a long-term incentive plan accrual for \$12.6 million. In 2009, this accrual is \$nil. Excluding the long-term incentive plan accrual in 2008, G&A was \$0.60 per Mcfe (\$3.60 per Boe). In 2008, G&A included a recovery of stock based compensation of \$1.5 million. Overall, when normalized for the two items above, G&A decreased approximately \$0.4 million between the three month comparative periods. G&A is lower due to substantially lower legal expenses as 2008 had costs associated with resolving a dispute with one of our major joint venture partners, lower audit and taxation fees, lower internal and external consultant expenses, and higher overhead recoveries which reduces G&A. Partially offsetting these decreases were increases in G&A due to higher salaries, wages, and benefits including the introduction of retirement savings plan, computer expenses from access, support, and software fees, and utilities. In the three month period ended June 30, 2009, excluding capital recoveries from partners and stock based compensation, we capitalized \$1.0 million, or 14.9% of G&A expenses compared to \$1.0 million, or 20.4% of G&A expenses in the same period in 2008. The lower percentage in recoveries is due mainly to the fact that there was an increase in capital recoveries from partners and an increase in legal costs not included in the recovery calculation.

Restructuring Charges

During the three month period ended June 30, 2008, Trident incurred an expense of \$0.2 million principally as a result of an organizational restructuring which eliminated a number of redundant departments within the Company. Included in these costs were severance payments made to certain staff and executive employees in conjunction with this restructuring. Given the nature of these costs, they have been separately classified outside of general and administrative expenses. No similar expenses were incurred in the three month period ended June 30, 2009.

Impairment of Petroleum and Natural Gas Interests

During the three month period ended June 30, 2009, Trident incurred a PP&E ceiling test write-down of \$76.7 million, or \$8.62 per Mcfe (\$51.72 per Boe) compared to no write-down in 2008. The main reason for the write-down is that the flat price used in the constant reserve report decreased to \$3.18 per Mcfe at June 30, 2009 compared to \$11.70 per Mcfe at June 30, 2008.

Depletion, Depreciation and Accretion Expenses

Depletion, depreciation and accretion (“DD&A”) expense increased by \$1.8 million, or 14.5%, to \$14.0 million in the three month period ended June 30, 2009 as compared to \$12.2 million in the same period in 2008. The increase in DD&A is primarily due to an increase in net production volumes and a decrease in proved reserves, offset slightly by a decrease in the depletable base due to a ceiling test write-down that occurred in the first quarter of 2009. Accretion expense in the three month period ended June 30, 2009 was \$0.7 million compared to \$0.6 million in the same period in 2008. The DD&A rate in the three month period ended June 30, 2009 was \$1.57 per Mcfe (\$9.42 per Boe) compared to \$1.69 per Mcfe (\$10.16 per Boe) in the same period in 2008. The rate is lower due to higher net sales production in 2009 versus 2008. It is expected going forward in 2009 that the depletion expense and depletion rate will be significantly lower due to the ceiling test write-downs of the PP&E assets which occurred in both the first and second quarters of 2009, that will lower the depletable base in future periods.

Financing Charges

Financing charges decreased by \$34.1 million, or 45.8% to \$40.4 million in the three month period ended June 30, 2009 compared to \$74.5 million in the same period in 2008. The main reason for the decrease in financing charges is due a \$76.3 million reduction in the change in fair value of lender’s warrants and options. As at June 30, 2008, the Company’s share price increased to \$5.00 per share which caused the fair value of the warrants and options to substantially increase with a corresponding charge to financing charges for the change in fair value. In 2009, there was no change in share price and therefore no resulting charge or credit related to changes in the value of securities that are based on share price. Offsetting this decline was an increase of \$37.2 million in the change in fair value of the Series A preferred stock embedded derivative. The estimated fair value of the Series A preferred stock embedded derivative is presented as a liability on the consolidated balance sheet with changes in the fair value recorded in the statement of operations in the

period they occur. The fair value of the embedded derivative is calculated each balance sheet date using management's estimates, including the timing for settling the Series A preferred stock. Also contributing to an increase in financing charges was a \$2.5 million increase in interest and fees related to our various credit facilities from \$29.8 million to \$32.3 million. Financing charges also increased due to an increase of \$0.8 million in the amortization of deferred financing charges to \$4.0 million in the three month period ended June 30, 2009 compared to \$3.2 million in the same period in 2008. In addition, the accrued interest on the Series B preferred stock increased by \$0.6 million to \$2.3 million in the three month period ended June 30, 2009 compared to \$1.7 million in the same period in 2008 due to fluctuations in foreign exchange rates. Finally, an increase in financing charges also occurred due to a \$0.5 million decrease of interest income in the three month period ended June 30, 2009 of \$0.1 million compared to \$0.6 million in the same period in 2008.

Foreign Exchange Gain

In the three month period ended June 30, 2009, Trident recognized a foreign exchange gain of \$136.5 million compared to a gain of \$8.2 million for the same period in 2008. We are subject to foreign exchange gains and losses because the majority of our debt and long-term liabilities are denominated in U.S. dollars. Foreign exchange gains and losses recognized relate to our secured term loan facility, our subordinated credit facility, lenders' warrants and other long-term liabilities, the Series A preferred stock embedded derivative, the Series B preferred stock, and U.S. dollar denominated cash balances. In the three month period ended June 30, 2009, the Canadian dollar has strengthened substantially relative to the U.S. dollar. The majority of this increase has been since March 31, 2009 due mainly to the perceived improvement of the Canadian economy relative to global economy and markets. As uncertainty in global markets increase or becomes more volatile, investors tend to purchase safe investments, including U.S. Government bonds or safe commodities like gold. The Canadian dollar, relative to the U.S. dollar, may decline during these periods.

Income Taxes

At June 30, 2009, the tax basis of our petroleum and natural gas properties exceeded their net book value, resulting in a deferred tax asset, as was the case in 2008. We have not recognized the value of this asset in our financial statements as we have not determined that utilization of this asset is more likely than not. As a result, the tax expense for the three month period ended June 30, 2009 and 2008 was limited to current state taxes in Delaware and no deferred tax expense or benefit was recorded.

Net Income/(Loss)

Our net income for the three month period ended June 30, 2009 was \$29.3 million, or \$1.44 per basic and diluted share, as compared to a \$47.0 million net loss during the same period in 2008, or \$1.24 net loss per basic and diluted share. This increase in the net income per share is due substantially to the fluctuation in foreign exchange rates between the current and the comparative period as described above, and lower financing charges, offset partially by the PP&E ceiling test impairment.

Six Months Ended June 30, 2009 compared to the Six Months Ended June 30, 2008

Production Revenue

For the six month period ended June 30, 2009 revenue net of royalties decreased by \$20.1 million, or 18.1%, to \$90.5 million compared to \$110.6 million in the same period in 2008. The decrease is primarily related to a decline in net realized price offset partially by an increase in net natural gas sales volumes. Net natural gas sales volumes increased by 19.1% to 93.0 Mmcfe per day (15,494 Boe per day) in the six month period ended June 30, 2009, as compared to 78.1 Mmcfe per day (13,012 Boe per day) during the same period in 2008, which contributed \$22.4 million in additional revenue. Natural gas volumes before royalties were 100.3 Mmcfe per day (16,723 Boe per day) in the six month period ended June 30, 2009 compared to 94.4 Mmcfe per day (15,735 Boe per day) in the same period in 2008, an increase of 5.0 Mmcfe per day, or 6.3%. The increase is mainly the result of an increase in production in our northern area from the Mannville CBM play, specifically our Thunder and Sandhills developmental areas. Offsetting the volume increase was a decline in net realized price. The net realized price of \$5.38 per Mcfe (\$32.27 per Boe) in the six month period ended June 30, 2009, compared to a price of \$8.57 per Mcfe (\$51.45 per Boe) in the same period in 2008, reducing revenue by \$53.8 million. The average spot price for gas during the six month period ended June 30, 2009 was \$3.97 per Mcfe (\$23.82 per Boe) compared to \$8.59 per Mcfe (\$51.54 per Boe) in the same period in 2008. Due to proceeds from forward contract sales realized during the period, our net realized price in 2009 was higher than the spot price. The Company had no derivative contracts in 2009 resulting in \$nil unrealized gain/loss on risk management contracts, compared to an unrealized loss of \$11.3 million in the same period in 2008. Net (after royalty) production was higher as a result of reduced royalties. Royalties in the six month period ended June 30, 2009 were \$0.40 per Mcfe (\$2.40 per Boe) compared to \$1.48 per Mcfe (\$8.88 per Boe) in the same period in 2008. The average royalty rate in the six month period ended June 30 decreased substantially to 7.3% compared to 17.3% in the same period in 2008 due mainly to lower prices and the new royalty

framework introduced by the Alberta Government effective January 1, 2009. This new framework specifically includes significant productivity discount increases in the Horseshoe Canyon CBM play, and many measured depth credits in the Mannville CBM play.

Operating Expenses

Operating expenses decreased by \$2.0 million, or 6.9%, to \$27.1 million in the six month period ended June 30, 2009 as compared to \$29.1 million in the same period in 2008. The decrease in operating expenses was mainly in the southern area from the removal of well site compressors in place of electric pod compressors, lower costs from vendors due to competitive prices and the current economy, along with lower costs in the northern areas due to a higher number of wells becoming free-flowing and not requiring gas pumps to lift water. Overall operating expense also decreased from higher recoveries of gathering, processing, and marketing fees. On a per unit basis after royalty volumes, our operating expenses in the six month period ended June 30, 2009 were \$1.61 per Mcfe (\$9.65 per Boe) compared to \$2.05 per Mcfe (\$12.27 per Boe) for the same period in 2008. Before royalty volumes, our operating expense per unit in the six month period ended June 30, 2009 decreased to \$1.49 per Mcfe (\$8.94 per Boe) compared to \$1.69 per Mcfe (\$10.14 per Boe) in the same period in 2008. Trident will continue to attempt to reduce variable operating expenses through ongoing initiatives in both our northern and southern areas in the future.

General and Administrative Expenses

General and administrative (“G&A”) expenses decreased by \$12.5 million, or 55.7%, to \$9.9 million in the six month period ended June 30, 2009, as compared to \$22.4 million in the same period in 2008, or \$0.59 per Mcfe (\$3.54 per Boe) in the six month period ended June 30, 2009 compared to \$1.58 per Mcfe (\$9.46 per Boe) in the same period in 2008. The main reason for the decrease is that in 2008 there was a long-term incentive plan accrual for \$12.6 million. In 2009, this accrual is \$nil. Excluding the long-term incentive plan accrual in 2008, G&A was \$0.69 per Mcfe (\$4.14 per Boe). In 2008, G&A included a recovery of stock based compensation of \$1.5 million. Overall, when normalized for the two items above, G&A is approximately \$1.4 million lower than the six month comparative period. G&A is lower due to much lower legal expenses as 2008 had costs associated with resolving a dispute with one of our major joint venture partners, lower audit and taxation fees, lower internal and external consultant expenses, lower salaries, wages, and benefits, lower reserve evaluations, and higher overhead recoveries which reduces G&A. Partially offsetting these decreases were increases in G&A due to higher computer expenses from access, support, and software fees, bank charges, education and training, and subscriptions. In the six month period ended June 30, 2009, excluding capital recoveries from partners and stock based compensation, we capitalized \$2.3 million, or 19.0% of G&A expenses compared to \$2.8 million, or 22.4% of G&A expenses in the same period in 2008. The lower percentage in recoveries is due mainly to the fact that there was an increase in capital recoveries from partners and an increase in legal costs not included in the recovery calculation.

Restructuring Charges

During the six month period ended June 30, 2008, Trident incurred an expense of \$2.4 million principally as a result of an organizational restructuring which eliminated a number of redundant departments within the Company. Included in these costs were severance payments made to certain staff and executive employees in conjunction with this restructuring. Given the nature of these costs, they have been separately classified outside of general and administrative expenses. No similar expenses were incurred in the six month period ended June, 2009.

Impairment of Petroleum and Natural Gas Interests

During the six month period ended June 30, 2009, Trident incurred two PP&E ceiling test write-downs totaling \$339.6 million, or \$20.18 per Mcfe (\$121.08 per Boe) compared to no write-downs in 2008. The main reason for the write-downs is that the flat price used in the constant reserve report at June 30, 2009 as well as March 31, 2009 were lower compared to those in 2008.

Depletion, Depreciation and Accretion Expenses

Depletion, depreciation and accretion (“DD&A”) expense increased by \$2.8 million, or 8.5%, to \$34.8 million in the six month period ended June 30, 2009 as compared to \$32.0 million in the same period in 2008. The increase in DD&A is primarily due to an increase in net production volumes and a decrease in proved reserves, offset slightly by a decrease in the depletable base due to a ceiling test write-down that occurred in the first quarter of 2009. Accretion expense in the six month period ended June 30, 2009 was \$1.5 million compared to \$1.2 million in the same period in 2008. The DD&A rate in the six month period ended June 30, 2009 was \$2.07 per Mcfe (\$12.40 per Boe) compared to \$2.25 per Mcfe (\$13.53 per Boe) in the same period in 2008. The rate is lower due to the ceiling test write-down that occurred in the first quarter of 2009. It is expected going forward in 2009 that the depletion expense and depletion rate

will be lower due to the ceiling test write-downs of the PP&E assets which occurred in both the first and second quarters of 2009, that will lower the depletable base in future periods.

Financing Charges

Financing charges decreased by \$43.8 million, or 34.5% to \$83.0 million in the six month period ended June 30, 2009 compared to \$126.8 million in the same period in 2008. The main reason for the decrease in financing charges is due to a \$76.3 million reduction in the change in fair value of lender's warrants and options. In 2008, as at June 30, 2008, the Company's share price increased to \$5.00 per share which caused the fair value of the warrants and options to substantially increase with a corresponding charge to financing charges for the change in fair value. In 2009, there was no change in share price and therefore no resulting charge or credit related to changes in the value of securities that are based on share price. Offsetting this decline was an increase of \$19.2 million in the change in fair value of the Series A preferred stock embedded derivative. The estimated fair value of the Series A preferred stock embedded derivative is presented as a liability on the consolidated balance sheet with changes in the fair value recorded in the statement of operations in the period they occur. The fair value of the embedded derivative is calculated each balance sheet date using management's estimates, including the timing for settling the Series A preferred stock. Also contributing to an increase in financing charges was a \$6.8 million increase in interest and fees related to our various credit facilities from \$61.6 million to \$68.4 million. Financing charges also increased due to an increase of \$1.8 million in the amortization of deferred financing charges to \$8.3 million in the six month period ended June 30, 2009 compared to \$6.5 million in the same period in 2008. In addition, the accrued interest on the Series B preferred stock increased by \$1.2 million to \$4.6 million in the six month period ended June 30, 2009 compared to \$3.4 million in the same period in 2008 due to fluctuations in foreign exchange rates. An increase in financing charges also occurred due to a \$1.3 million decrease of interest income in the six month period ended June 30, 2009 of \$0.3 million compared to \$1.6 million in the same period in 2008. Finally, an increase in financing charges was also due to a decrease of \$2.2 million in capitalized interest.

Foreign Exchange Gain/(Loss)

In the six month period ended June 30, 2009, Trident recognized a foreign exchange gain of \$77.1 million compared to a loss of \$35.4 million in the same period in 2008, a decrease in the expense of \$112.5 million or 317.7%. We are subject to foreign exchange gains and losses because the majority of our debt and long-term liabilities are denominated in U.S. dollars. Foreign exchange gains and losses recognized relate to our secured term loan facility, our subordinated credit facility, lenders' warrants and other long-term liabilities, the Series A preferred stock embedded derivative, the Series B preferred stock, and U.S. dollar denominated cash balances. In the six month period ended June 30, 2009, the Canadian dollar has strengthened substantially relative to the U.S. dollar. The majority of this increase has been since March 31, 2009 due mainly to the perceived improvement of the Canadian economy relative to the global economy and markets. As uncertainty in the global markets increase or becomes more volatile, investors tend to purchase safe investments, including U.S. Government bonds or safe commodities like gold. The Canadian dollar, relative to the U.S. dollar, may decline during these periods as was seen in the latter half of 2008 and the first quarter of 2009.

Income Taxes

At June 30, 2009, the tax basis of our petroleum and natural gas properties exceeded their net book value, resulting in a deferred tax asset, as was the case in 2008. We have not recognized the value of this asset in our financial statements as we have not determined that utilization of this asset is more likely than not. As a result, the tax expense for the six month period ended June 30, 2009 and 2008 was limited to current state taxes and no deferred tax expense or benefit was recorded.

Net Loss

Our net loss for the six month period ended June 30, 2009 was \$327.1 million, or \$8.04 net loss per basic and diluted share, as compared to \$137.9 million net loss during the same period in 2008, or \$4.04 net loss per basic and diluted share. This increase in the net loss per share is due substantially to the PP&E ceiling test write-down and lower revenues, partially offset by lower G&A, lower financing charges, and lower foreign exchange expense.

Reserves Data

The reserves data is calculated based on our net proved reserves. The "standardized measure of discounted future net cash flows" is the present value of our estimated future net cash flows, discounted at 10% per year, calculated using constant pricing. The standardized measure of discounted future net cash flows does not purport to present the fair market value of our natural gas reserves and is not indicative of actual future net cash flows. It was determined based on the closing market price for natural gas as of June 30, 2009 and as

of December 31, 2008. The natural gas prices used for the calculations as of June 30, 2009 and December 31, 2008 were C\$3.18 and C\$6.35, respectively. These prices were based on NGX AB-NIT as of June 30, 2009 and December 31, 2008 and were adjusted to account for transportation costs and any difference in quality as applicable. There are no income taxes expected on future net cash flows. Management believes that the presentation in the table below provides useful information to investors because it is widely used by professional analysts and sophisticated investors in evaluating oil and gas companies.

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Estimated net proved reserves:		
Proved developed producing (Mmcf)	188,189.4	247,193.8
Proved developed non-producing (Mmcf)	<u>6,428.4</u>	<u>4,959.4</u>
Total proved developed (Mmcf)	194,617.8	252,153.2
Proved undeveloped (Mmcf)	<u>21,178.7</u>	<u>107,726.0</u>
Total proved reserves (Mmcf)	<u>215,796.5</u>	<u>359,879.2</u>
Standardized measure of discounted future net cash flows at 10% (in millions)	<u>\$ 209.0</u>	<u>\$ 658.7</u>
Price used for proved reserve PV-10	\$ 3.18	\$ 6.35

Liquidity and Capital Resources

Our primary sources of cash have been debt and equity financings and in more recent periods cash provided from operations. Our primary uses of cash have been, and we expect will continue to be, acquisitions, exploration for and development of natural gas properties, expenses for continued operations, G&A costs and repayment of principal and interest on outstanding credit facilities.

Our 2009 operating plan is focused on Trident directing its capital program on the development of high impact acreage within our core operating areas as well as key exploratory expenditures within both the Mannville CBM northern area, as well as the Montney Resource play in British Columbia. Management believes that cash provided from operating activities and cash on hand will be sufficient to fund the Company's 2009 planned expenditures throughout the year without new debt or equity financing.

As at June 30, 2009, the principal amount of our total indebtedness was \$1,188.1 million including interest paid in kind and discounts, and we had \$5.4 million of undrawn letters of credit outstanding under the revolving facility. In November 2009, one of the Company's credit facilities will begin to accrue interest that will be due in cash. To date, the interest on this facility has been paid in kind. Our credit facilities contain restrictions on incurring additional indebtedness.

We have financed our operations since 2004 through various equity and debt transactions, including a subordinated credit facility for TEC, a TEC first lien credit agreement, sales of shares of our common stock in private transactions, sales of our Series A preferred stock in private transactions, a TEC second lien credit agreement, sales of our Series B preferred stock in private transactions, the TRC 2006 credit agreement and the TRC 2007 subordinated credit agreement.

Trident has going concern disclosure due to its current and future cash position and commitments relating to our ability to generate excess cash to meet obligations.

Cash Flow

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	2009	2008	2009	2008
Net cash provided by operating activities	\$ 10,394	\$ 33,301	\$ 26,810	\$ 58,765
Net cash used for financing activities	\$ (24)	\$ -	\$ (1,422)	\$ (33)
Net cash used for investing activities	\$ (37,390)	\$ (38,038)	\$ (90,059)	\$ (94,266)

Operating Activities

For the three month period ended June 30, 2009, net cash provided by operating activities decreased by \$22.9 million, or 69%, to \$10.4 million, compared to \$33.3 million in the same period in 2008. The decrease in net cash provided by operating activities is due to a decrease in natural gas sales via decreased prices, offset partially by higher production, lower restructuring costs, lower operating expenses, and lower G&A expenses.

For the six month period ended June 30, 2009, net cash provided by operating activities decreased by \$32.0 million, or 54%, to \$26.8 million, compared to \$58.8 million in the same period in 2008. The decrease in net cash provided by operating activities is due to a decrease in natural gas sales via decreased prices and a decrease in non-cash working capital balances, offset partially by higher production, lower restructuring costs, lower operating expenses, and lower G&A expenses.

Financing Activities

During the three month period ended June 30, 2009, the Company used an insubstantial amount of cash due to financing activities, as compared to \$nil in the same period in 2008.

Net cash used by financing activities during the six month period ended June 30, 2009 was \$1.4 million, as compared to net cash used by financing activities of \$33 thousand in the same period in 2008. The increase in net cash used by financing activities can be attributed to cash used for costs related to the preliminary Form S-1 Registration Statement document submitted to the SEC.

Investing Activities

Our main use of cash for investing activities continues to be for the purchase and acquisition of property, plant and equipment through exploration and development of our acreage and capitalized G&A and interest costs.

For the three month period ended June 30, 2009, net cash used for investing activities was \$37.4 million compared to \$38.0 million in the same period in 2008. Net capital expenditures were \$24.6 million compared to \$29.6 million for the same periods. The decrease in net capital expenditures was offset by an increase of non-cash working capital used in investing to \$12.7 million for the three month period ended June 30, 2009, from \$8.4 million in the same period in 2008.

For the six month period ended June 30, 2009, net cash used for investing activities was \$90.1 million compared to \$94.3 million in the same period in 2008. Net capital expenditures were \$73.5 million compared to \$61.9 million for the same periods. The increase in net capital expenditures was offset by a decrease of non-cash working capital used in investing to \$16.5 million for the six month period ended June 30, 2009, from \$33.8 million in the same period in 2008.

Capital Expenditures

Over the past three years, we have shifted our capital expenditure activities from a large, broad capital program to a smaller and more focused capital program. In 2005 and 2006, we incurred \$503.1 million and \$653.4 million, respectively, in capital expenditures, which were dominated by drilling and facilities construction activities in our Mannville CBM and Horseshoe Canyon CBM plays. After 2006, we significantly reduced facilities construction because the infrastructure to deliver natural gas production in both our Mannville CBM and Horseshoe Canyon CBM plays was substantially complete. In 2007, we incurred \$89.7 million in capital expenditures, mainly for drilling activities. In 2008, we incurred \$174.7 million of capital expenditures as drilling activities increased mainly in our Mannville CBM play.

Our capital expenditures for the six month period ended June 30, 2009 increased to \$73.5 million from \$60.5 million during the same period in 2008. Approximately 84% of the capital spending was completed in drilling and completions activities, and in gathering pipelines, wellsite facilities, and gas plants. Compared to the prior year, these increases were due primarily to increased drilling activity in our British Columbia Montney exploratory resource play and in our Thunder developmental area which is south of the greater Corbett area in our Mannville CBM play. In 2009, we plan to continue to explore and exploit our core producing and non-producing development properties and complete the initial development in our Montney resource play. If natural gas prices decrease further or are maintained at a level that we deem to be uneconomical or will not support continued development, we could reduce, defer, or cancel planned capital expenditures. We plan to complete only capital projects we believe would meet our target levels of expected returns and cash flow generation. We continue to monitor and may adjust our capital expenditures in response to operating experience, engineering

analysis, and changes in natural gas prices, exploration and development costs, industry conditions, and capital resource availability. A lack of availability or high cost of drilling rigs, equipment, supplies, and personnel, as well as weather and the time required to receive permits, may also affect the timing of our capital expenditures.

The following table summarizes our quarterly capital expenditures since the first quarter of 2008:

	Q2 '09	Q1 '09	Q4 '08	Q3 '08	Q2 '08	Q1 '08
Land	787	925	8,492	3,248	509	386
Seismic	211	(212)	458	368	103	3,154
Drilling	19,015	29,810	47,047	25,180	18,385	15,442
Facilities	343	12,690	11,491	6,559	6,281	5,449
Corporate	881	1,497	1,982	1,991	353	1,982
Capitalized Interest	3,959	4,157	2,176	3,820	3,966	5,853
Total Capital Additions	25,196	48,867	71,646	41,166	29,597	32,266
Dispositions	-	-	(2,646)	111	-	(1,400)
Net Capital Expenditures	25,196	48,867	69,000	41,277	29,597	30,866

Commitments and Contractual Obligations

The following table sets forth our commitments and contractual obligations as at June 30, 2009:

	Payments due by period					Total
	1 Year	2-3 Years	4-5 Years	More than 5 Years		
	(In thousands)					
Long-term debt	\$ 147,585	\$ 1,260,740	\$ 185,478	\$ -	\$ 1,593,803	
Operating lease obligations	2,832	4,394	2,667	6	9,899	
Drilling obligations	2,136	-	-	-	2,136	
Take or pay gathering and processing	4,461	13,157	13,958	4,773	36,349	
Power fixed price contracts	2,157	5,775	4,338	-	12,270	
Total	\$ 159,171	\$ 1,284,066	\$ 206,441	\$ 4,779	\$ 1,654,457	

As of June 30, 2009, we had US\$500.0 million outstanding under our secured term loan facility that bears interest at LIBOR plus 7.5%. No principal payments are required before US\$450.0 million of the facility matures on April 26, 2011 and the balance of US\$50.0 million matures on April 26, 2012. In addition, we have US\$410.8 million outstanding including interest before discounts under our subordinated credit facility that bears interest at LIBOR plus 14.0%. For the first two years of the facility, interest was payable in kind at a rate of LIBOR plus 12.0%, with an option to extend the period for payment in kind for a third year at the Company's election. The election to extend the interest payable in kind option for the third year was invoked by the Company and was effective November 24, 2008. As a result, after November 24, 2008, the interest on the facility increased to LIBOR plus 14.0% for the remaining term. Interest on this facility begins to accrue in November 2009 for interest that is not paid in kind. No principal payments are required until the facility matures on November 24, 2011. Lastly, we have \$145.4 million outstanding under our 2007 unsecured facility that bears interest at LIBOR plus 7.5%, with interest being payable in kind to maturity. At June 30, 2009, to calculate the required interest obligation under our credit facilities, we utilized the current 3 month LIBOR rate for our secured term loan facility and our subordinated credit facility, and the 1 month LIBOR rate for our unsecured facility. For principal and interest repayment amounts we used the period-end foreign exchange rate of \$1.16/US\$1.00. If any of the Company's covenants are breached, debt is in default and may be repayable immediately.

Off-Balance Sheet Arrangements

We have entered into fixed price physical delivery natural gas sales contracts to mitigate the potential adverse impact of changing commodity prices. We have elected to account for fixed price physical delivery natural gas sales contracts as normal sales expected in the normal course of business under FAS 133, and accordingly, these contracts are accounted for as executory contracts.

Quantitative and Qualitative Disclosures About Market Risk

In order to manage our exposure to market risk, we developed a risk management policy. Under this policy, we may enter into agreements, including fixed price, forward price, physical purchase and sales contracts, futures, currency swaps, financial swaps, option contracts, collars and put options. Our commodity risk management committee evaluates the need to enter into such arrangements, and then seeks the approval of our Board of Directors.

Commodity Price Risk

We are exposed to fluctuations in natural gas prices, as a substantial portion of our production is sold at spot prices that are subject to volatile trading activity. Natural gas commodity prices fluctuate in response to, among other things, domestic and foreign supply and demand, import or export imbalances, government regulations, weather and fluctuations in the availability and price of other replacement energy sources. A significant drop in natural gas commodity prices could materially impact our natural gas revenue, the volume of production we could produce economically, may require downward adjustments to proved reserves and could materially impact our financial condition. Trident has entered into several natural gas fixed price physical contracts for the purpose of partially protecting our cash flow from the volatility of prices in the natural gas market. The current contracts are effective at varying rates and prices each month from July to December 2009.

Trident's risk management activities are conducted pursuant to Trident's Risk Management Policy approved by the Board of Directors. We have used both fixed price forward contracts and financial instruments designed to establish a minimum floor price and a maximum ceiling price. Our risk management policy provides guidance to reduce the risk exposure to budgeted annual cash flow projections resulting from uncertainty or changes in natural gas prices. Our risk management positions are described in detail in the notes to the audited financial statements.

Based on our second quarter 2009 average natural gas sales volumes and realized natural gas price, and excluding our risk management contracts, a change of \$1.00 per Mcf would increase or decrease our natural gas revenue by approximately \$33.9 million on an annual basis.

Interest Rate Risk

We are exposed to changes in interest rates, primarily due to the fact that our term loan facilities bear interest at floating rates and also potentially due to our revolving credit facility. We have not entered into any interest rate swaps to limit or manage our exposure to fluctuations in interest rates. A 10% change in the period end June 30, 2009 floating interest rate based on our debt balances as of June 30, 2009, would change the annual interest expense by approximately \$1.0 million. To calculate the change we used period end June 30, 2009 various LIBOR rates based on our debt balances of \$1,204.7 million before discounts. For the purpose of this calculation we used an average 2009 foreign exchange rate of CDN\$1.21/US\$1.00 rounded to two decimal places.

Foreign Currency Risk

We are exposed to foreign currency exchange rate fluctuations on US dollar denominated cash balances, the US dollar denominated term loan facilities, the Series A preferred stock embedded derivative, and the Series B preferred stock. We currently do not have fixed rate arrangements to mitigate foreign exchange risk, however we continue to monitor our exposure and may enter into foreign exchange hedges if deemed appropriate. Based on the period-end carrying value of our US dollar cash balances, the Series A preferred stock embedded derivative, Series B preferred stock and our outstanding US denominated debt of US\$910.9 million as at June 30, 2009, a \$0.01 change in the CDN to US dollar average exchange rate would result in an approximate change of \$14.0 million to foreign exchange gain/loss expense.

Credit Risk

We are exposed to normal credit risk on accounts receivables from customers and counterparties in the natural gas industry, including counterparties related to our risk management activities. We actively monitor our credit risks throughout the year. No allowance for doubtful accounts has been taken in 2009 to date.

Quarterly Financial and Operating Information

	Three months ended							
	June 30 2009	March 31 2009	Dec. 31 2008	Sept. 30 2008	June 30 2008	March 31 2008	Dec. 31 2007	Sept. 30 2007
FINANCIAL HIGHLIGHTS								
Income Statement								
Revenue	\$ 43,179	\$ 47,312	\$ 53,251	\$ 63,239	\$ 64,518	\$ 46,036	\$ 44,838	\$ 49,463
EBITDA	24,354	29,135	43,627	39,786	32,113	24,565	21,294	27,753
Income/(loss) from operations	(66,365)	(254,546)	26,089	27,213	20,172	6,882	4,421	(66,925)
Net income/(loss)	29,342	(356,441)	(200,636)	(66,180)	(46,996)	(90,934)	(32,724)	(27,589)
Cash Flow								
Net cash provided by operations	10,394	16,416	19,253	45,193	33,301	25,465	15,581	24,557
Net cash provided (used) by financing	(24)	(1,398)	(3,384)	(575)	-	(32)	89	100,263
Net cash used for investing	(37,390)	(52,670)	(54,627)	(7,216)	(38,038)	(56,228)	(20,058)	(31,518)
Balance Sheet								
Total current assets	80,286	112,817	160,833	193,680	202,794	190,627	212,359	208,370
Property, plant and equipment	447,024	512,313	746,367	692,995	663,433	645,167	633,889	624,942
Total assets	557,648	657,682	942,626	920,549	900,261	871,576	883,744	887,957
Total current liabilities	43,102	66,111	84,135	72,110	72,865	62,697	71,265	63,670
Total liabilities	1,835,668	1,965,522	1,894,009	1,673,763	1,589,507	1,511,853	1,433,417	1,405,300
Series A preferred stock	521,297	551,045	518,499	438,958	408,574	404,815	380,828	372,757
Total stockholders' deficit	(1,799,415)	(1,858,666)	(1,469,882)	(1,192,172)	(1,097,820)	(1,045,092)	(930,501)	(890,100)
OPERATING RESULTS								
Average sales price (\$ per Boe)	29.10	35.41	41.62	48.36	57.39	45.45	40.05	37.15
Average sales price (\$ per Mcfe)	4.85	5.90	6.94	8.06	9.57	7.57	6.67	6.19
Daily net production (Boe/d)	16,304	14,845	14,007	12,828	13,191	12,802	13,440	12,996
Daily net production (Mcfe/d)	97,823	89,073	84,043	76,969	79,149	76,810	80,642	77,973
Expenses (\$ per Boe)								
Operating	9.02	10.25	11.22	12.72	12.64	11.93	12.69	12.67
Depletion, depreciation and accretion ⁽¹⁾	9.42	15.54	11.74	10.65	10.16	17.03	16.51	21.12
General and administrative ⁽²⁾	3.67	3.36	3.46	3.77	3.62	4.65	5.13	3.78
Expenses (\$ per Mcfe)								
Operating	1.50	1.71	1.87	2.12	2.11	1.99	2.12	2.11
Depletion, depreciation and accretion ⁽¹⁾	1.57	2.59	1.96	1.78	1.69	2.84	2.75	3.52
General and administrative ⁽²⁾	0.61	0.56	0.58	0.63	0.60	0.78	0.86	0.63

(1) Depreciation, depletion and accretion expenses per unit in 2009 and 2007 do not include the asset impairment or ceiling test write-downs. In 2008 there were no write-downs.

(2) General and administrative expense per unit in 2008 does not include the long-term incentive plan. In 2009, the long-term incentive plan is calculated to be \$nil, and in 2007 there was no long-term incentive plan.

Trident Resources Corp.
Consolidated Balance Sheets
(In thousands of Canadian dollars, except for share data)
(Unaudited)

	June 30, 2009	December 31, 2008
Assets		
Current		
Cash	\$ 38,208	\$ 102,652
Accounts receivable (note 4)	37,318	57,306
Prepaid expenses and deposits	4,760	1,819
Total current assets	80,286	161,777
Property, plant and equipment, full cost method - net (note 5)	447,024	746,367
Other assets (note 6)	30,338	34,482
	\$ 557,648	\$ 942,626
Liabilities		
Current		
Accounts payable	\$ 7,888	\$ 10,240
Accrued interest	236	11,987
Accrued other liabilities	34,978	61,908
Total current liabilities	43,102	84,135
Long-term debt (note 7)	1,188,092	1,192,383
Series A preferred stock embedded derivative	507,460	522,092
Series B preferred stock, 2,000,000 authorized with US\$0.0001 par value and 614,000 issued and outstanding at June 30, 2009 and December 31, 2008 (note 9)	44,607	46,718
Other long-term liabilities (note 10)	29,684	27,369
Asset retirement obligation (note 11)	22,723	21,312
	1,835,668	1,894,009
Series A Preferred Stock (note 12)		
Series A redeemable preferred stock, 8,000,000 authorized with US\$0.0001 par value and 4,993,559 issued and outstanding at June 30, 2009 and December 31, 2008	521,297	518,499
Deficit		
Stockholders' Deficit		
Common stock, \$0.0001 par value, 2,490,000,000 authorized with 27,359,357 issued as of June 30, 2009 and December 31, 2008 (note 13)	3	3
Paid-in capital	306,892	306,528
Deficit	(2,106,310)	(1,776,413)
Total stockholders' deficit	(1,799,415)	(1,469,882)
Non-controlling interest	98	-
Total Deficit	(1,799,317)	(1,469,882)
	\$ 557,648	\$ 942,626

Going concern (note 2)
Commitments (note 18)
Contingencies (note 19)

See accompanying notes to the interim consolidated financial statements.

Trident Resources Corp.
Consolidated Statements of Operations and Comprehensive Income/(Loss)
(In thousands of Canadian dollars, except for share data)
(Unaudited)

	3 months ended June 30		6 months ended June 30	
	2009	2008	2009	2008
Revenue				
Production revenue	\$ 43,179	\$ 64,518	\$ 90,492	\$ 110,554
Expenses				
Operating - exclusive of depletion and depreciation	13,380	15,170	27,073	29,068
General and administrative	5,445	16,978	9,930	22,398
Restructuring charges (note 16)	-	258	-	2,410
Impairment of petroleum and natural gas interests	76,736	-	339,619	-
Depletion, depreciation and accretion (note 17)	13,983	12,198	34,781	32,034
	109,544	44,604	411,403	85,910
Income/(loss) from operations	(66,365)	19,914	(320,911)	24,644
Other income and expenses				
Financing charges (note 15)	40,360	74,532	83,044	126,800
Loss on disposition	-	423	-	423
Foreign exchange (gain)/loss	(136,458)	(8,246)	(77,070)	35,409
	(96,098)	66,709	5,974	162,632
Income/(loss) before taxes and non-controlling interest	29,733	(46,795)	(326,885)	(137,988)
Taxes				
Current state taxes	74	65	116	98
Net income/(loss)	29,659	(46,860)	(327,001)	(138,086)
Less: (income)/loss attributable to non-controlling interest	(317)	(136)	(98)	159
Net income/(loss) and comprehensive income/(loss) attributable to common stockholders	\$ 29,342	\$ (46,996)	\$ (327,099)	\$ (137,927)
Net income/(loss) attributable to common stockholders per share (note 13)				
Basic and diluted	\$ 1.44	\$ (1.24)	\$ (8.04)	\$ (4.04)
Weighted average number of shares of common stock outstanding (thousands)				
Basic and diluted	41,010	41,010	41,010	41,010

See accompanying notes to the interim consolidated financial statements.

Trident Resources Corp.
Consolidated Statements of Deficit
(In thousands of Canadian dollars, except for share data)
(Unaudited)

	3 months ended June 30		6 months ended June 30	
	2009	2008	2009	2008
Common stock, \$0.0001 par value, 2,490,000,000 authorized with 27,359,357 issued as of June 30, 2009 and June 30, 2008				
Balance at beginning and end of period	\$ 3	\$ 3	\$ 3	\$ 3
Paid-in capital				
Balance at beginning of period	306,731	303,822	306,528	303,492
Issuance of common stock	-	74	-	74
Stock-based compensation/(reversal)	161	(2,050)	364	(1,720)
Balance at end of period	306,892	301,846	306,892	301,846
Deficit				
Balance at beginning of period	(2,165,400)	(1,348,917)	(1,776,413)	(1,233,996)
Net income/(loss) attributable to common stockholders	29,342	(46,996)	(327,099)	(137,927)
Accrued dividends on Series A preferred stock	(14,496)	(6,481)	(27,896)	(16,187)
Foreign exchange gain/(loss) on Series A preferred stock	44,244	2,725	25,098	(11,559)
Balance at end of period	(2,106,310)	(1,399,669)	(2,106,310)	(1,399,669)
Total stockholders' deficit at end of period	(1,799,415)	(1,097,820)	(1,799,415)	(1,097,820)
Non-controlling interest				
Balance at beginning of period	(219)	2,263	-	2,558
Net income/(loss)	317	136	98	(159)
Balance at end of period	98	2,399	98	2,399
Total deficit at end of period	\$ (1,799,317)	\$ (1,095,421)	\$ (1,799,317)	\$ (1,095,421)

See accompanying notes to the interim consolidated financial statements.

Trident Resources Corp.
Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)
(Unaudited)

	3 months ended June 30		6 months ended June 30	
	2009	2008	2009	2008
Operating activities				
Net income/(loss) and comprehensive income/(loss) attributable to common stockholders	\$ 29,342	\$ (46,996)	\$ (327,099)	\$ (137,927)
Income/(loss) attributable to non-controlling interest	317	136	98	(159)
Depletion, depreciation and accretion	13,983	12,198	34,781	32,034
Impairment of petroleum and natural gas interests	76,736	-	339,619	-
Non-cash financing charges	31,452	65,246	63,950	109,740
Stock-based compensation/(reversal)	115	(1,462)	262	(1,240)
Long-term portion of long-term incentive plan accrual	-	10,524	-	10,524
Loss on disposition	-	423	-	423
Unrealized foreign exchange (gain)/loss	(136,458)	(8,246)	(77,070)	35,409
Unrealized loss on derivative contracts	-	4,377	-	11,287
Abandonment costs	-	-	(34)	-
Change in non-cash working capital	(5,093)	(2,899)	(7,697)	(1,326)
Net cash provided by operating activities	10,394	33,301	26,810	58,765
Financing activities				
Debt issue costs	-	-	-	(33)
Deferred financing charges	(20)	-	(460)	-
Change in non-cash working capital	(4)	-	(962)	-
Net cash used for financing activities	(24)	-	(1,422)	(33)
Investing activities				
Additions to property, plant and equipment	(24,643)	(29,597)	(73,510)	(61,863)
Proceeds from sale of property, plant and equipment	-	-	-	1,400
Change in non-cash working capital	(12,747)	(8,441)	(16,549)	(33,803)
Net cash used for investing activities	(37,390)	(38,038)	(90,059)	(94,266)
Effect of translation on foreign currency denominated cash	266	(369)	227	490
Decrease in cash	(26,754)	(5,106)	(64,444)	(35,044)
Cash, beginning of period	64,962	105,025	102,652	134,963
Cash, end of period	\$ 38,208	\$ 99,919	\$ 38,208	\$ 99,919

See accompanying notes to the interim consolidated financial statements.

Trident Resources Corp.
Notes to the Interim Consolidated Financial Statements
For the three and six months ended June 30, 2009 and 2008
Tabular amounts in thousands of Canadian dollars
(Unaudited)

1. Basis of Presentation

Trident Resources Corp. (“Trident”, “TRC”, or “the Company”) was incorporated in the State of Delaware on November 7, 2003 for the purpose of investing in Trident Exploration Corp. (“TEC”) and its subsidiaries, a private Canadian company founded in 2000. Trident focuses on the exploration for and exploiting unconventional natural gas resources from coal and shale, primarily in the Western Canadian Sedimentary Basin (“WCSB”). Substantially all of the Company’s operations and production are in Western Canada with certain unproved landholdings in the United States. All of Trident’s proved reserves are located in the Province of Alberta and British Columbia, Canada.

These consolidated financial statements of Trident Resources Corp. (“Trident”, “TRC” or “the Company”) have been prepared by management in accordance with U.S. generally accepted accounting principles (“GAAP”).

The majority of Trident’s assets and substantially all of Trident’s operations are in Canada and are conducted using the Canadian dollar. Accordingly, Trident’s functional and reporting currency is the Canadian dollar.

These financial statements reflect all adjustments (consisting of normal recurring adjustments and accruals) that are, in management’s opinion, necessary for a fair presentation of the results of the interim period. The results for interim periods are not necessarily indicative of annual results. The timely preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual amounts could differ from estimated amounts due to factors such as fluctuations in commodity prices, changes in the fair value of the Company’s common stock, interest rates and legislative changes.

These interim consolidated financial statements do not include all of the disclosures included in the Company’s annual audited consolidated financial statements for the year ended December 31, 2008. Accordingly, these interim consolidated financial statements should be read in conjunction with the Company’s December 31, 2008 annual audited consolidated financial statements. With the exception of policies disclosed in note 3, the accounting policies used in the preparation of these interim consolidated financial statements conform to those used in the Company’s most recent annual audited consolidated financial statements.

At June 30, 2009, management’s estimated fair value of Trident common stock was \$nil per share (December 31, 2008 - \$nil). Changes in the estimated fair value of the Company’s common stock price have a material impact on the financial statements including financing charges, the valuation of subordinated facility warrants included in other long-term liabilities, the Series A preferred stock embedded derivative, stock-based compensation expense/(recovery), paid-in capital, net income/(loss), and deficit. It is reasonably possible that the estimate of the fair value of the Company’s common stock will change in the near term pending reserve report adjustments, exchange rate fluctuations, and volatility or other changes in market conditions. The magnitude of these changes cannot be reasonably estimated.

2. Going Concern

These financial statements have been prepared in accordance with GAAP applicable for a going concern, which presumes the realization of assets and discharge of obligations in the normal course of business. For the three and six month periods ended June 30, 2009, Trident recorded net income of \$29.3 million and a net loss of \$327.1 million, respectively. At June 30, 2009, the Company had a deficit of \$2,106.3 million and a working capital surplus of \$37.2 million compared to \$1,776.4 million and \$77.6 million respectively at December 31, 2008. In November 2009, the Subordinated facility will begin to accrue interest at LIBOR plus 14% that will be due in cash within three months or sooner depending on the period elected by the Company. To date, the interest on this facility has been paid in kind. The principal plus accrued interest for this facility at June 30, 2009 is US\$410.9 million. The Company’s ability to continue as a going concern is dependent upon its ability to generate cash from its operating activities sufficient to meet its obligations as they arise. The Company’s ability to develop its properties is dependent upon its ability to generate excess cash from its operating activities above its obligations or to raise additional funds to supplement its working capital surplus.

Trident Resources Corp.
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At June 30, 2009, the Company was in compliance with all financial covenants. Due mainly to the continued weakness in anticipated commodity prices for sales of natural gas projected for future periods, there is a potential that within the next twelve-month period subsequent to June 30, 2009, the Company may violate certain financial covenants that pertain to limits on ratios of consolidated debt to qualifying cash flows as prescribed under its lending agreements that become increasingly restrictive over time. Factors which would maintain covenant compliance include the potential for improvement in commodity prices, further strengthening of the Canadian dollar relative to the United States dollar, the addition of new investment not classified as debt as it pertains to the relevant covenants, negotiation of the covenant terms during periods of compliance or combinations of the above.

These financial statements have been prepared on the basis that the Company would meet all its obligations as they become due. The Company's failure to generate sufficient cash or to comply with its financial covenants as described above could result in a portion or all of Trident's outstanding debt being called by its lenders, which would significantly impact the Company's ability to continue as a going concern. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments may be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

3. Changes in Accounting Policies

Effective January 1, 2009, the Company adopted the Financial Accounting Standards Board's (FASB) Statement No. 157 (FAS 157), "Fair Value Measurements" for nonfinancial assets and liabilities, in accordance with Staff Position FAS 157-2 (FSP 157-2), "Effective Date of FASB Statement No. 157", which delayed the effective date of FAS 157 to fiscal years beginning after November 15, 2008 for all nonfinancial assets or liabilities except those recognized or disclosed at fair value in the financial statements on a recurring basis, at least annually. FAS 157 defines fair value, establishes a framework for measuring fair value when an entity is required to use a fair value measure for recognition or disclosure purposes and expands the disclosures about fair value measures. The adoption did not have a material impact on Trident's Consolidated Financial Statements.

Effective January 1, 2009, the Company adopted the FASB Statement No. 160 (FAS 160), "Non-controlling Interests in Consolidated Financial Statements – an Amendment of ARB No. 51" and FAS No. 141(R) "Business Combinations". FAS 160 changed the accounting and reporting for non-controlling interests, which are re-characterized as non-controlling interests and classified as a component of equity. In addition, the income or losses attributable to the non-controlling interest is now included in consolidated net loss and deducted separately at the bottom of the statement of operations. FAS 160 requires retrospective adoption of the presentation and disclosure requirements for existing non-controlling interests. All other requirements of FAS 160 are applied prospectively.

Effective January 1, 2009, the Company adopted the FASB Statement No. 161 (FAS 161), "Disclosures about Derivative Instruments and Hedging Activities - An Amendment of FASB Statement No. 133". FAS 161 requires enhanced disclosure about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under FAS 161 and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows.

In April 2009, FASB issued Staff Position No. 107-1 and APB 28-1 "Interim Disclosures about Fair Value of Financial Instruments" which amends FAS 107 "Disclosures about Fair Value of Financial Instruments" to require fair value disclosures for interim reporting periods in addition to annual financial statements. This Staff Position is effective for interim reporting periods ending after June 15, 2009. The Company has included these disclosures in the interim financial statements.

In May 2009, FASB issued Statement No. 165 (FAS 165), "Subsequent Events", which provides guidance on events that occur after the balance sheet date but prior to the issuance of the financial statements. FAS 165 distinguishes events requiring recognition in the financial statements and those that may require disclosure in the financial statements. Furthermore, FAS 165 requires disclosure of the date through which subsequent events were evaluated. FAS 165 is effective for interim and annual periods ending after June 15, 2009. The Company has adopted FAS 165 for the quarter ended June 30, 2009, and has evaluated subsequent events through August 27, 2009.

Trident Resources Corp.
Notes to the Interim Consolidated Financial Statements
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Recent Accounting Pronouncements

On December 31, 2008, the Securities and Exchange Commission (“SEC”) issued Release No. 33-8995, “Modernization of Oil and Gas Reporting,” which revises disclosure requirements for oil and gas companies. In addition to changing the definition and disclosure requirements for natural gas reserves, the new rules change the requirements for determining natural gas reserve quantities to permit the use of new technologies to determine proved reserves under certain criteria and allow companies to disclose their probable and possible reserves. The new rules also require companies to report the independence and qualifications of their reserves preparer or auditor and file reports when a third party is relied upon to prepare reserves estimates or when a third party conducts a reserves audit. The new rules also require natural gas and crude oil reserves to be reported and the full cost ceiling limitation to be calculated using a twelve-month average price rather than period-end prices. The use of a twelve-month average price could have had an effect on the Company’s 2008 and 2009 depletion rates for its natural gas properties. The new rules are effective for annual reports for fiscal years ending on or after December 31, 2009, pending the contemplated alignment of certain accounting standards by the FASB with the new rules. The Company plans to implement the new requirements beginning in its financial statements for the year ended December 31, 2009.

In June 2009, FASB issued Statement No. 168 (FAS 168), “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles”, which establishes the FASB Accounting Standards Codification (“Codification”), which supersedes all existing accounting standard documents and will become the single source of authoritative non-governmental U.S. GAAP. All other accounting literature not included in the Codification will be considered non-authoritative. The Codification was implemented on July 1, 2009 and will be effective for interim and annual periods ending after September 15, 2009. The Company expects to conform our note references to the new Codification for the quarter ended September 30, 2009.

4. Accounts Receivable

At June 30, 2009 and December 31, 2008, accounts receivable consisted of the following:

	2009	2008
Joint interest billings	\$ 19,637	\$ 32,045
Accrued production revenue	14,087	23,628
Goods and services tax	2,819	1,365
Other	775	268
	\$ 37,318	\$ 57,306

At June 30, 2009 and December 31, 2008, Trident did not have a provision for doubtful accounts.

5. Property, Plant and Equipment

At June 30, 2009 and December 31, 2008, property, plant and equipment (“PP&E”) consisted of the following:

	2009	2008
Properties subject to depletion	\$ 1,691,085	\$ 1,584,486
Properties not subject to depletion	196,308	229,388
Accumulated depletion	(1,442,337)	(1,069,679)
	445,056	744,195
Office equipment, furniture and fixtures	6,129	6,036
Accumulated depreciation	(4,161)	(3,864)
	1,968	2,172
	\$ 447,024	\$ 746,367

Trident Resources Corp.
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During the three and six month periods ended June 30, 2009, the Company capitalized general and administrative expenses of \$1.0 million and \$2.3 million, respectively (2008 - \$1.0 million and \$2.8 million, respectively) and interest charges of \$3.1 million and \$7.2 million, respectively (2008 - \$3.6 million and \$9.5 million, respectively).

At June 30, 2009, the carrying value of Trident's PP&E consists of \$425.3 million of net assets located in Canada and \$21.7 million of net assets located in the United States (December 31, 2008 - \$725.1 million in Canada and \$21.3 million in the United States). For the three and six month periods ended June 30, 2009, the Company incurred an impairment write-down of \$76.7 million and \$339.6 million, respectively, as the net carrying amount of petroleum and natural gas interests subject to depletion exceeded the discounted future net revenues from proved reserves.

At June 30, 2009, the Company recorded a ceiling test impairment write-down of \$76.7 million for the three month period ended using a June 30, 2009 constant dollar natural gas price of \$3.18 per Mcfe.

6. Other assets

At June 30, 2009 and December 31, 2008, other assets consisted of the following:

	2009	2008
Deferred financing charges	\$ 30,088	\$ 34,232
Investments	250	250
	\$ 30,338	\$ 34,482

At June 30, 2009, \$4.7 million of the balance in deferred financing charges relates to the 2008 preliminary filing of a Form S-1 Registration Statement with the SEC in connection with a proposed initial public offering of shares of the Company. The balance relates to our long-term debt facilities from 2006 and 2007.

7. Credit Facilities

The Company's credit facilities include restrictions on Trident Exploration Corp. ("TEC"), a Trident subsidiary, paying any dividends or distributions to Trident for anything other than general corporate expenses incurred in the normal course of business. Due to these restrictions, dividends on the preferred shares are being accrued instead of being paid out. In each of 2009 and 2008, no dividends were paid to Trident by any subsidiaries.

(a) Revolving facility

At June 30, 2009 and December 31, 2008, TEC had a 364-day secured revolving facility ("Revolving Facility") with a maximum availability of \$10.0 million. The Revolving Facility bears interest at a rate of bank prime plus 1% for Canadian or U.S. prime loans and bank prime plus 2% for LIBOR loans, bankers' acceptances and letters of credit. The Revolving Facility has a commitment fee of 0.5% per annum on amounts not yet drawn and is also used to issue letters of credit. The Revolving Facility's borrowing base is based on the lender's assessment of the fair value of the proved reserves of TEC.

The Revolving Facility is secured by all of the present and future assets of TEC. The Revolving Facility expires on October 2, 2009.

At June 30, 2009, TEC had drawings of \$nil (December 31, 2008 - \$nil) and undrawn letters of credit of \$5.4 million (December 31, 2008 - \$4.8 million) under the Revolving Facility.

Trident Resources Corp.
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(b) Long-term debt

At June 30, 2009 and December 31, 2008, long-term debt consisted of the following:

	2009	2008
Second lien secured syndicated term loan facility (US \$500 million)	\$ 581,500	\$ 609,000
Discounts on second lien facility	(1,154)	(1,356)
Second lien secured syndicated term facility, net of discount	580,346	607,644
Subordinated facility (US \$270 million plus accrued interest)	477,835	463,976
Discounts and warrants on subordinated facility	(15,472)	(18,953)
Subordinated facility, net of discount and warrants	462,363	445,023
2007 unsecured facility (\$120 million plus accrued interest)	145,383	139,716
	\$ 1,188,092	\$ 1,192,383

8. Lenders' Warrants

In conjunction with the Subordinated Facility, Trident issued warrants ("Subordinated Facility Warrants") to the lenders to purchase 4,500,000 shares of Trident common stock. At June 30, 2009, the estimated fair value of the Subordinated Facility Warrants is \$nil (December 31, 2008 - \$nil).

In conjunction with the 2007 Unsecured Facility issued in August 2007, Trident issued 13.7 million detachable warrants to purchase shares of Trident common stock ("Unsecured Facility Warrants"). At June 30, 2009, the estimated fair value of the Unsecured Facility Warrants is \$nil (December 31, 2008 - \$nil).

9. Series B Preferred Stock

At June 30, 2009, there were two million Series B preferred stock authorized with US\$0.0001 par value. As the fair value of the Company's common stock at June 30, 2009 is estimated to be \$nil per share, the number of shares to issue would be infinite if the redemption were to occur at June 30, 2009.

The Series B preferred stock are considered liabilities as they will be settled by issuing a variable number of shares of common stock or cash. Interest is accrued at 15% per annum.

10. Other Long-Term Liabilities

At June 30, 2009 and December 31, 2008, other long-term liabilities consisted of the following:

	2009	2008
Accrued interest on Series B preferred stock	\$ 23,576	\$ 20,039
Long-term portion of long-term incentive plan	6,108	7,330
	\$ 29,684	\$ 27,369

Trident Resources Corp.
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11. Asset Retirement Obligation

Trident's asset retirement obligation results from net ownership interests in property interests including well sites, gathering systems and processing facilities. Trident estimates that the total undiscounted inflation-adjusted amount of cash flows required to settle its asset retirement obligation is approximately \$82.0 million. The costs will be incurred between 2010 and 2059. A weighted-average credit-adjusted, risk-free rate of 14.9% was used to discount the asset retirement obligation in the second quarter of 2009. In the previous quarter, a rate of 15.2% was used.

At June 30, 2009 and December 31, 2008, the asset retirement obligation consisted of the following:

	2009		2008	
Balance, beginning of period	\$	21,312	\$	19,246
Accretion expense		1,450		2,842
Revisions and liabilities incurred		(5)		(655)
Abandonment costs		(34)		(121)
Balance, end of period	\$	22,723	\$	21,312

12. Series A Preferred Stock

At June 30, 2009 and December 31, 2008, the Series A preferred stock consisted of the following:

	2009		2008	
Balance, beginning of period	\$	518,499	\$	380,828
Accrued dividends		27,896		41,376
Foreign exchange (gain)/loss		(25,098)		96,295
Balance, end of period	\$	521,297	\$	518,499

At June 30, 2009, there were 8,000,000 Series A preferred stock authorized with US\$0.0001 par value.

The number of common stock or amount of cash due upon redemption of the Series A preferred stock and concurrent exercise of the warrant is also dependent on the Company's common stock price on the redemption date. There is no maximum number of shares of common stock that may be issued in the event that the fair value of the Company's common stock declines.

If the redemption and concurrent exercise of the warrants occurred at June 30, 2009, at which time the estimated fair value of the Company's common stock was \$nil per share, the Company would be required to issue infinite shares of common stock to provide the holders with a return of the face amount of the Series A preferred stock plus a compounded minimum return of 15%.

Trident Resources Corp.
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13. Common Stock

(a) Issued and outstanding

At June 30, 2009 and December 31, 2008, there were 2,490,000,000 voting common stock authorized with US\$0.0001 par value.

Number of Outstanding Common Shares	Shares (thousands)
Balance, December 31, 2007	27,330
Issued during the period	29
Balance, December 31, 2008	27,359
Issued during the period	-
Balance, June 30, 2009	27,359

During 2008, as part of a transaction that involved the sale of a subsidiary, Trident issued 28,630 shares of common stock and cancelled 90,000 common shares of the subsidiary that were exchangeable into shares of common stock of Trident.

At June 30, 2009, management's estimated fair value of Trident common stock was \$nil per share (December 31, 2008 – \$nil per share). Changes in the estimated fair value of the Company's common stock price have a material impact on the financial statements. It is reasonably possible that the estimate of the fair value of the Company's common stock will change in the future and the magnitude of this change cannot be reasonably estimated.

(b) Net income/(loss) per share

	3 months ended June 30		6 months ended June 30	
	2009	2008	2009	2008
Net income/(loss) attributable to common stockholders	\$ 29,342	\$ (46,996)	\$ (327,099)	\$ (137,927)
Accrued dividends on Series A preferred stock	(14,496)	(6,481)	(27,896)	(16,187)
Foreign exchange (gain)/loss on Series A preferred stock	44,244	2,725	25,098	(11,559)
Net income/(loss) attributable to common stockholders	\$ 59,090	\$ (50,752)	\$ (329,897)	\$ (165,673)
Thousands of common stock				
Weighted average number of common stock - basic	41,010	41,010	41,010	41,010
Weighted average number of common stock - diluted	41,010	41,010	41,010	41,010
Basic income/(loss) per share	\$ 1.44	\$ (1.24)	\$ (8.04)	\$ (4.04)
Diluted income/(loss) per share	\$ 1.44	\$ (1.24)	\$ (8.04)	\$ (4.04)

The following securities have been deemed anti-dilutive and were excluded from Trident's calculation of net income/(loss) per share:

(thousands)	3 months ended June 30		6 months ended June 30	
	2009	2008	2009	2008
Warrants	4,500	4,500	4,500	4,500
Series A preferred stock	4,994	4,994	4,994	4,994
Stock options	1,267	1,334	1,267	1,334
Trident in-substance options	756	756	756	756
Series B preferred stock	614	614	614	614
Convertible minority interest stock	180	180	180	180

Trident Resources Corp.
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14. Stock-Based Compensation

(a) TEC stock options

Trident has a stock option plan under which the Board of Directors may grant stock options to directors, officers, employees, and consultants for the purchase of shares of TEC common stock. The options are granted at the estimated fair value of the TEC common stock at the grant date. The maximum number of options to be granted under the plan is 3.1 million. Upon exercise, holders of TEC options have the option of receiving Trident shares. Trident issues new shares of common stock to settle options exercised.

Option activity for the periods ended June 30, 2009 and December 31, 2008 was as follows:

	Number of Options (Thousands)	Weighted Average Exercise Price	Exercisable at Year-End (Thousands)	Weighted Average Exercise Price
Balance, December 31, 2007	2,096	\$ 21.60	1,376	\$ 14.15
Forfeited	(789)	23.16		
Balance, December 31, 2008	1,307	\$ 20.67	1,206	\$ 18.21
Forfeited	(40)	14.28		
Balance, June 30, 2009	1,267	\$ 20.87	1,243	\$ 19.15

Details on options outstanding at June 30, 2009 are as follows:

Exercise price	Options Outstanding		Exercisable Options	
	Number of Options (Thousands)	Weighted Average Remaining Term	Exercisable at Year-End (Thousands)	Exercise Price
\$ 4.20	208	3.4	208	\$ 4.20
5.30	90	3.4	90	5.30
8.40	160	3.4	160	8.40
13.00	87	4.4	87	13.00
14.00	208	5.1	208	14.00
16.50	181	5.6	181	16.50
18.70	3	6.1	3	18.70
50.00	276	6.8	233	50.00
53.00	54	7.6	38	53.00
\$ 20.87	1,267	4.9	1,208	\$ 19.42

At June 30, 2009 there were 1,049,291 (December 31, 2008 – 1,083,928) options outstanding to employees and 217,759 (December 31, 2008 – 223,125) options outstanding to consultants. At June 30, 2009, the intrinsic value of all outstanding options was \$nil (December 31, 2008 - \$nil). There have been no options granted in 2009 or 2008.

(b) Trident in-substance options

At June 30, 2009, the fair value and the intrinsic value of the Trident in-substance options was \$nil (December 31, 2008 - \$nil).

(c) Stock option loan program

The stock option loan program was cancelled in the second quarter of 2009 which reduced the number of options outstanding by 29,003. The cancellation had no effect on stock based compensation expense. The original loans paid to employees have been forgiven and already had a fair value of \$nil.

Trident Resources Corp.
Notes to the Interim Consolidated Financial Statements
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(d) TEC deferred stock units

The deferred stock units' fair value and intrinsic value as of June 30, 2009 is \$nil (December 31, 2008 - \$nil) based on the current \$nil common stock value of the Company.

(e) Contractor warrants

As of June 30, 2009 the fair value and the intrinsic value of the 50,000 warrants outstanding is \$nil (December 31, 2008 - \$nil).

15. Financing Charges

For the three and six months ended June 30, 2009 and 2008, financing charges consisted of the following:

	3 months ended June 30		6 months ended June 30	
	2009	2008	2009	2008
Change in fair value of Series A preferred stock embedded derivative	\$ 4,909	\$ (32,329)	\$ 9,285	\$ (9,878)
Interest expense on credit facilities	32,313	29,852	68,395	61,592
Amortization of deferred financing charges	4,004	3,236	8,284	6,459
Accrued interest on Series B preferred stock	2,267	1,702	4,605	3,377
Change in fair value of lenders warrants and options	-	76,253	-	76,253
Interest income	(48)	(572)	(284)	(1,540)
Interest capitalized	(3,085)	(3,610)	(7,241)	(9,463)
	\$ 40,360	\$ 74,532	\$ 83,044	\$ 126,800

16. Restructuring Charges

In the first quarter of 2008, Trident underwent a reorganization by consolidating five departments which eliminated 15 employment positions and three contract positions within the Company. As a result, \$2.4 million in restructuring charges were recognized in the six month period ended June 30, 2008, with \$0.3 million of those charges occurring in the second quarter of 2008. There were no restructuring charges in the six month period ended June 30, 2009.

17. Depletion, Depreciation and Accretion

For the three and six month periods ended June 30, 2009 and 2008, depletion, depreciation and accretion ("DD&A") consisted of the following:

	3 months ended June 30		6 months ended June 30	
	2009	2008	2009	2008
Depletion	\$ 13,092	\$ 11,410	\$ 33,034	\$ 30,475
Depreciation	149	182	297	346
Accretion	742	606	1,450	1,213
	\$ 13,983	\$ 12,198	\$ 34,781	\$ 32,034

For the three and six month periods ended June 30, 2009, DD&A per Mcfe was \$1.57 and \$2.07, respectively (2008 - \$1.69 and \$2.25, respectively).

Trident Resources Corp.
Notes to the Interim Consolidated Financial Statements
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Tabular amounts in thousands of Canadian dollars
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18. Commitments

Trident has entered into operating leases for office space, office equipment, and vehicles, as well as service contracts for drilling rigs, minimum volume contracts for gathering and processing fees and fixed price power contracts. Future payments for these agreements as at June 30, 2009 are as follows:

2009	\$	4,913
2010		12,570
2011		11,599
2012		11,799
2013 and thereafter		19,772
Total commitments	\$	60,653

Trident has entered into fixed price commodity sales contracts. At June 30, 2009, the Company had the following risk management contracts outstanding:

Month	GJ	\$/GJ	Aggregate Revenue Under Contract
July 2009	1,178,000	6.16	7,250,590
August 2009	1,178,000	6.16	7,250,590
September 2009	1,140,000	6.16	7,016,700
October 2009	1,333,000	6.16	8,204,615
November 2009	1,290,000	6.16	7,939,950
December 2009	1,333,000	6.16	8,204,615
Total 2009	7,452,000	\$ 6.16	\$ 45,867,060

The commodity sales contract's price terms are in excess of forward market strip prices pertaining to the period July 2009 to December 2009 as at June 30, 2009 by \$16.6 million.

Trident is exposed to certain risks related to its ongoing business operations, including commodity price risk on our natural gas production. To mitigate this risk, Trident has entered into fixed price commodity sales contracts. Fixed price sales contracts represent physical delivery contracts and are recorded as production revenue in the Consolidated Statements of Operations and Comprehensive Loss upon delivery. The counter-parties involved in these contracts are monitored continuously throughout the year and are investment grade counter-parties. Currently all of the contracts expire by the end of 2009. Trident will continue to review its strategy to determine the need for contracts in 2010 and beyond.

19. Contingencies

The Company is involved in various claims and litigation arising in the normal course of business. While the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in the Company's favour, Trident does not currently believe that the outcome of adverse decisions in any pending proceedings related to these matters or any amount which it may be required to pay would have a material adverse impact on its financial position, results of operations or liquidity.

Trident Resources Corp.
Notes to the Interim Consolidated Financial Statements
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Tabular amounts in thousands of Canadian dollars
(Unaudited)

20. Fair Value Measurements

As required by FAS 157, the Company has classified its Series A preferred stock embedded derivative into one of three levels based upon the data relied upon to determine the fair value. The fair value of the Series A preferred stock embedded derivative is based on the Black-Scholes model. Inputs of the model include the share price of the Company's common stock, discount factors, volatility rates and other timing estimates that require management judgment. The Company's management estimates the fair value of shares of its common stock. The valuation has a material impact on the liabilities that are listed as Level III in the table below. At June 30, 2009 and December 31, 2008, management estimated the fair value of its common stock to be \$nil per share. Based on the inputs for the fair value measurement, the Company classified its Series A preferred stock embedded derivative as Level III.

The following liabilities are measured on a recurring basis in the Company's financial statements as at June 30, 2009 at fair value as defined and categorized by FAS 157:

Liabilities Recorded at Fair Value	Level		
	I	II	III
Series A preferred stock embedded derivative (note 12)	\$ -	\$ -	\$ 507,460
Subordinated facility and unsecured facility lender's warrants (note 8)	-	-	-
Contractors vested options (note 14)	-	-	-
	\$ -	\$ -	\$ 507,460

The tables below are a reconciliation of the Company's Series A preferred stock embedded derivative measured at fair value using significant unobservable inputs (Level III) during the three and six month periods ended respectively at June 30, 2009:

	2009		2008
Balance at March 31	\$	545,029	\$ 410,275
Financing charges/(reduction)		4,909	(32,329)
Foreign exchange gain		(42,478)	(2,569)
Balance at June 30	\$	507,460	\$ 375,377

	2009		2008
Balance at December 31	\$	522,092	\$ 374,525
Financing charges/(reduction)		9,285	(9,878)
Foreign exchange (gain)/loss		(23,917)	10,730
Balance at June 30	\$	507,460	\$ 375,377

Trident Resources Corp.
Notes to the Interim Consolidated Financial Statements
For the three and six months ended June 30, 2009 and 2008
Tabular amounts in thousands of Canadian dollars
(Unaudited)

21. Financial Instruments

(a) Fair value of financial instruments

Trident's financial instruments consist of cash, accounts receivable, derivative contracts, accounts payable, accrued liabilities, long-term debt, the embedded derivative within the Series A preferred stock, the Series B preferred stock, the subordinated facility warrants and the fixed price commodity contracts.

Cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amount due to their short terms to maturity. The fair value of the long-term debt cannot be reliably measured due to the lack of trading markets for and infrequency of transactions involving the securities.

Trident recognizes the estimated fair value of the embedded derivative within the Series A preferred stock on the balance sheets with changes in fair value recorded as financing charges in the period they occur.

The Series B preferred stock are recorded on the balance sheet at their redemption value which approximates fair value.

The subordinated facility warrants, unsecured facility warrants and contractor vested options are recognized on the balance sheet at their estimated fair value with changes in fair value recorded as financing charges in the period they occur.

Financial derivative contracts are recognized on the balance sheet at their fair value with changes in the fair value recorded in the period they occur. There were no financial derivative contracts outstanding at June 30, 2009 and December 31, 2008.

The fair value of the fixed price physical commodity sales contracts approximates the excess to market prices as disclosed in note 18.

(b) Credit risk

Trident is exposed to normal credit risk on accounts receivable from customers and counter-parties in the natural gas industry, including counter-parties related to derivative contract activities. Trident actively monitors the Company's credit risks throughout the year. Maximum credit risk exposure is equal to carrying value of cash and accounts receivable.

(c) Commodity price risk

Trident is exposed to commodity price risk to the extent that changes in commodity prices will impact the sale price of the Company's production. Trident has entered into fixed price physical commodity sales contracts and derivative contracts to mitigate the potential adverse impact of changing commodity prices. Refer to note 18 for further detail.

(d) Foreign currency risk

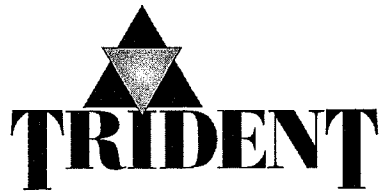
The Company has exposure to foreign exchange rate fluctuations due to U.S. dollar denominated cash balances, long-term debt, Series A and B preferred stock and the Series A preferred stock embedded derivative. Trident does not currently hedge foreign exchange rate fluctuations.

(e) Interest rate risk

Trident is exposed to interest rate risk to the extent that changes in market interest rates will impact the Company's floating interest rate debt. Trident does not hedge its interest rate exposure.

22. Supplemental Cash Flow Information

During the three and six month periods ended June 30, 2009, Trident paid interest of \$19.5 million and \$36.7 million, respectively (2008 - \$13.8 million and \$29.7 million, respectively) and income taxes of \$nil (2008 - \$nil).



Appendix A

Trident Exploration Corp.
Consolidated Balance Sheets
(In thousands of Canadian dollars)
(Unaudited)

	June 30, 2009	December 31, 2008
Assets		
Current		
Cash	\$ 32,415	\$ 102,015
Accounts receivable	37,318	57,306
Prepaid expenses, deposits and other current assets	4,018	1,331
	<u>73,751</u>	<u>160,652</u>
Property, plant and equipment (note 5)	963,418	938,955
Total assets	\$ 1,037,169	\$ 1,099,607
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 41,057	\$ 82,469
Loan from parent (note 6(b))	844,051	854,095
Long-term debt (note 6(b))	574,429	599,805
Asset retirement obligation (note 7)	22,723	21,312
	<u>1,482,260</u>	<u>1,557,681</u>
Shareholders' Deficit		
Common shares	93,319	93,319
Preference shares	25,842	25,842
Contributed surplus (note 8)	30,470	30,334
Deficit	(594,722)	(607,569)
	<u>(445,091)</u>	<u>(458,074)</u>
Total Liabilities and Shareholders' Deficit	\$ 1,037,169	\$ 1,099,607

Going concern (note 2)
Commitments (note 12)
Contingencies (note 13)

See accompanying notes to the interim consolidated financial statements.

Trident Exploration Corp.
Consolidated Statements of Operations, Comprehensive Income/(Loss) and Deficit
(In thousands of Canadian dollars)
(Unaudited)

	3 months ended June 30		6 months ended June 30	
	2009	2008	2009	2008
Revenue				
Petroleum and natural gas sales	\$ 43,908	\$ 78,172	\$ 97,668	\$ 136,046
Royalties	(729)	(13,653)	(7,176)	(25,492)
	43,179	64,519	90,492	110,554
Expenses				
Operating	13,380	15,170	27,074	29,068
General and administrative	3,631	2,250	7,176	6,395
Depletion, depreciation and accretion	21,106	18,788	42,553	52,017
Financing charges (note 6(c))	12,995	13,683	28,458	28,138
Restructuring charges (note 9)	-	8	-	2,036
Foreign exchange (gain)/loss	(49,328)	(3,179)	(27,616)	13,677
	1,784	46,720	77,645	131,331
Net income/(loss) and comprehensive income/(loss) for the period	41,395	17,799	12,847	(20,777)
Deficit, beginning of period	(636,117)	(540,043)	(607,569)	(501,467)
Deficit, end of period	\$ (594,722)	\$ (522,244)	\$ (594,722)	\$ (522,244)

See accompanying notes to the interim consolidated financial statements.

Trident Exploration Corp.
Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)
(Unaudited)

	3 months ended June 30		6 months ended June 30	
	2009	2008	2009	2008
Operating activities				
Net income/(loss) and comprehensive income/(loss) for the period	\$ 41,395	\$ 17,799	\$ 12,847	\$ (20,777)
Non-cash financing charges	1,021	805	2,124	1,610
Depletion, depreciation and accretion	21,106	18,788	42,553	52,017
Unrealized foreign exchange (gain)/loss	(49,328)	(3,179)	(27,616)	13,677
Stock-based compensation/(recovery)	43	(1,700)	99	(1,456)
Abandonment costs	-	-	(34)	-
Unrealized loss on risk management contracts (note 11(a))	-	4,377	-	11,287
	14,237	36,890	29,973	56,358
Change in non-cash working capital	(5,698)	(4,645)	(7,562)	(10,408)
Net cash provided by operating activities	8,539	32,245	22,411	45,950
Financing activities				
Repayment of loan from parent	(7,283)	(2,701)	(10,044)	(4,305)
Debt issue costs	-	-	-	(33)
Net cash used for financing activities	(7,283)	(2,701)	(10,044)	(4,338)
Investing activities				
Additions to property, plant and equipment	(20,612)	(25,709)	(65,533)	(52,123)
Dispositions of property, plant and equipment	-	-	-	1,400
Change in non-cash working capital	(12,747)	(8,441)	(16,549)	(25,400)
Net cash used for investing activities	(33,359)	(34,150)	(82,082)	(76,123)
Effect of translation on foreign currency denominated cash	181	(361)	115	485
Decrease in cash	(31,922)	(4,967)	(69,600)	(34,026)
Cash, beginning of period	64,337	104,318	102,015	133,377
Cash, end of period	\$ 32,415	\$ 99,351	\$ 32,415	\$ 99,351

See accompanying notes to the interim consolidated financial statements.

Trident Exploration Corp.
Notes to the Interim Consolidated Financial Statements
Three and Six months ended June 30, 2009 and 2008
Tabular amounts are in thousands of Canadian dollars
(Unaudited)

1. Nature of Operations

Trident Exploration Corp. (“Trident” or “the Company”) is incorporated under the Companies Act (Nova Scotia) for the purpose of participating in the acquisition, exploration, development and production of coalbed methane interests in Western Canada.

2. Going Concern

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles applicable for a going concern, which presumes the realization of assets and discharge of obligations in the normal course of business. For the three and six month periods ended June 30, 2009, the Company recorded net income of \$41.4 million and \$12.8 million, respectively (including foreign exchange gains of \$49.3 million and \$27.6 million). At June 30, 2009, the Company had a deficit of \$594.7 million and a working capital surplus of \$32.7 million. The Company’s ability to continue as a going concern is dependent upon its ability to generate cash from its operating activities sufficient to meet its obligations as they arise. The Company’s ability to develop its properties is dependent upon its ability to generate excess cash from its operating activities above its obligations or to raise additional funds to supplement its working capital surplus. In addition, the Company’s parent is dependent on funds transferred from the Company for its expenses. These financial statements have been prepared on the basis that the Company would meet all its obligations as they become due.

At June 30, 2009, the Company was in compliance with all financial covenants. Due mainly to the continued weakness in anticipated commodity prices for sales of natural gas projected for future periods, there is a potential that within the next twelve-month period subsequent to June 30, 2009, the Company may violate certain financial covenants that pertain to limits on ratios of consolidated debt to qualifying cash flows as prescribed under its lending agreements that become increasingly restrictive over time. Factors which would maintain covenant compliance include the potential for improvement in commodity prices, further strengthening of the Canadian dollar relative to the United States dollar, the addition of new investment not classified as debt as it pertains to the relevant covenants, negotiation of the covenant terms during periods of compliance or combinations of the above. The Company’s failure to comply with its financial covenants could result in a portion or all of Trident’s outstanding debt being called by its lenders, which would significantly impact the Company’s ability to continue as a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments may be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

3. Basis of Presentation

These interim consolidated financial statements reflect the activities of Trident and its subsidiaries. Intercompany transactions and balances are eliminated. Substantially all of Trident’s activities are conducted jointly with others and, accordingly, the Company reflects its proportionate interest in such activities.

The results for interim periods are not necessarily indicative of annual results. The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the annual audited consolidated financial statements for the year ended December 31, 2008. The disclosures provided below are incremental to those included with the annual audited consolidated financial statements. The interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements and the notes thereto for the year ended December 31, 2008.

4. Recent Accounting Pronouncements

The Canadian Accounting Standards Board (“AcSB”) has released an exposure draft of a proposed set of accounting principles tailored to the needs of Canadian private companies. Trident is in the process of determining if it will adopt the Generally Accepted Accounting Principles for Private Enterprises or International Financial Reporting Standards (“IFRS”), effective January 1, 2011.

5. Property, Plant and Equipment

At June 30, 2009 and December 31, 2008, property, plant and equipment consisted of the following:

	2009	2008
Petroleum and natural gas interests subject to depletion	\$ 1,465,629	\$ 1,384,469
Petroleum and natural gas interests not subject to depletion	123,192	138,875
Accumulated depletion	(628,079)	(587,269)
	960,742	936,075
Office equipment, furniture and fixtures	6,129	6,036
Accumulated depreciation	(3,453)	(3,156)
	2,676	2,880
Property, plant and equipment	\$ 963,418	\$ 938,955

For the three and six month periods ended June 30, 2009, Trident capitalized general and administrative expenses relating to exploration and development activities of \$1.0 million and \$2.3 million, respectively (2008 - \$1.0 million and \$2.8 million, respectively).

6. Credit Facilities

The Company's credit facilities include restrictions on paying any dividends or distributions to its parent company TRC for anything other than general corporate expenses incurred in the normal course of business. In each of 2009 and 2008, no dividends were paid by Trident to TRC.

a) Revolving Facility

At June 30, 2009 and December 31, 2008, Trident had a 364-day secured revolving facility ("Revolving Facility") with a maximum availability of \$10.0 million. The Revolving Facility bears interest at a rate of bank prime plus 1% for Canadian or U.S. prime loans and 2% for LIBOR loans, bankers' acceptances and letters of credit. The Revolving Facility has a commitment fee of 0.5% per annum on amounts not yet drawn and is also used to issue letters of credit. The Revolving Facility is secured by all of the present and future assets of the Company. The Revolving Facility expires on October 2, 2009.

At June 30, 2009, Trident had drawings of \$nil (December 31, 2008 - \$nil) and undrawn letters of credit of \$5.4 million (December 31, 2008 - \$4.8 million) under the Revolving Facility.

b) Long-term Debt

At June 30, 2009 and December 31, 2008, long-term debt consisted of the following:

	2009	2008
Second lien secured syndicated term loan facility (US \$500 million)	\$ 581,500	\$ 609,000
Discounts and deferred financing charges on second lien facility	(7,071)	(9,195)
Second lien secured syndicated term facility, net of discount	574,429	599,805
Subordinated loan from parent	844,051	854,095
	\$ 1,418,480	\$ 1,453,900

c) Financing Charges

For the three and six months ended June 30, 2009 and 2008, financing charges associated with Trident's credit facilities were:

	3 months ended June 30		6 months ended June 30	
	2009	2008	2009	2008
Interest expense on credit facilities	\$ 12,021	\$ 13,469	\$ 26,600	\$ 28,064
Amortization of discount on long-term debt	1,022	806	2,125	1,610
Interest income	(48)	(592)	(267)	(1,536)
	\$ 12,995	\$ 13,683	\$ 28,458	\$ 28,138

7. Asset Retirement Obligation

Trident's asset retirement obligations results from net ownership interests including well sites, gathering systems and processing facilities. Trident estimates that the total undiscounted inflation-adjusted amount of cash flows required to settle its asset retirement obligation is approximately \$82.0 million, which will be incurred between 2010 and 2059. A weighted-average credit-adjusted risk-free rate of 14.9% was used to calculate the asset retirement obligation in the second quarter of 2009. In the previous quarter, a rate of 15.2% was used.

The following table reconciles Trident's asset retirement obligation for the periods ended June 30, 2009 and December 31, 2008:

	2009	2008
Balance, beginning of period	\$ 21,312	\$ 19,246
Accretion expense	1,450	2,842
Revisions and liabilities incurred	(5)	(655)
Abandonment costs	(34)	(121)
Balance, end of period	\$ 22,723	\$ 21,312

8. Contributed Surplus

The following table reconciles Trident's contributed surplus for the periods ended June 30, 2009 and December 31, 2008:

	2009	2008
Balance, beginning of period	\$ 30,334	\$ 31,570
Stock-based compensation expense/(recovery)	136	(1,236)
Balance, end of period	\$ 30,470	\$ 30,334

9. Stock-based Compensation

Trident has a stock option plan under which the Board of Directors may grant stock options to directors, officers, employees, and consultants for the purchase of shares of Trident common stock. The options are granted at the estimated fair value of the Trident common stock at the grant date. The maximum number of options to be granted under the plan is 3.1 million. Upon exercise, holders of Trident options have the option of receiving TRC shares.

Option activity for the periods ended June 30, 2009 and December 31, 2008 was as follows:

	Number of Options (Thousands)	Weighted Average Exercise Price	Exercisable at Period-End (Thousands)	Weighted Average Exercise Price
Balance, December 31, 2007	2,096	\$ 21.60	1,376	\$ 14.15
Forfeited	(789)	23.16		
Balance, December 31, 2008	1,307	\$ 20.67	1,206	\$ 18.21
Forfeited	(40)	14.28		
Balance, June 30, 2009	1,267	\$ 20.87	1,243	\$ 19.15

Details on options outstanding at June 30, 2009 are as follows:

Exercise price	Options Outstanding		Exercisable Options	
	Number of options (Thousands)	Weighted average remaining term	Number of options (Thousands)	Exercise price
\$ 4.20	208	3.4	208	\$ 4.20
5.30	90	3.4	90	5.30
8.40	160	3.4	160	8.40
13.00	87	4.4	87	13.00
14.00	208	5.1	208	14.00
16.50	181	5.6	181	16.50
18.70	3	6.1	3	18.70
50.00	276	6.8	233	50.00
53.00	54	7.6	38	53.00
\$ 20.87	1,267	4.9	1,208	\$ 19.42

At June 30, 2009 there were 1,049,291 (December 31, 2008 – 1,083,928) options outstanding to employees and 217,759 (December 31, 2008 – 223,125) options outstanding to consultants. At June 30, 2009, the intrinsic value of all outstanding options was \$nil (December 31, 2008 - \$nil). There have been no options granted in 2009 or 2008.

10. Restructuring Charges

In the first quarter of 2008, Trident underwent a reorganization by consolidating five departments which eliminated 15 employment positions and three contract positions within the Company. As a result, \$2.0 million in restructuring charges were recognized in the six month period ended June 30, 2008, with no charges occurring in the second quarter of 2008. There were no restructuring charges in the six month period ended June 30, 2009.

11. Financial Instruments and Risk Management

a) Commodity Price Risk

The Company's physical commodity contracts in place at June 30, 2009 are as follows:

Month	GJ	\$/GJ	Aggregate Revenue Under Contract
July 2009	1,178,000	6.16	7,250,590
August 2009	1,178,000	6.16	7,250,590
September 2009	1,140,000	6.16	7,016,700
October 2009	1,333,000	6.16	8,204,615
November 2009	1,290,000	6.16	7,939,950
December 2009	1,333,000	6.16	8,204,615
Total 2009	7,452,000	\$ 6.16	\$ 45,867,060

These contracts represent contracts for physical sales of production in future periods and are accounted for when the commodity is realized. The commodity sales contract price terms, in aggregate, are in excess of forward market strip prices pertaining to the period July 2009 to December 2009 as at June 30, 2009 by \$16.6 million.

The Company also previously entered into financial commodity derivative contracts. The fair value of the costless collars at June 30, 2008 was a \$5.8 million liability. During the three and six month periods ended June 30, 2008, our natural gas price risk management program had an unrealized loss of \$4.4 million and \$11.3 million, respectively, and a realized loss of \$4.7 million and \$5.7 million, respectively, which are included in petroleum and natural gas sales. There were no costless collar contracts outstanding at June 30, 2009 or December 31, 2008.

b) Interest Rate Risk

The Company is exposed to changes in interest rates, primarily due to the fact that its term loan facilities bear interest at floating rates and also potentially due to our Revolving Facility. Trident has not entered into any interest rate swaps to limit or manage our exposure to fluctuations in interest rates. A 10% change in the floating interest rate (approximately 11 basis points) based on the debt balance as of June 30, 2009 would change the annual interest expense by approximately \$0.7 million. To calculate the change a LIBOR rate of 1.11% was used on the third party debt balance of US\$500.0 million as at June 30, 2009. For the purpose of this calculation an average foreign exchange rate of CDN\$1.21/US\$1.00 was used.

c) Foreign Currency Exchange Rate Risk

The Company is exposed to foreign currency exchange rate fluctuations on US dollar denominated cash balances and the US dollar denominated secured term loan facility. Based on the carrying value of our US dollar cash balances and our outstanding US dollar denominated debt of US\$500.0 million as at June 30, 2009, a \$0.01 change in the CDN to US dollar average exchange rate would result in an approximate change of \$5.0 million of gain or loss due to foreign exchange fluctuations. This calculation has been prepared without reflecting the potential impact that a change in foreign exchange rates would have on US dollar denominated interest expense on the secured term loan facility.

d) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from joint venture partners and petroleum and natural gas marketers. The Company actively monitors its credit risk throughout the year. As at June 30, 2009, the Company's receivables consisted of \$19.7 million (December 31, 2008 - \$31.2 million) from joint venture partners, \$14.1 million (December 31, 2008 - \$23.6 million) of receivables from petroleum and natural gas marketers and \$3.6 million (December 31, 2008 - \$1.6 million) of other receivables.

The carrying value of accounts receivable and cash represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts as at June 30, 2009 nor was it required to write-off any receivables during the six month period ended June 30, 2009.

The Company considers its receivables to be aged as of June 30, 2009 and December 31, 2008 as follows:

Aging	2009	2008
Not past due (less than 90 days)	\$ 29,728	\$ 48,028
Past due 0-30 days	245	756
Past due 31-120 days	1,181	1,202
Greater than 120 days past due	6,164	7,320
Total Accounts Receivable	\$ 37,318	\$ 57,306

e) Liquidity Risk

The following are the contractual maturities of financial liabilities and associated interest payments as at June 30, 2009:

Financial Liability	< 1 year	1-2 years	2-5 years	Thereafter
Accounts payable and accrued liabilities	\$ 41,057	\$ -	\$ -	\$ -
Loan from parent	-	-	-	844,051
Bank-debt - interest	49,977	49,977	3,748	-
Bank-debt - principal	-	-	581,500	-
Total	\$ 91,034	\$ 49,977	\$ 585,248	\$ 844,051

12. Commitments

Trident has entered into operating leases for office space, office equipment, and vehicles as well as service contracts for drilling rigs, minimum volume contracts for gathering and processing fees and fixed price power contracts. Future minimum payments for these agreements as at June 30, 2009 are as follows:

2009	\$	4,913
2010		12,570
2011		11,599
2012		11,799
2013 and thereafter		19,772
Total commitments	\$	60,653

13. Contingencies

The Company is involved in various claims and litigation arising in the normal course of business. While the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in the Company's favour, Trident does not currently believe that the outcome of adverse decisions in any pending proceedings related to these matters or any amount which it may be required to pay would have a material adverse impact on its financial position, results of operations or liquidity.

14. Supplemental Cash Flow Information

During the three and six month periods ended June 30, 2009, Trident paid interest of \$19.5 million and \$36.7 million, respectively (2008 - \$13.8 million and \$29.7 million, respectively) and \$nil in income taxes (2008 - \$nil).

Corporate Information

EXECUTIVE OFFICERS

Todd Dillabough
President, Chief Executive Officer
and Chief Operating Officer

Alan Withey
Chief Financial Officer

Jacques St-Hilaire
Vice President Exploitation,
Reserves and Planning

Colin Michael Finn
Vice President Exploration

Tracey Bell
Vice President Marketing

AUDITORS

KPMG LLP
Calgary, Alberta

HEAD OFFICE

Trident Exploration Corp.
444 – 7th Avenue S.W.
Calgary, Alberta, Canada T2P 0X8

Tel: 403-770-0333
Fax: 403-668-5805

www.tridentexploration.ca

BOARD OF DIRECTORS

Eugene Davis ^{(2) (3)}
Executive Chairman

Timothy Bernlohr ⁽¹⁾
Director

John Forsgren ⁽²⁾
Director

Marc Macaluso ^{(1) (2) (3)}
Director

Todd Overbergen ^{(1) (3)}
Director

Ken Ancell ⁽³⁾
Director

Todd Dillabough
President, Chief Executive Officer,
Chief Operating Officer and Director

⁽¹⁾ Compensation Committee

⁽²⁾ Audit Committee

⁽³⁾ Reserves Committee

TAB D

Trident Resources Corp. - Consolidated Entities
Cash Continuity and Expected Cash Flows
September 07, 2009

Amounts in CDN\$000's

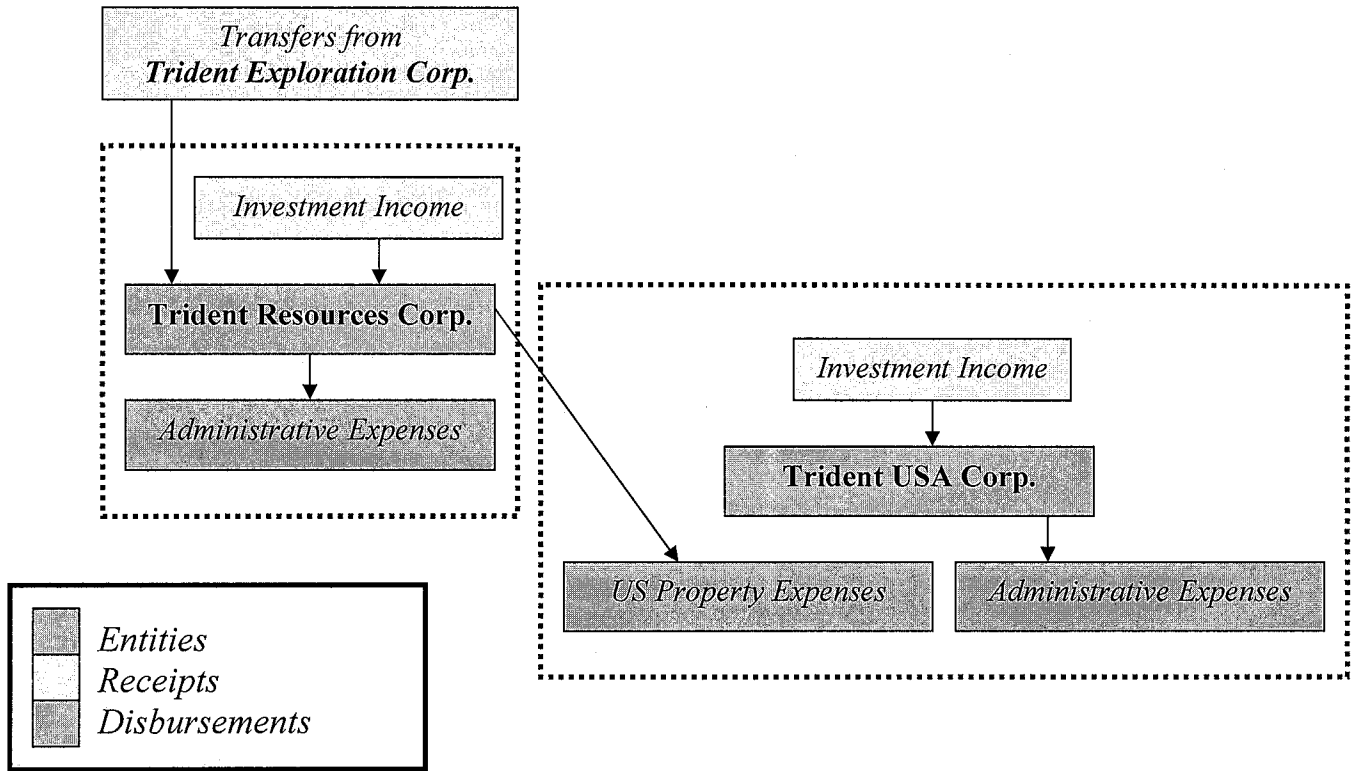
Week Ended	9/4/09	9/8/09	9/25/09	10/2/09	10/9/09	10/16/09	10/23/09	10/30/09	11/6/09	11/13/09	11/20/09	11/27/09	12/4/09
Receipts													
Production Revenue	-	-	13,315	-	-	-	-	-	-	-	9,900	-	-
Receivable Collections	829	495	495	1,152	1,354	1,031	1,130	1,412	1,648	2,141	2,187	2,289	2,394
DIP Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	829	495	13,809	1,152	1,354	1,031	1,130	11,312	1,648	2,141	2,187	10,902	2,394
Disbursements													
Royalties	-	-	-	-	-	-	-	-	-	-	-	-	-
OpeX	1,250	471	471	629	1,128	1,128	1,128	1,128	1,414	1,470	1,470	1,470	1,263
G&A	207	789	207	1,101	206	803	206	206	1,125	215	816	215	1,123
Capex	842	108	108	247	596	596	596	596	917	929	929	929	363
Professional Fees Restructuring	1,888	-	-	4,386	-	-	-	-	4,536	-	-	-	4,186
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Debtor in Possession Financing - Interest & Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	4,187	1,370	790	6,370	1,939	2,538	1,943	1,945	8,008	2,531	3,530	2,635	6,860
Cumulative Net Cash Flow	(3,358)	(875)	13,019	(5,218)	(684)	(1,507)	(812)	9,367	(6,360)	(490)	(1,343)	8,267	(4,566)
Opening Cash Position	24,210	20,852	19,977	32,996	27,778	27,184	25,687	24,875	34,242	27,882	27,392	26,049	34,316
Cumulative Net Cash Flow	(3,358)	(875)	13,019	(5,218)	(684)	(1,507)	(812)	9,367	(6,360)	(490)	(1,343)	8,267	(4,566)
DIP Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Net Cash Position	20,852	19,977	32,996	27,778	27,194	25,687	24,875	34,242	27,882	27,392	26,049	34,316	29,750

THIS IS EXHIBIT "D"
referred to in the Affidavit of
Tadd Dillabaugh
Sworn before me this 8
Day of Sept. AD. 2009
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Derek Pontin
Barrister and Solicitor

TAB E

TRIDENT RESOURCES CORP. UNITED STATES CASH MANAGEMENT SYSTEM OPERATION



(Cash movements are indicated via arrows)

Trident Resources Corp. receives cash from time-to-time from its Canadian operating subsidiary based on estimates of funds required. Trident Resources Corp. earns investment income on its invested funds. It pays administrative expenses for itself and minor corporate maintenance costs for its wholly-owned U.S. subsidiaries Aurora Energy LLC, Nexgen Energy Canada, Inc. and Trident CBM Corp. and pays lease and other property expenses relating to lands held by its wholly-owned subsidiary, Trident USA Corp. Payments made on behalf of Trident USA Corp. are tracked via intercompany loans between Trident Resources Corp. and Trident USA Corp.

Trident USA Corp. receives dividend income on its invested funds and pays administrative expenses of bank charges and other minor costs relating to its operation as a corporation.

Aurora Energy LLC receives no funds and disburses no funds.

Nexgen Energy Canada, Inc. receives no funds and disburses no funds.

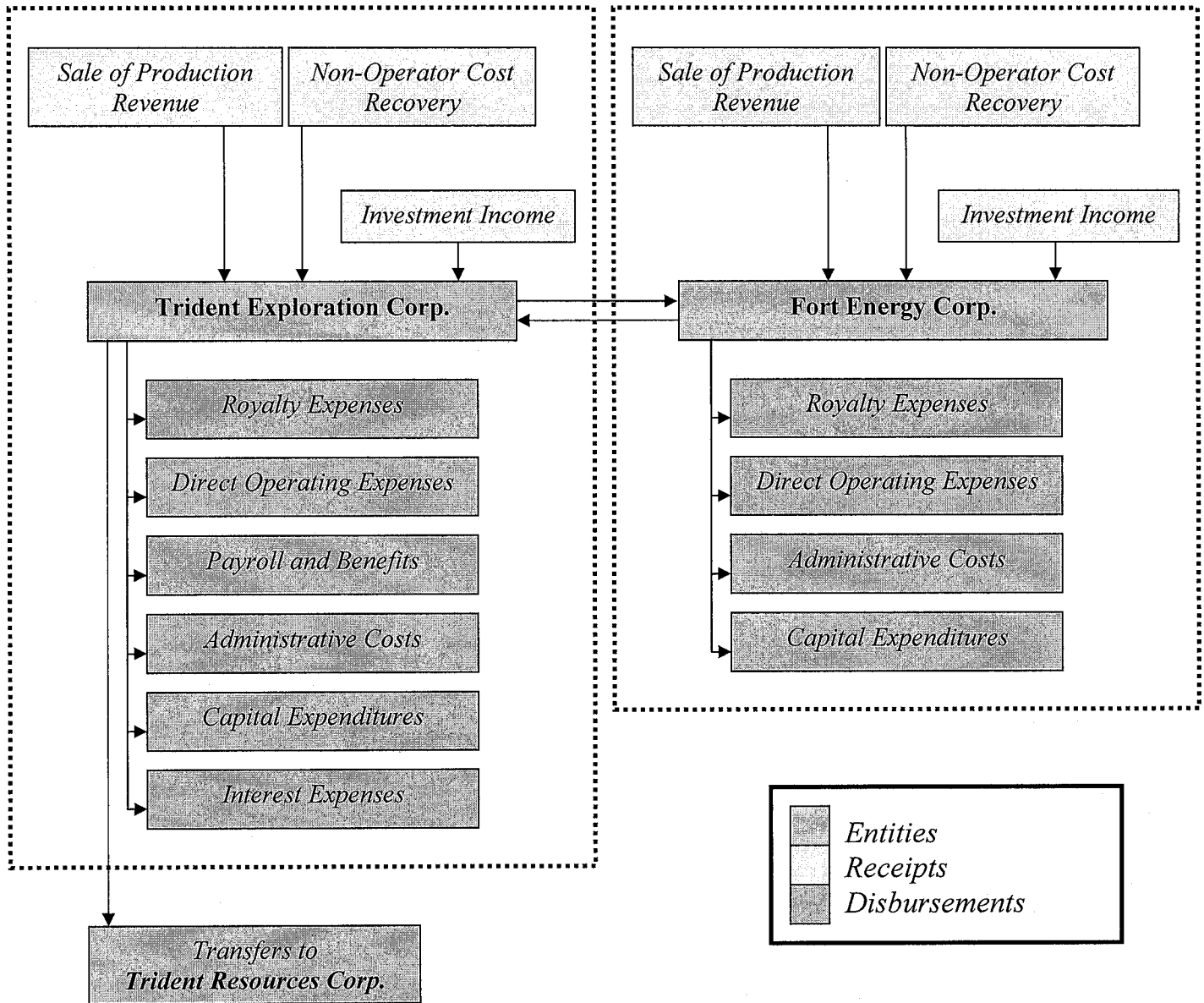
Trident CBM Corp. receives no funds and disburses no funds.

THIS IS EXHIBIT " E "
 referred to in the Affidavit of
Todd Dillabough
 Sworn before me this 8
 Day of Sept, A.D. 2009

 A COMMISSIONER FOR OATHS
 IN AND FOR THE PROVINCE OF ALBERTA

Derek Pontin
 Barrister and Solicitor

TRIDENT EXPLORATION CORP. CANADIAN CASH MANAGEMENT SYSTEM OPERATION



(Cash movements are indicated via arrows)

Trident Exploration Corp. receives cash from the sale of natural gas and to a lesser extent, oil and natural gas liquids. In addition, it receives reimbursements for costs where it operates with non-operating interest holders. It also receives revenue from money market investment of the unutilized cash on hand. It pays direct costs of royalties and operating expenses from the sale of its production. In addition, it pays staff and other administrative costs for the entire operation. It incurs capital expenditures as it develops its undeveloped assets. It pays interest expense as prescribed by its 2nd Lien Credit Facility. Trident Exploration Corp. pays minor corporate maintenance costs on behalf of 981384 Alberta Ltd., 981405 Alberta Ltd., 981422 Alberta Ltd., 981443 Alberta Ltd., Fenergy Corp., and NRL Energy Investment Ltd. Trident Exploration Corp. also receives from and transfers to Fort Energy Corp. as necessary to meet the obligations that arise for each entity. Trident Exploration Corp. transfers funds from time-to-time to Trident Resources Corp. as necessary to meet the obligations that arise for that entity.

Fort Energy Corp. receives cash from the sale of natural gas. In addition, it receives reimbursements for costs where it operates with non-operating interest holders. It also receives revenue from money market investment of the unutilized cash on hand. It pays direct costs of royalties and operating expenses from the sale of its production. In addition, it pays some administrative costs. It incurs capital expenditures as it develops its undeveloped assets. Fort Energy Corp. also receives from and transfers to Trident Exploration Corp. as necessary to meet the obligations that arise for each entity.

981384 Alberta Ltd. receives no funds and disburses no funds.

981405 Alberta Ltd. receives no funds and disburses no funds.

981422 Alberta Ltd. receives no funds and disburses no funds.

981443 Alberta Ltd. receives no funds and disburses no funds.

Fenergy Corp. receives no funds and disburses no funds.

NRL Energy Investment Ltd. receives no funds and disburses no funds.

TAB F

TRIDENT EXPLORATION CORP.
EMPLOYEE RETENTION PLAN

Policy Statement

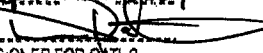
Trident Exploration Corp. ("Trident") is undergoing a process of restructuring which will include, among other things, an application to the Court of Queen's Bench of Alberta (the "Court") for protection under the provisions of the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"). Trident recognizes that its most valuable resources are its people. As such, in order to (i) confirm to its employees that the current restructuring will not disrupt Trident's operations or their employment with Trident, and (ii) encourage Trident's employees to continue their efforts through this process for a successful conclusion to this restructuring process, Trident is pleased to implement this Retention Plan (the "Plan").

Terms and Conditions

1. Each employee eligible to participate in this Plan (the "Participating Employee") will be specifically advised by way of a written and executed memorandum that identifies the Participating Employee as being eligible to participate in this plan.
2. Upon the issuance of an order by the Court approving the implementation of this Plan, each Participating Employees will be subject to a salary increase equal to ten-percent (10%) of his or her base salary, which will continue until the earlier of the date that the Participating Employee's employment with Trident ends or the date that Trident successfully emerges from the CCAA.
3. Unless he or she resigns from his or her employment or is dismissed for just cause prior to the date that Trident emerges from the restructuring process by Court order, each Participating Employee will receive a one-time bonus equal to the value of twenty percent (20%) of his or her annual base salary (prior to the increase in point 2) on the earlier of the date that the Participating Employee is dismissed without just cause from his or her employment with Trident or the date that Trident emerges from the restructuring process by Court order.
4. This Plan is subject to approval of the Court, and can only be modified by order of the Court.

Any questions or comments regarding this Plan should be directed to Alan G. Withey.

4264906_1

THIS IS EXHIBIT " F "
referred to in the Affidavit of
Eda Dillabough
Sworn before me this 2
Day of Sept, A.D. 2009

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

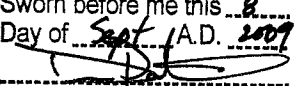
Derek Pontin
Barrister and Solicitor

TAB G

CROSS-BORDER INSOLVENCY PROTOCOL

This cross-border insolvency protocol (the "Protocol") shall govern the conduct of all parties in interest in the Insolvency Proceedings (as such term is defined herein).

The Guidelines Applicable to Court-to-Court Communications in Cross-Border Cases (the "Guidelines") attached as **Schedule A** hereto, shall be incorporated by reference and form part of this Protocol. Where there is any discrepancy between the Protocol and the Guidelines, this Protocol shall prevail.

THIS IS EXHIBIT " G "
referred to in the Affidavit of
Sworn before me this 8
Day of Sept A.D. 2009

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

A. Background

1. Trident Exploration Corporation ("TEC") is the wholly owned Canadian subsidiary of its U.S. parent company, Trident Resources Corporation ("TRC," and together with TEC and each of their affiliates, "Trident"). TEC is a natural gas exploration and development company headquartered in Calgary, Alberta, Canada. TRC is incorporated under Delaware law and is also headquartered in Calgary, Alberta, Canada. Derek Pontin
Barrister and Solicitor
2. On September 8, 2009, TRC, TEC and certain of their U.S. and Canadian subsidiaries and affiliates (collectively, the "Canadian Debtors")¹ filed an application with the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "Canadian Court") under the Companies' Creditors Arrangement Act (Canada) (the "CCAA"), seeking relief from their creditors (collectively, the "Canadian Proceedings"). The Canadian Debtors are seeking an initial order of the Canadian Court (as may be amended and restated, the "Canadian Order"), pursuant to which, inter alia: (a) the Canadian Debtors are requesting a stay of proceedings and related relief under the CCAA; and (b) FTI Consulting Canada ULC is to be appointed as the

¹ The Canadian Debtors include the following entities: Trident Exploration Corp., Fort Energy Corp., Fenenergy Corp., 981384 Alberta Ltd., 981405 Alberta Ltd., 981422 Alberta Ltd., Trident Resources Corp., Trident CBM Corp., Aurora Energy LLC, NexGen Energy Canada, Inc., and Trident USA Corp.

court appointed monitor (the “Monitor”) of the Canadian Debtors, with the corresponding rights, powers, duties and limitations of liabilities set forth in the CCAA and the Canadian Order.

3. Also on September 8, 2009 (the “Petition Date”) TRC and certain of its U.S. subsidiaries (collectively, the “U.S. Debtors”),² commenced reorganization proceedings (the “U.S. Proceedings”) under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “U.S. Court”). All of the U.S. Debtors are applicants in the Canadian Proceedings. The U.S. Debtors are continuing in possession of their respective properties and are operating and managing their businesses, as debtors in possession, pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee, examiner or official committee has been appointed in the U.S. Proceedings.

4. The Monitor, once appointed, may file petitions and seek an order in the U.S. Court granting recognition of the Canadian Proceedings, for those applicants not debtors in the U.S. Proceedings, under chapter 15 of the Bankruptcy Code (the “Chapter 15 Proceedings”).

5. For convenience, (a) the U.S. Debtors and the Canadian Debtors shall be referred to herein collectively as the “Debtors,” (b) the U.S. Proceedings and the Canadian Proceedings shall be referred to herein collectively as the “Insolvency Proceedings,” and (c) the U.S. Court and the Canadian Court shall be referred to herein collectively as the “Courts,” and each individually as a “Court.”

B. Purpose and Goals

6. While full plenary proceedings are pending in the United States for the U.S. Debtors and in Canada for the Canadian Debtors, all of the U.S. Debtors are also applicants in

² The U.S. Debtors in the U.S. Proceedings (as defined herein) are: Trident Resources Corp., Trident CBM Corp., Aurora Energy LLC, NexGen Energy Canada, Inc., and Trident USA Corp. The U.S. Debtors have filed a motion contemporaneous herewith seeking consolidation (for procedural purposes only) of their cases.

the Canadian Proceedings. As such, the implementation of administrative procedures and cross-border guidelines is both necessary and desirable to coordinate certain activities in the Insolvency Proceedings, protect the rights of parties thereto, ensure the maintenance of the Courts' respective independent jurisdiction and give effect to the doctrines of comity. This Protocol has been developed to promote the following mutually desirable goals and objectives in the Insolvency Proceedings:

- a. harmonize and coordinate activities in the Insolvency Proceedings before the Courts;
- b. promote the orderly and efficient administration of the Insolvency Proceedings to, among other things, maximize the efficiency of the Insolvency Proceedings, reduce the costs associated therewith and avoid duplication of effort;
- c. honor the independence and integrity of the Courts and other courts and tribunals of the United States and Canada, respectively;
- d. promote international cooperation and respect for comity among the Courts, the Debtors, the Estate Representatives (as defined herein and which include the Chapter 11 Representatives and the Canadian Representatives as such terms are defined below), and other creditors and interested parties in the Insolvency Proceedings;
- e. facilitate the fair, open and efficient administration of the Insolvency Proceedings for the benefit of all of the Debtors' creditors and other interested parties, wherever located; and
- f. implement a framework of general principles to address basic administrative issues arising out of the cross-border nature of the Insolvency Proceedings.

As the Insolvency Proceedings progress, the Courts may also jointly determine that other cross-border matters that may arise in the Insolvency Proceedings should be dealt with under and in accordance with the principles of this Protocol. Subject to the provisions of this Protocol, including, without limitation, those included in paragraph 15 hereof, where an issue is to be addressed only to one Court, in rendering a determination in any cross-border matter, such Court

may: (a) to the extent practical or advisable, consult with the other Court; and (b) in its sole discretion and in keeping with the principles of comity, either (i) render a binding decision after such consultation; (ii) defer to the determination of the other Court by transferring the matter, in whole or in part to the other Court; or (iii) seek a joint hearing of both Courts.

C. Comity and Independence of the Courts

7. The approval and implementation of this Protocol shall not divest nor diminish the U.S. Court's and the Canadian Court's respective independent jurisdiction over the subject matter of the U.S. Proceedings and the Canadian Proceedings, respectively. By approving and implementing this Protocol, neither the U.S. Court, the Canadian Court, the Debtors nor any creditors or interested parties shall be deemed to have approved or engaged in any infringement on the sovereignty of the United States of America or Canada.

8. The U.S. Court shall have sole and exclusive jurisdiction and power over the conduct of the U.S. Proceedings and the hearing and determination of matters specifically arising in the U.S. Proceedings. The Canadian Court shall have sole and exclusive jurisdiction and power over the conduct of the Canadian Proceedings and the hearing and determination of matters specifically arising in the Canadian Proceedings.

9. In accordance with the principles of comity and independence recognized herein, nothing contained herein shall be construed to:

- a. increase, decrease or otherwise modify the independence, sovereignty or jurisdiction of the U.S. Court, the Canadian Court or any other court or tribunal in the United States or Canada, including the ability of any such court or tribunal to provide appropriate relief on an ex parte or "limited notice" basis to the extent permitted under applicable law;
- b. require the U.S. Court to take any action that is inconsistent with its obligations under the laws of the United States;
- c. require the Canadian Court to take any action that is inconsistent with its obligations under the laws of Canada;

- d. require the Debtors, the Estate Representatives (defined below), or the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) to take any action or refrain from taking any action that would result in a breach of any duty imposed on them by any applicable law;
- e. authorize any action that requires the specific approval of one or both of the Courts under the Bankruptcy Code or the CCAA after appropriate notice and a hearing (except to the extent that such action is specifically described in this Protocol); or
- f. preclude the Debtors, the Monitor, the U.S. Trustee, any creditor or other interested party from asserting such party’s substantive rights under the applicable laws of the United States, Canada or any other relevant jurisdiction including, without limitation, the rights of parties in interest to appeal from the decisions taken by one or both of the Courts.

10. The Debtors, the Estate Representatives and their respective employees, members, agents and professionals shall respect and comply with the independent, non-delegable duties imposed upon them, if any, by the Bankruptcy Code, the CCAA, the Canadian Order and other applicable laws.

D. Cooperation

11. To assist in the efficient administration of the Insolvency Proceedings and in recognizing that certain of the U.S. Debtors and Canadian Debtors may be creditors of the others’ estates, the Debtors and their respective Estate Representatives shall, where appropriate:

(a) cooperate with each other in connection with actions taken in both the U.S. Court and the Canadian Court and (b) take any other appropriate steps to coordinate the administration of the Insolvency Proceedings for the benefit of the Debtors’ respective estates.

12. To harmonize and coordinate the administration of the Insolvency Proceedings, the U.S. Court and the Canadian Court each may coordinate activities and consider whether it is appropriate to defer to the judgment of the other Court. In furtherance of the foregoing:

- a. The U.S. Court and the Canadian Court may communicate with one another, with or without counsel present, with respect to any procedural matter relating to the Insolvency Proceedings.
- b. Except as otherwise provided herein, where the issue of the proper jurisdiction of either Court to determine an issue is raised by an interested party in either of the Insolvency Proceedings with respect to relief sought in either Court, the Court before which such relief was initially sought may contact the other Court to determine an appropriate process by which the issue of jurisdiction will be determined; which process shall be subject to submissions by the Debtors, the Monitor, the U.S. Trustee and any interested party prior to a determination on the issue of jurisdiction being made by either Court.
- c. The Courts may, but are not obligated to, coordinate activities in the Insolvency Proceedings such that the subject matter of any particular action, suit, request, application, contested matter or other proceeding is determined in a single Court.
- d. The U.S. Court and the Canadian Court may conduct joint hearings (each a "Joint Hearing") with respect to any cross-border matter or the interpretation or implementation of this Protocol where both the U.S. Court and the Canadian Court consider such a Joint Hearing to be necessary or advisable, or as otherwise provided herein, to, among other things, facilitate or coordinate proper and efficient conduct of the Insolvency Proceedings or the resolution of any particular issue in the Insolvency Proceedings. With respect to any Joint Hearing, unless otherwise ordered, the following procedures will be followed:
 - (i) A telephone or video link shall be established so that both the U.S. Court and the Canadian Court shall be able to simultaneously hear and/or view the proceedings in the other Court.
 - (ii) Submissions or applications by any party that are or become the subject of a Joint Hearing (collectively, "Pleadings") shall be made or filed initially only to the Court in which such party is appearing and seeking relief. Promptly after the scheduling of any Joint Hearing, the party submitting such Pleadings to one Court shall file courtesy copies with the other Court. In any event, Pleadings seeking relief from both Courts shall be filed in advance of the Joint Hearing with both Courts.
 - (iii) Any party intending to rely on any written evidentiary materials in support of a submission to the U.S. Court or the Canadian Court in connection with any Joint Hearing (collectively, "Evidentiary Materials") shall file or otherwise submit such materials to both Courts in advance of the Joint Hearing. To the fullest extent

possible, the Evidentiary Materials filed in each Court shall be identical and shall be consistent with the procedural and evidentiary rules and requirements of each Court.

- (iv) If a party has not previously appeared in or attorned or does not wish to attorn to the jurisdiction of a Court, it shall be entitled to file Pleadings or Evidentiary Materials in connection with the Joint Hearing without, by the mere act of such filings, being deemed to have appeared in or attorned to the jurisdiction of such Court in which such material is filed, so long as such party does not request any affirmative relief from such Court.
- (v) The Judge of the U.S. Court and the Justice of the Canadian Court who will preside over the Joint Hearing shall be entitled to communicate with each other in advance of any Joint Hearing, with or without counsel being present, (1) to establish guidelines for the orderly submission of Pleadings, Evidentiary Materials and other papers and for the rendering of decisions by the Courts; and (2) to address any related procedural, administrative or preliminary matters.
- (vi) The Judge of the U.S. Court and the Justice of the Canadian Court, shall be entitled to communicate with each other during or after any joint hearing, with or without counsel present, for the purposes of (1) determining whether consistent rulings can be made by both Courts; (2) coordinating the terms of the Courts' respective rulings; and (3) addressing any other procedural or administrative matters.

13. Notwithstanding the terms of paragraph 12 above, this Protocol recognizes that the U.S. Court and the Canadian Court are independent courts. Accordingly, although the Courts will seek to cooperate and coordinate with each other in good faith, each of the Courts shall be entitled at all times to exercise its independent jurisdiction and authority with respect to: (a) the conduct of the parties appearing in matters presented to such Court; and (b) matters presented to such Court, including, without limitation, the right to determine if matters are properly before such Court.

14. Where one Court has jurisdiction over a matter that requires the application of the law of the jurisdiction of the other Court, such Court may, without limitation, hear expert

evidence of such law or, subject to paragraph 15 herein, seek the written advice and direction of the other Court which advice may, in the discretion of the receiving Court, be made available to parties in interest.

15. Given that each of the U.S. Debtors are also applicants in the Canadian Proceedings, in an effort to promote the orderly and efficient administration of the Insolvency Proceedings, the U.S. Debtors are expressly authorized to rely on and conduct business during the Insolvency Proceedings in accordance with the powers and authority granted to them under the Canadian Order and applicable Canadian insolvency law; *provided, however*, that to the extent actions contemplated by the U.S. Debtors authorized under the Canadian Order or Canadian insolvency law may not be permitted in the U.S. Proceedings without further order of the U.S. Court, the U.S. Debtors shall be required to seek approval of such action, by way of Joint Hearing, only if a written objection is received by the U.S. Debtors within 5 business days following notice of such action to the Monitor, the U.S. Trustee, the statutory committee (if any), each of the agents, or their counsel if known, under the Debtors' prepetition credit facilities, counsel for the Debtors' preferred equity holders, or any party directly affected by the action. As provided for in paragraph 8, nothing herein shall impair the independence, powers and authorities of the U.S. and Canadian Courts with respect to matters before such Courts.

E. Recognition of Stays of Proceedings

16. The Canadian Court hereby recognizes the validity of the stay of proceedings and actions against the U.S. Debtors and their property under section 362 of the Bankruptcy Code (the "U.S. Stay"). In implementing the terms of this paragraph, the Canadian Court may consult with the U.S. Court regarding: (i) the interpretation, extent, scope and applicability of

the U.S. Stay and any orders of the U.S. Court modifying or granting relief from the U.S. Stay; and (ii) the enforcement of the U.S. Stay in Canada.

17. The U.S. Court hereby recognizes the validity of the stay of proceedings and actions against the Canadian Debtors and their property under the Canadian Order (the “Canadian Stay”). In implementing the terms of this paragraph, the U.S. Court may consult with the Canadian Court regarding: (i) the interpretation, extent, scope and applicability of the Canadian Stay and any orders of the Canadian Court modifying or granting relief from the Canadian Stay; and (ii) the enforcement of the Canadian Stay in the United States.

18. Nothing contained herein shall affect or limit the Debtors’ or other parties’ rights to assert the applicability or nonapplicability of the U.S. Stay or the Canadian Stay to any particular proceeding, property, asset, activity or other matter, wherever pending or located. Subject to paragraph 15 herein, motions brought respecting the application of the stay of proceedings with respect to assets or operations of the Canadian Debtors shall be heard and determined by the Canadian Court, and motions brought respecting the application of the stay of proceedings with respect to assets or operations of the U.S. Debtors shall be heard and determined by the U.S. Court.

F. Rights to Appear and Be Heard

19. The Debtors, the Monitor, and any official committee that may be appointed by the U.S. Trustee, and the professionals and advisors for each of the foregoing, shall have the right and standing: (i) to appear and to be heard in either the U.S. Court or Canadian Court in the U.S. Proceedings or Canadian Proceedings, respectively, to the same extent as creditors and other interested parties domiciled in the forum country, subject to any local rules or regulations generally applicable to all parties appearing in the forum; and (ii) to file notices of appearance or other court materials with the clerk of the U.S. Court or the Canadian Court in respect of the U.S.

Proceedings or Canadian Proceedings, respectively; provided, however, that any appearance or filing may subject a creditor or interested party to the jurisdiction of the Court in which the appearance or filing occurs. Notwithstanding the foregoing, and in accordance with the policies and premises set forth above, including, without limitation, paragraph 12 above; (i) the Canadian Court shall have jurisdiction over the Chapter 11 Representatives (as defined below) solely with respect to those particular matters as to which the Chapter 11 Representatives appear before the Canadian Court; and (ii) the U.S. Court shall have jurisdiction over the Canadian Representatives (as defined below) solely with respect to those particular matters as to which the Canadian Representatives appear before the U.S. Court.

G. Retention and Compensation of Estate Representative and Professionals

20. The Monitor, its officers, directors, employees, counsel and agents, wherever located, (collectively the “Monitor Parties”) and any other estate representatives appointed in the Canadian Proceedings (collectively with the Monitor Parties, the “Canadian Representatives”) shall (subject to paragraph 19) be subject to the sole and exclusive jurisdiction of the Canadian Court with respect to all matters, including: (a) the Canadian Representatives’ tenure in office; (b) the retention and compensation of the Canadian Representatives; (c) the Canadian Representatives’ liability, if any, to any person or entity, including the Canadian Debtors and any third parties, in connection with the Insolvency Proceedings; and (d) the hearing and determination of any other matters relating to the Canadian Representatives arising in the Canadian Proceedings under the CCAA or any other applicable Canadian law. The Canadian Representatives shall not be required to seek approval of their retention in the U.S. Court for services rendered to the Debtors. Additionally, the Canadian Representatives: (a) shall be compensated for their services to the Debtors solely in accordance with the CCAA, the Canadian

Order and other applicable Canadian law or orders of the Canadian Court; and (b) shall not be required to seek approval of their compensation in the U.S Court.

21. The Monitor Parties shall be entitled to the same protections and immunities in the United States as those granted to them under the CCAA and the Canadian Order. In particular, except as otherwise provided in any subsequent order entered in the Canadian Proceedings, the Monitor Parties shall incur no liability or obligations as a result of the making of the Canadian Order, the appointment of the Monitor by the Canadian Court, the carrying out of their duties or the provisions of the CCAA and the Canadian Order by the Monitor Parties, except in respect of any such liability arising from or on account of actions of the Monitor Parties constituting gross negligence or willful misconduct.

22. Any estate representative appointed in the U.S. Proceedings, including without limitation any examiners or trustees appointed in accordance with section 1104 of the Bankruptcy Code (collectively, the "Chapter 11 Representatives" and together with the Canadian Representatives, the "Estate Representatives") shall (subject to paragraph 19) be subject to the sole and exclusive jurisdiction of the U.S. Court with respect to all matters, including: (a) the Chapter 11 Representatives' tenure in office; (b) the retention and compensation of the Chapter 11 Representatives; (c) the Chapter 11 Representatives' liability, if any, to any person or entity, including the U.S. Debtors and any third parties, in connection with the Insolvency Proceedings; and (d) the hearing and determination of any other matters relating to the Chapter 11 Representatives arising in the U.S. Proceedings under the Bankruptcy Code or any other applicable laws of the United States. The Chapter 11 Representatives shall not be required to seek approval of their retention in the Canadian Court and (a) shall be compensated for their services to the U.S. Debtors solely in accordance with the Bankruptcy Code and any other

applicable laws of the United States or orders of the U.S. Court; and (b) shall not be required to seek approval of their compensation for services performed for the U.S. Debtors in the Canadian Court.

23. Any professionals retained by the Debtors to represent them only in connection with the Canadian Proceedings, including in each case, without limitation, counsel and financial advisors (collectively, the “Canadian Professionals”), shall be subject to the sole and exclusive jurisdiction of the Canadian Court and shall: (a) be subject to the procedures and standards for retention and compensation applicable in the Canadian Court under the CCAA, the Canadian Order and any other applicable Canadian law or orders of the Canadian Court with respect to services performed on behalf of the Debtors; and (b) not be required to seek approval of their retention or compensation in the U.S. Court.

24. Any professionals retained by the Debtors to represent them in connection with the U.S. Proceedings, including in each case, without limitation, counsel and financial advisors (collectively, the “U.S. Professionals”) shall be subject to the sole and exclusive jurisdiction of the U.S. Court and shall: (a) be subject to the procedures and standards for retention and compensation applicable in the U.S. Court under the Bankruptcy Code and any other applicable laws of the United States or orders of the U.S. Court with respect to services performed on behalf of the Debtors; and (b) not be required to seek approval of their retention or compensation in the Canadian Court.

25. Subject to paragraph 19 herein, any professional retained by an official committee appointed by the U.S. Trustee including in each case, without limitation, counsel and financial advisors (collectively, the “Committee Professionals”) shall be subject to the sole and exclusive jurisdiction of the U.S. Court. Such Committee Professionals shall: (a) be subject to

the procedures and standards for retention and compensation applicable in the U.S. Court under the Bankruptcy Code and any other applicable laws of the United States or orders of the U.S. Court; and (b) not be required to seek approval of their retention or compensation in the Canadian Court or any other court.

H. Notice

26. Notice of any motion, application or other Pleading or court materials (collectively the “Court Documents”) filed in one or both of the Insolvency Proceedings involving or relating to matters addressed by this Protocol and notice of any related hearings or other proceedings shall be given by appropriate means (including, where circumstances warrant, by courier, telecopier or other electronic forms of communication) to the following: (a) all creditors and interested parties, in accordance with the practice of the jurisdiction where the Court Documents are filed or the proceedings are to occur; and (b) to the extent not otherwise entitled to receive notice under clause (a) of this sentence, counsel to the Debtors; the U.S. Trustee; the Monitor; any official committee appointed in the Insolvency Proceedings and such other parties as may be designated by either of the Courts from time to time. Notice in accordance with this paragraph shall be given by the party otherwise responsible for effecting notice in the jurisdiction where the underlying Court Documents are filed or the proceedings are to occur. In addition to the foregoing, upon request, the U.S. Debtors or the Canadian Debtors shall provide the U.S. Court or the Canadian Court, as the case may be, with copies of any orders, decisions, opinions or similar papers issued by the other Court in the Insolvency Proceedings.

27. When any cross-border issues or matters addressed by this Protocol are to be addressed before or considered by a Court, notices shall be provided in the manner and to the parties referred to in paragraph 26 above.

I. Effectiveness; Modification

28. This Protocol shall become effective only upon its approval by both the U.S. Court and the Canadian Court.

29. This Protocol may not be supplemented, modified, terminated, or replaced in any manner except upon the approval of both the U.S. Court and the Canadian Court after notice and a hearing. Notice of any legal proceeding to supplement, modify, terminate or replace this Protocol shall be given in accordance with the notice provisions set forth above.

J. Procedure for Resolving Disputes Under this Protocol

30. Disputes relating to the terms, intent or application of this Protocol may be addressed by interested parties to the U.S. Court, the Canadian Court or both Courts upon notice in accordance with the notice provisions outlined in paragraph 26 above. In rendering a determination in any such dispute, the Court to which the issue is addressed: (a) shall consult with the other Court; and (b) may, in its sole and exclusive discretion, either: (i) render a binding decision after such consultation; (ii) defer to the determination of the other Court by transferring the matter, in whole or in part, to such other Court; or (iii) seek a Joint Hearing of both Courts in accordance with paragraph 12 above. Notwithstanding the foregoing, in making a determination under this paragraph, each Court shall give due consideration to the independence, comity and inherent jurisdiction of the other Court established under existing law.

31. In implementing the terms of this Protocol, the U.S. Court and the Canadian Court may, in their sole, respective discretion, provide advice or guidance to each other with respect to legal issues in accordance with the following procedures:

- a. the U.S. Court or the Canadian Court, as applicable, may determine that such advice or guidance is appropriate under the circumstances;

- b. the Court issuing such advice or guidance shall provide it to the non-issuing Court in writing;
- c. copies of such written advice or guidance shall be served by the applicable Court in accordance with paragraph 26 hereof;
- d. the Courts may jointly decide to invite the Debtors, the Creditors Committee, the Estate Representatives, the U.S. Trustee and any other affected or interested party to make submissions to the appropriate Court in response to or in connection with any written advice or guidance received from the other Court; and
- e. for clarity, the provisions of this paragraph shall not be construed to restrict the ability of either Court to confer as provided in paragraph 12 above whenever it deems it appropriate to do so.

K. Preservation of Rights

32. Except as specifically provided herein, neither the terms of this Protocol nor any actions taken under the terms of this Protocol shall: (a) prejudice or affect the powers, rights, claims and defenses of the Debtors and their estates or their professionals, any official committee, the U.S. Trustee or any of the Debtors' creditors under applicable law, including, without limitation, the Bankruptcy Code, the CCAA, and the orders of the Courts; or (b) preclude or prejudice the rights of any person to assert or pursue such person's substantive rights against any other person under the applicable laws of Canada or the United States.

Action No. 0901-13483
Deponent: Todd A. Dillabough
Dated Sworn: September 8, 2009

**IN THE COURT OF QUEEN'S BENCH OF
ALBERTA
JUDICIAL DISTRICT OF CALGARY**

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS
AMENDED**

**AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
TRIDENT EXPLORATION CORP. ULC, FORT
ENERGY CORP. ULC, FENERGY CORP. ULC,
981384 ALBERTA LTD., 981405 ALBERTA LTD.,
981422 ALBERTA LTD., TRIDENT RESOURCES
CORP., TRIDENT CBM CORP., AURORA ENERGY
LLC., NEXGEN ENERGY CANADA, INC. AND
TRIDENT USA CORP.**

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