



For Immediate Release
TSX: TUI.UN

TRUE ENERGY TRUST ANNOUNCES SECOND QUARTER 2008 FINANCIAL RESULTS

August 7, 2008 – (TSX: TUI.UN) True Energy Trust (“True” or the “Trust”) announces its financial and operating results for the three and six months ended June 30, 2008.

During the first half of 2008, True successfully implemented its new strategic direction. Focused on improving balance sheet strength while providing a consistent monthly distribution, the Trust is now positioned to efficiently execute a second half 2008 capital program of 28 net wells. Accomplishments during the first half of 2008 include:

- In the first six months of 2008 True reduced its net debt by approximately \$62 million and the debt to funds flow from operations* ratio to 1.8 times.
- As of June 30, 2008, True renewed its \$152 million credit facility, which extends to June 26, 2009.
- The Board announced a third quarter distribution policy of \$0.04 per unit per month consistent with the first and second quarter distribution policy.
- For the six month period ended June 30, 2008 sales volumes averaged 12,737 boe/d. Second quarter 2008 sales volumes averaged 11,922 boe/d with full year guidance remaining at 12,000 to 12,500 boe/d.
- True closed first half 2008 dispositions totalling \$44.3 million of net proceeds after adjustments and costs.

Highlights from the second quarter include:

- True's total net debt as at June 30, 2008, excluding commodity contract liabilities, future income taxes and asset retirement obligations, was \$189.4 million. During the six month period ended June 30, 2008, True has reduced its net debt by approximately \$62 million. As at June 30, 2008, the debt to funds flow from operations* ratio, calculated based upon annualized second quarter 2008 funds flow from operations*, is 1.8 times.
- During the second quarter of 2008, True participated in 1 (0.4 net) successful working interest natural gas well. True's planned second half drilling program is underway with 4 gross (2.9 net) gas wells drilled thus far in the third quarter of 2008. A further 25 net wells are planned through the remainder of the year.
- During the second quarter of 2008, True closed on the sale of its Dodsland-Stranraer property for net proceeds of \$38.5 million, after closing adjustments and costs.
- In the second quarter of 2008, monthly distributions of \$0.04 per unit were declared and paid on May 15, 2008, June 16, 2008 and July 15, 2008. The Board has announced it has set a distribution policy for the third quarter of 2008 at a monthly rate of \$0.04 per unit, subject to monthly confirmation, based on current commodity prices, hedging program, anticipated production volumes and market conditions. True anticipates its \$0.04 per unit monthly distributions to be sustainable in the current gas price, foreign exchange rate and cost environment.
- True generated average sales volumes for the second quarter of 2008 of 11,922 boe/d as compared to 17,122 boe/d for the second quarter of 2007. For the six month period ended June 30, 2008, sales volumes averaged 12,737 boe/d as compared to 17,788 boe/d for the same period in 2007. Dispositions totalling approximately 1,000 boe/d were closed during the first half of 2008. In addition to natural production decline, field production was impacted approximately 150 boe/d by third party maintenance and severe thunderstorm activity in the second quarter of 2008. Full year 2008 field production guidance remains at 12,000 to 12,500 boe/d.
- Funds flow from operations* for the second quarter of 2008 was \$26.3 million on gross sales of \$82.1 million compared to funds flow from operations of \$34.2 million on gross sales of \$75 million for the same period in 2007. The decrease in funds flow for the 2008 second quarter was primarily the result of lower sales volumes and higher realized hedging losses, partially offset by higher overall commodity prices and operating netbacks for the period. Funds flow from operations for the second quarter of 2008 increased 1% from first quarter 2008 funds flow from operations of \$24.3 million, primarily reflecting further improved commodity prices.
- True maintains a commodity price risk management program to provide a measure of stability to cash distributions and capital expenditures. Unrealized mark-to-market gains or losses are non-cash adjustments to the current fair market value of the contract over its entire term and are included in the calculation of net income (loss).

- A net loss of \$21.4 million for the second quarter of 2008 compared to a net income of \$1.7 million for the second quarter of 2007 was primarily due to higher unrealized mark-to-market, non-cash, losses on commodity price risk management contracts of \$25.6 million. The net loss for the six month period ended June 30, 2008 was \$40.0 million compared to \$6.8 million for the same period in 2007.
- As of June 30, 2008, the credit facility was renewed and consists of a \$15 million demand operating facility provided by one Canadian bank and a \$137 million extendible revolving credit facility syndicated by two Canadian chartered banks, a Canadian financial institution, one institutional lender and a U.S. bank. The revolving period on the revolving term credit facility ends on June 26, 2009, unless extended for a further 364 day period. Should the facilities not be renewed they convert to 366 day non-revolving facilities on the renewal date. The borrowing base was renewed effective June 27, 2008 and is currently scheduled for renewal on September 30, 2008. As at June 30, 2008, there was approximately \$26.0 million undrawn, net of \$0.5 million of prepaid interest, under these facilities.

* Refer to note (2) in the highlights section of the second quarter report in respect of the term "funds flow from operations", which is also commonly referred to as "cash flow from operations".

True's second quarter report is presented below.

HIGHLIGHTS

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
FINANCIAL <i>(unaudited)</i>				
<i>(CDN\$000s except unit and per unit amounts)</i>				
Revenue (before royalties and hedging ⁽¹⁾)	82,074	74,991	152,107	146,187
Funds flow from operations ⁽²⁾	26,304	34,192	50,537	64,180
Per basic trust unit	\$0.33	\$0.47	\$0.64	\$0.89
Per diluted trust unit ⁽⁵⁾	\$0.33	\$0.45	\$0.64	\$0.88
Net income (loss)	(21,374)	1,741	(39,995)	(6,830)
Per basic trust unit	\$(0.27)	\$0.02	\$(0.50)	\$(0.10)
Per diluted trust unit ⁽⁵⁾	\$(0.27)	\$0.02	\$(0.50)	\$(0.09)
Distributions declared	9,505	18,376	19,012	35,242
Per unit	\$0.12	\$0.24	\$0.24	\$0.48
Exploration and development	3,654	15,116	12,107	60,769
Corporate and property acquisitions	426	649	623	1,354
Capital expenditures - cash	4,080	15,765	12,730	62,123
Property dispositions - cash	(38,530)	(9,026)	(44,318)	(27,469)
Corporate acquisitions and other - non-cash	(2,521)	311	(2,714)	(313)
Total capital expenditures - net	(36,971)	7,050	(34,302)	34,341
Long-term debt	125,458	142,153	125,458	142,153
Convertible debentures	80,253	78,636	80,253	78,636
Working capital deficiency (excess)	(16,357)	256	(16,357)	256
Total net debt ⁽³⁾	189,354	221,045	189,354	221,045
Total assets	793,883	941,122	793,883	941,122
Unitholders' equity	404,062	520,326	404,062	520,326
OPERATING				
Daily sales volumes				
Crude oil, condensate and NGLs	(bbls/d)	4,170	5,546	4,506
Natural gas	(mcf/d)	46,515	69,455	49,383
Total oil equivalent	(boe/d)	11,922	17,122	12,737
Average prices				
Crude oil, condensate and NGLs	(\$/bbl)	103.14	50.90	86.19
Crude oil, condensate and NGLs (including hedging ⁽¹⁾)	(\$/bbl)	82.56	50.14	71.50
Natural gas	(\$/mcf)	9.94	7.60	8.90
Natural gas (including hedging ⁽¹⁾)	(\$/mcf)	8.80	7.65	8.37
Total oil equivalent	(\$/boe)	74.85	47.33	64.99
Total oil equivalent (including hedging ⁽¹⁾)	(\$/boe)	63.22	47.25	57.76
Statistics				
Operating netback	(\$/boe)	42.66	26.79	35.54
Operating netback (including hedging ⁽¹⁾)	(\$/boe)	31.01	26.71	28.30
Transportation	(\$/boe)	2.28	1.56	1.43
Production expenses	(\$/boe)	14.90	12.69	14.31
General & administrative	(\$/boe)	4.14	2.78	3.56
Royalties as a % of sales after transportation		21%	14%	22%
			22%	17%

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
TRUST UNITS				
Trust units outstanding	79,095,460	79,709,119	79,095,460	79,709,119
Trust unit incentive rights outstanding	5,006,079	6,687,499	5,006,079	6,687,499
Units issuable for exchangeable shares	347,254	309,216	347,254	309,216
Units issuable for convertible debentures	5,390,625	5,390,625	5,390,625	5,390,625
Diluted trust units outstanding	89,839,418	92,296,459	89,839,418	92,296,459
Diluted weighted average trust units ⁽⁵⁾	79,203,976	75,810,961	79,213,532	71,891,887

TRUST UNIT TRADING STATISTICS

(CDN\$, except volumes) based on intra-day trading

High	4.69	6.83	4.69	7.47
Low	3.54	5.71	2.94	4.87
Close	4.40	5.75	4.40	5.75
Average daily volume	266,304	438,393	261,833	520,700

⁽¹⁾ The Trust has entered into various commodity risk management contracts which are considered to be economic hedges. Per unit metrics after hedging includes only the realized portion of gains or losses on commodity contracts.

Effective January 1, 2007 on adoption of CICA handbook sections 3855 and 3865, the Trust no longer applies hedge accounting to these contracts. As such, these contracts are revalued to fair value at the end of each reporting date. This results in recognition of unrealized gains or losses over the term of these contracts which is reflected each reporting period until these contracts are settled, at which time realized gains or losses are recorded. These unrealized gains or losses on commodity contracts are not included for purposes of per unit metrics calculations disclosed.

⁽²⁾ The highlights section contains the term "funds flow from operations" (or as commonly referred to as "cash flow from operations"), which should not be considered an alternative to, or more meaningful than cash flow from operating activities as determined in accordance with Canadian generally accepted accounting principles ("GAAP") as an indicator of the Trust's performance. Therefore reference to diluted funds flow from operations or funds flow from operations per trust unit may not be comparable with the calculation of similar measures for other entities. Management uses funds flow from operations to analyze operating performance and leverage and considers funds flow from operations to be a key measure as it demonstrates the Trust's ability to generate the cash necessary to fund future capital investments and to repay debt. The reconciliation between funds flow from operations and cash flow from operating activities can be found in the Management Discussion and Analysis ("MD&A"). Funds flow from operations per trust unit is calculated using the weighted average number of trust units for the period.

⁽³⁾ Net debt includes the net working capital deficiency (excess) before short-term commodity contract assets and liabilities and short-term future income tax assets. Total net debt also includes the liability component of convertible debentures and excludes asset retirement obligations and the future income tax liability.

⁽⁴⁾ Operating netbacks are calculated by subtracting royalties, transportation, and operating costs from revenues.

⁽⁵⁾ In computing weighted average diluted earnings per trust unit for the three month period ended June 30, 2008 nil (2007: 2,320,716) trust incentive units were added to the 79,203,976 (2007: 73,490,245) weighted average number of trust units outstanding during the period for the dilutive effect of exchangeable shares and convertible debentures. A total of 5,006,079 (2007: 4,875,999) trust incentive units, 347,254 (2007: nil) exchangeable shares and 5,390,625 (2007: 5,390,625) trust units issuable pursuant to the conversion of convertible debentures were excluded from the calculation for the three month period ended June 30, 2008 as they were not dilutive. To calculate weighted average diluted funds flow from operations for the three month period ended June 30, 2007, a total of \$2.0 million for interest accretion expense was added to the numerator and 5,390,625 trust units were added to the denominator for units issuable on conversion of convertible debentures, resulting in diluted weighted average trust units of 81,201,586 and funds flow from operations per diluted unit of \$0.45 under this calculation.

In computing weighted average diluted earnings per trust unit for the six month period ended June 30, 2008 5,006,079 (2007: 6,887,499) trust incentive units, 347,254 (2007: 309,216) exchangeable shares and 5,390,625 (2007: 5,390,625) trust units issuable pursuant to the conversion of convertible debentures were excluded from the calculation for the six month period ended June 30, 2008 as they were not dilutive. To calculate weighted average diluted funds flow from operations for the six month period ended June 30, 2007, a total of \$4.0 million for interest accretion expense was added to the numerator and 5,390,625 trust units were added to the denominator for units issuable on conversion of convertible debentures, resulting in diluted weighted average trust units of 77,591,728 and funds flow from operations per diluted unit of \$0.88 under this calculation.

REPORT TO UNITHOLDERS

Improved commodity prices in the second quarter combined with the proceeds of our property disposition program have been utilized to reduce True's bank indebtedness and increase the Trust's financial flexibility. After concentrating on debt reduction in the first half of 2008, our focus for remainder of the year now shifts to the efficient execution of the capital program. Drilling has begun in West Central Alberta and True will soon move onto exciting projects such as the Viking Horizontal program in Kindersley and further exploration drilling with a view to expand our reserve and production base.

Accomplishments for the second quarter ended June 30, 2008 include:

Distributions

In the second quarter of 2008, monthly distributions of \$0.04 per unit were declared and paid on May 15, 2008, June 16, 2008 and July 15, 2008.

On July 15, 2008, the Trust announced that the Board has set the distribution policy for the third quarter of 2008 at a monthly distribution rate of \$0.04 per unit, subject to monthly confirmation by the Board of Directors, based on current commodity prices, hedging program, anticipated production volumes and market conditions. True anticipates its \$0.04 per unit monthly distributions to be sustainable in the current gas price, foreign exchange rate and cost environment.

Production

2008 second quarter sales volumes averaged 11,922 boe/d as compared to 17,122 boe/d for the same period in 2007. For the six month period ended June 30, 2008, sales volumes averaged 12,737 boe/d compared to 17,788 boe/d for the same period in 2008. Dispositions totalling approximately 1,000 boe/d were closed during the first half of 2008. In addition to natural production decline, field production was impacted approximately 150 boe/d by third party maintenance and severe thunderstorm activity in the second quarter of 2008. Full year 2008 field production guidance remains at 12,000 to 12,500 boe/d.

Drilling

During the second quarter of 2008, True participated in 1 (0.4 net) successful working interest natural gas well. True's planned second half drilling program is underway with 4 gross (2.9 net) gas wells drilled thus far in the third quarter of 2008.

A further 25 net wells are planned through the remainder of the year including at least 3 horizontal Viking light oil wells in the Kindersley area, 1.5 vertical heavy oil wells at Mantario, and 18.5 natural gas wells in Alberta. A further 2 exploration wells are also scheduled.

Kerrobert

The Kerrobert SAGD project was adversely impacted by severe thunderstorm and lightning activity in June and July 2008. Electrical equipment issues impacted steam generation. Oil production rates were subsequently reduced to retain the steam chamber and ensure uniform heating and conformance. Repairs are largely complete and response to the ongoing reservoir heating continues to improve with temperatures of up to 200 degrees Celsius observed in 2 of the 4 new thermal producing wells as compared to initial reservoir temperatures of approximately 30 degrees Celsius.

Financial

Funds flow from operations for the second quarter of 2008 was \$26.3 million on gross sales of \$82.1 million compared to funds flow from operations of \$34.2 million on gross sales of \$75.0 million for the same period in 2007. The decrease in funds flow for the 2008 second quarter was primarily the result of lower sales volumes and higher realized hedging losses, offset significantly by improved commodity pricing and operating netbacks for 2008. Funds flow from operations for the second quarter of 2008 increased 1% from first quarter 2008 funds flow from operations of \$24.3 million, primarily reflecting further improved commodity prices.

Funds flow from operations for the six month period ended June 30, 2008 was \$50.5 million on gross sales of \$152.1 million compared to funds flow from operations of \$64.2 million on gross sales of \$146.2 million for the same period in 2007.

True maintains a commodity price risk management program to provide a measure of stability to cash distributions and capital expenditures. Unrealized mark-to-market gains or losses are non-cash adjustments to the current fair market value of the contract over its entire term and are included in the calculation of net income (loss).

A net loss of \$21.4 million for the second quarter of 2008 compared to a net income of \$1.7 million for the second quarter of 2007 was primarily due to higher unrealized mark-to-market, non-cash, losses on commodity price risk management contracts of \$25.6 million. The net loss for the six month period ended June 30, 2008 was \$40.0 million compared to \$6.8 million for the same period in 2007.

Dispositions

On December 17, 2007, True announced its intention to divest of its Saskatchewan assets and reduce the distribution level as part of a new strategic direction for the Trust. Proceeds from the proposed divestiture would be utilized to reduce True's bank indebtedness and the reduced distribution level ensured additional financial resources.

The additional cash flow generated through improved pricing has eased debt concerns and allowed the Trust to modify the path of the new strategic direction. On April 30, 2008 True announced that the sale of the Dodsland-Stranraer asset, one of five asset packages comprising the Saskatchewan divestiture program, had been successfully completed for net proceeds after adjustments and closing costs of \$38.5 million. True further announced its decision to not pursue further Saskatchewan asset disposition options at this time. The Trust feels that the goal of increased financial flexibility is sufficiently achieved through the combination of improved commodity prices, receipt of the Dodsland-Stranraer sale proceeds, and a continued distribution level of \$0.04 per unit per month, while retaining a larger asset and production base.

Combined with the sale of the Thorhild property in Northern Alberta which closed at the end of the first quarter of 2008 for net proceeds of \$5.8 million, after closing adjustments and costs, and other minor property dispositions, total net proceeds from the sale of properties for the first six months of 2008 were \$44.3 million.

The net proceeds from these dispositions were used to pay down debt. The Trust continuously reviews and optimizes its portfolio, divesting of non-core and high cost properties.

Liquidity

True's net debt, excluding unrealized commodity contract assets and liabilities, future income taxes and asset retirement obligations, as at June 30, 2008 was \$189.4 million, representing \$125.5 million outstanding on the credit facility, \$80.3 million in convertible debentures (liability component) and the net balance of working capital.

Combined funding requirements for distributions declared and True's capital expenditures represented 51.6% and 62.8% of funds flow from operations in the three and six months ended June 30, 2008, respectively. The excess funds flow from operations was applied to the repayment of net debt.

As of June 30, 2008, the credit facility was renewed and consists of a \$15 million demand operating facility provided by one Canadian bank and a \$137 million extendible revolving credit facility syndicated by two Canadian chartered banks, a Canadian financial institution, one institutional lender and a U.S. bank. The revolving period on the revolving term credit facility ends on June 26, 2009, unless extended for a further 364 day period. Should the facilities not be renewed they convert to 366 day non-revolving facilities on the renewal date. The borrowing base was renewed effective June 27, 2008 and is currently scheduled for renewal on September 30, 2008. Further details of the credit facilities are disclosed in note 6 of the consolidated financial statements. As at June 30, 2008, there was approximately \$26.0 million, net of \$0.5 million of prepaid interest, not drawn under these facilities.

True does not hold any Asset-Backed Commercial Paper investments. As a non-operating working interest owner, True has a minor exposure of approximately \$70,000 from oil sales marketed through SemCanada Crude Company, which filed for CCAA protection on July 22, 2008.

In August 2007, True received Toronto Stock Exchange approval for its normal course issuer bid ("NCIB") for the repurchase of its trust units from August 28, 2007 to August 27, 2008, entitling the Trust to purchase up to approximately 7.8 million of its outstanding trust units. Starting in the fourth quarter and through the end of 2007, 500,000 units were repurchased at a total price of \$1.7 million. In the second quarter of 2008, 135,000 additional units were repurchased at a total price of \$0.6 million. Future repurchases will be dependent on excess cash available after consideration of the Trust's priority uses of cash and the trading price of the Trust's units.

True maintains an active commodity price risk management program. Approximately 50% of current natural gas production is hedged through the remainder of 2008 with approximately 23% hedged through the first half of 2009. Approximately 40% of current liquids production is hedged through the remainder of 2008. No liquids are currently hedged subsequent to December 31, 2008. The Trust will continue its hedging strategies focusing on maintaining sufficient cash flow to fund True's unitholder distributions and the capital program.

2008 True Capex Budget

True's capital program for the first six months of 2008 of approximately \$12.7 million compares to a front end loaded 2007 capital program of approximately \$62.1 million in the six month period ended June 30, 2007. True plans to continue to take a balanced approach to the priority use of cash flow between level of distributions and size of its 2008 capital program. True's 2008 capital expenditure program is currently planned at \$40 to \$45 million. True plans to focus on increasing its farm-out activity in non-core areas and may look to increase its capital spending in the latter part of 2008 dependant upon available cash flow.

Wayne M. Chorney, P. Eng.
President, CEO and COO
August 7, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 7, 2008 - The following Management's Discussion and Analysis of financial results as provided by the management of True Energy Trust ("True" or the "Trust") should be read in conjunction with the unaudited interim consolidated financial statements and selected notes for the three and six months ended June 30, 2008 and the audited consolidated financial statements for the years ended December 31, 2007 and 2006 for the Trust. This commentary is based on information available to, and is dated as of, August 7, 2008. The financial data presented is in accordance with Canadian generally accepted accounting principles ("GAAP") in Canadian dollars, except where indicated otherwise.

CONVERSION: The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 mcf/bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this report are derived from converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil.

NON-GAAP MEASURES: This Management's Discussion and Analysis contains the term "funds flow from operations" (or also commonly referred to as "cash flow from operations"), which should not be considered an alternative to, or more meaningful than "cash flow from operating activities" as determined in accordance with Canadian GAAP as an indicator of the Trust's performance. Therefore reference to funds flow from operations or funds flow from operations per unit may not be comparable with the calculation of similar measures for other entities. Management uses funds flow from operations to analyze operating performance and leverage and considers funds flow from operations to be a key measure as it demonstrates the Trust's ability to generate the cash necessary to fund future capital investments and to repay debt. The reconciliation between funds flow from operations and cash flow from operating activities can be found in the Management's Discussion and Analysis. Funds flow from operations per unit is calculated using the weighted average number of units for the period.

This Management's Discussion and Analysis also contains other terms such as net debt and operating netbacks, which are not recognized measures under Canadian GAAP. Management believes these measures are useful supplemental measures of firstly, the total amount of current and long-term debt and secondly, the amount of revenues received after transportation, royalties and operating costs. Readers are cautioned, however, that these measures should not be construed as an alternative to other terms such as current and long-term debt or net income determined in accordance with GAAP as measures of performance. True's method of calculating these measures may differ from other entities, and accordingly, may not be comparable to measures used by other trusts or companies.

Additional information relating to the Trust, including the Trust's Annual Information Form, is available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS: Certain information contained herein may contain forward looking statements including management's assessment of future plans and operations, drilling plans and the timing thereof, expected production increases from certain projects and the timing thereof, the effect of government announcements, proposals and legislation, plans regarding wells to be drilled, expected or anticipated production rates, hedging strategies, expected exchange rates, distributions and method of funding thereof, proportion of distributions anticipated to be taxable and non-taxable, maintenance of productive capacity and capital expenditures and the nature of capital expenditures and the timing and method of financing thereof, may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. The recovery and reserve estimates of True's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Events or circumstances may cause actual results to differ materially from those predicted, as a result of the risk factors set out and other known and unknown risks, uncertainties, and other factors, many of which are beyond the control of True. In addition, forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although the Trust believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Trust can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which the Trust operates; the timely receipt of any required regulatory approvals; the ability of the Trust to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the

projects which the Trust has an interest in to operate the field in a safe, efficient and effective manner; the ability of the Trust to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development of exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Trust to secure adequate product transportation; future commodity gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Trust operates; and the ability of the Trust to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Additional information on these and other factors that could effect True's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), at True's website (www.trueenergytrust.com). Furthermore, the forward-looking statements contained herein are made as at the date hereof and True does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

The reader is further cautioned that the preparation of financial statements in accordance with GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgments and decisions based upon available geological, geophysical, engineering and economic data. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Net Income (Loss) and Funds Flow from Operations

True generated funds flow from operations of \$26.3 million (\$0.33 per diluted unit) for the three months ended June 30, 2008, down 23% from \$34.2 million (\$0.45 per diluted unit) from the second quarter of 2007. The decrease in funds flow from operations for the 2008 period was primarily the result of lower sales volumes and higher realized hedging losses, offset significantly by improved commodity prices and operating netbacks for 2008. Funds flow from operations for the first quarter of 2008 increased 25% from fourth quarter 2007 funds flow from operations of \$19.5 million. Funds flow from operations for the six month period ended June 30, 2008 was \$50.5 million (\$0.64 per diluted unit), down from the \$64.2 million (\$0.88 per diluted unit) for the same period in 2007.

True maintains a commodity price risk management program to provide a measure of stability to cash distributions and capital expenditures. Unrealized mark-to-market gains or losses are non-cash adjustments to the current fair market value of the contract over its entire term and are included in the calculation of net income (loss).

True generated a net loss of \$21.4 million (\$(0.27) per diluted unit) in the second quarter of 2008 primarily due to higher unrealized mark-to-market, non-cash, losses on commodity risk management contracts of \$25.6 million. This compares to net income of \$1.7 million (\$0.02 per diluted unit) for the same period in 2007. The net loss for the six months ended June 30, 2008 was \$40.0 million compared to a net loss of \$6.8 million for the same period in 2007.

Funds Flow From Operations and Net Income (Loss)

(\$000s, except per unit amounts)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Funds flow from operations	26,304	34,192	50,537	64,180
Basic (\$/unit)	0.33	0.47	0.64	0.89
Diluted (\$/unit)	0.33	0.45	0.64	0.88
Net income (loss)	(21,374)	1,741	(39,995)	(6,830)
Basic (\$/unit)	(0.27)	0.02	(0.50)	(0.10)
Diluted (\$/unit)	(0.27)	0.02	(0.50)	(0.09)

Reconciliation of Funds Flow from Operations and Cash Flow from Operating Activities

<i>(\$000s, except per unit amounts)</i>	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Funds flow from operations	26,304	34,192	50,537	64,180
Asset retirement costs incurred	(123)	(387)	(712)	(575)
Change in non-cash working capital	(6,289)	(29,403)	(12,090)	(19,244)
Cash flow from operating activities	19,892	4,402	37,735	44,361

Sales Volumes

Sales volumes for the three months ended June 30, 2008 averaged 11,922 boe/d as compared to 17,122 boe/d for the same period in 2007, representing a 30% decrease. Sales volumes for the six months ended June 30, 2008 averaged 12,737 boe/d as compared to 17,788 boe/d for the same period in 2007, representing a 28% decrease. In comparison, sales volumes for the first quarter of 2008 averaged 13,552 boe/d.

Dispositions totalling approximately 1,000 boe/d were closed during the first half of 2008. In addition to natural production decline, field production was impacted approximately 150 boe/d by third party maintenance and severe thunderstorm activity in the second quarter of 2008. Full year 2008 field production guidance remains at 12,000 to 12,500 boe/d. The disposition of the Dodsland/Stranraer property, consisting of primarily natural gas reserves, on April 30, 2008 reduced average sales volumes for the second quarter by approximately 500 boe/d as compared to the first quarter of 2008.

Sales Volumes

		Three months ended June 30,		Six months ended June 30,	
		2008	2007	2008	2007
Natural gas	(mcf/d)	46,515	69,455	49,383	70,686
Heavy oil	(bbls/d)	2,721	3,058	2,773	3,703
Light oil and condensate	(bbls/d)	1,116	1,743	1,253	1,632
NGLs	(bbls/d)	333	745	480	672
Total crude oil and NGLs	(bbls/d)	4,170	5,546	4,506	6,007
Total boe/d	(6:1)	11,922	17,122	12,737	17,788

During the second quarter of 2008, True participated in 1 (0.4 net) successful working interest gas well. True's planned second half drilling program is underway with 4 gross (2.9 net) gas wells drilled thus far in the third quarter of 2008. A further 25 net wells are planned through the remainder of the year including at least 3 horizontal Viking light oil wells in the Kindersley area, 1.5 vertical heavy oil wells at Mantario, and 18.5 natural gas wells in Alberta. A further 2 exploration wells are also scheduled.

The Kerrobert SAGD project was adversely impacted by severe thunderstorm and lightning activity in June and July 2008. Electrical equipment issues impacted steam generation. Oil production rates were subsequently reduced to retain the steam chamber and ensure uniform heating and conformance. Repairs are largely complete and response to the ongoing reservoir heating continues to improve with temperatures of up to 200 degrees Celsius observed in 2 of the 4 new thermal producing wells as compared to initial reservoir temperatures of approximately 30 degrees Celsius.

For the three months ended June 30, 2008, the weighting towards natural gas sales averaged 65% compared to 68% in the same period in 2007. For the six month period ended June 30, 2008, the weighting towards natural gas averaged 65% compared to 66% for the same period in 2007. Heavy oil sales made up 23% of total production for the 2008 second quarter compared to 18% in the 2007 second quarter. In comparison, heavy oil sales made up 21% of total production in the first quarter of 2008.

Sales of natural gas averaged 46.5 mmcf/d for the second quarter of 2008, compared to 69.5 mmcf/d in the same period of 2007, a decrease of 33%. Crude oil and NGL sales for the second quarter of 2008 averaged 4,170 bbls/d, compared to 2007 second quarter average sales of 5,546 bbls/d.

Commodity Prices

Average Commodity Prices

	Three months ended June 30,			Six months ended June 30,		
	2008	2007	% Change	2008	2007	% Change
Exchange rate (US\$/Cdn\$)	1.0000	0.9108	10%	0.9989	0.8810	13%
Natural gas:						
NYMEX (US\$/mmbtu)	11.47	7.66	50%	9.99	7.41	35%
Alberta spot (\$/mcf)	10.20	7.07	44%	9.09	7.23	26%
True's average price (\$/mcf)	9.94	7.60	31%	8.90	7.43	20%
True's average price (including hedging ⁽¹⁾) (\$/mcf)	8.80	7.65	15%	8.37	7.58	10%
Crude oil:						
WTI (US\$/bbl)	123.80	65.02	90%	109.92	61.67	78%
Edmonton par – light oil (\$/bbl)	126.37	72.66	74%	112.30	70.21	60%
Bow River – medium/heavy oil (\$/bbl)	103.98	50.69	105%	90.74	50.24	81%
Hardisty Heavy – heavy oil (\$/bbl)	96.34	42.95	124%	83.20	42.82	94%
True's average prices (\$/bbl)						
Light crude oil, condensate, and NGLs	110.23	60.59	82%	95.92	56.10	71%
Heavy crude oil	99.37	43.01	131%	80.11	39.28	104%
Total crude oil and NGLs	103.14	50.90	103%	86.19	45.74	88%
Total crude oil and NGLs (including hedging ⁽¹⁾)	43.82	50.14	(13%)	71.50	46.71	53%

⁽¹⁾ Per unit metrics including hedging include realized gains or losses on commodity contracts and exclude unrealized gains or losses on commodity contracts.

True's natural gas is primarily sold on the daily spot market. During the second quarter of 2008, the AECO Spot reference price increased by 44% compared to the same period in 2007. True's average sales price before hedging for the second quarter of 2008 increased by 31% compared to the same period in 2007. In comparison, True's second quarter 2008 natural gas price before hedging was 25% higher than the first quarter 2008 price of \$7.97/mcf. True's natural gas price after including hedging for the second quarter of 2008 was \$8.80/mcf compared to \$7.65/mcf for the same period in 2007.

For heavy crude oil, True received an average price before transportation of \$99.37/bbl for the second quarter of 2008, an increase of 131% over prices in the 2007 period. The Bow River reference price increased by 105% and the Hardisty Heavy reference price increased by 124% over the same period. The majority of True's heavy crude oil density ranges between 11 and 16 degrees API consistent with the Hardisty Heavy reference price. During 2008, the blend costs for condensate were lower and a certain portion of our heavy oil sales have been sold through the Bow River pipeline which has also contributed to higher pricing received. In comparison, True's second quarter 2008 heavy oil price was 62% higher than the first quarter of 2008 price of \$61.55/bbl.

For light oil, condensate and NGLs, True recorded an average \$110.23/bbl before hedging during the second quarter of 2008, 82% higher than the average price received in the same period of 2007. The Edmonton par price increased by 74% over the same period. The average WTI crude oil US dollar based price increased 90% from the second quarter of 2007 to that in 2008. In comparison, True's realized price for the second quarter of 2008 increased 29% from the first quarter 2008 average price of \$85.65/bbl, whereas the Edmonton par price also increased by 29%. True's realized price after including hedging was \$50.99/bbl for the second quarter of 2008 compared to \$58.90/bbl for the same period in 2007.

Revenue

Revenue before other income and hedging for the three months ended June 30, 2008 was \$81.2 million, 10% higher than the \$73.7 million in the same period in 2007. The higher revenue for the 2008 period was the result of significantly higher commodity prices, despite lower sales volumes.

(\$000s)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Light crude oil, condensate and NGLs	14,528	13,719	30,262	23,394
Heavy oil	24,608	11,967	40,426	26,329
Crude oil and NGLs	39,136	25,686	70,688	49,723
Natural gas	42,067	48,058	79,961	95,040
Total revenue before other	81,203	73,744	150,649	144,763
Other ⁽¹⁾	871	1,247	1,458	1,424
Total revenue before royalties and hedging	82,074	74,991	152,107	146,187

⁽¹⁾ Other revenue primarily consists of processing and other third party income.

Financial Instruments

The Trust has a formal risk management policy which permits management to use specified price risk management strategies for up to 50% of crude oil, natural gas and NGL production including fixed price contracts, collars and the purchase of floor price options and other derivative financial instruments to reduce the impact of price volatility and ensure minimum prices for a maximum of eighteen months beyond the current date. The program is designed to provide price protection on a portion of the Trust's future production in the event of adverse commodity price movement, while retaining significant exposure to upside price movements. By doing this, the Trust seeks to provide a measure of stability to cash distributions, as well as, to ensure True realizes positive economic returns from its capital developments and acquisition activities.

The Trust will continue its hedging strategies focusing on maintaining sufficient cash flow to fund True's unitholder distributions and capital program.

A summary of the hedge volumes and average prices by quarter currently outstanding as of August 7, 2008 is shown in the following tables (see Note 16 to the consolidated financial statements for a detailed disclosure of all commodity contracts in place as at August 7, 2008):

Crude oil and liquids	Average Volumes (bbls/d)			
	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Collars	2,000	2,000	-	-
Total bbls/d	2,000	2,000	-	-
Average Price (US\$/bbl WTI)				
	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Collar ceiling price	82.00	82.00	-	-
Collar floor price	65.00	65.00	-	-
Natural gas	Average Volumes (GJ/d)			
	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Collars	-	-	-	-
Fixed	24,326	24,326	10,550	10,550
Total GJ/d	24,326	24,326	10,550	10,550
Average Price (\$/GJ AECO C)				
	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Collar ceiling price	-	-	-	-
Collar floor price	-	-	-	-
Fixed	6.68	6.89	7.74	7.01

As of June 30, 2008, the fair value of True's outstanding commodity contracts is an unrealized liability of \$53.6 million as reflected in the financial statements.

The following is a summary of the gain (loss) on commodity contracts for the three and six month periods ended June 30, 2008 and 2007:

Commodity contracts

(\$000s)	Crude Oil & Liquids	Natural Gas	Q2 2008 Total	Q2 2007 Total
Realized cash gain (loss) on contracts ⁽¹⁾	(7,807)	(4,812)	(12,619)	(118)
Unrealized gain (loss) on contracts ⁽²⁾	(14,700)	(10,850)	(25,550)	5,953
Total gain (loss) on commodity contracts	(22,507)	(15,662)	(38,169)	5,835

(\$000s)	Crude Oil & Liquids	Natural Gas	YTD 2008 Total	YTD 2007 Total
Realized cash gain (loss) on contracts ⁽¹⁾	(12,046)	(4,715)	(16,761)	3,026
Unrealized gain (loss) on contracts ⁽²⁾	(13,802)	(29,435)	(43,237)	3,488
Total gain (loss) on commodity contracts	(25,848)	(34,150)	(59,998)	6,514

⁽¹⁾ Includes the crude oil and natural gas commodity contract premium expenses in the 2007 period and the amortization of prior year crude oil and natural gas commodity contract premiums of a total \$1.0 million and \$3.4 million, respectively, for the three and six months ended June 30, 2007.

⁽²⁾ Unrealized gain (loss) commodity contracts represent non-cash adjustments for changes in the fair value of these contracts during the period.

Royalties

For the three months ended June 30, 2008, total royalties were \$16.3 million, compared to \$9.8 million incurred in the same period in 2007. Overall royalties as a percentage of revenue (after transportation costs) in the second quarter of 2008 were 21%, compared with 14% in the same period in 2007. Royalties for the 2007 second quarter included the impact of the reversal of certain over accruals of light and heavy crude oil royalties from periods prior to 2007 of approximately \$5.3 million; excluding that adjustment, the average royalty rate for the second quarter of 2007 would have been 22%. Royalties for the six months ended June 30, 2008 were \$31.8 million compared to \$24.7 million for the same period in 2007.

Royalties by Commodity Type (\$000s, except where noted)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Light crude oil, condensate and NGLs	2,897	3,657	6,663	4,537
\$/bbl	21.98	16.15	21.12	10.88
Average light crude oil, condensate and NGLs royalty rate (%)	20	26	23	19
Heavy Oil	5,341	1,416	7,632	2,936
\$/bbl	21.57	5.08	15.12	4.38
Average heavy oil royalty rate (%)	23	13	20	12
Natural Gas	8,051	4,728	17,494	17,222
\$/mcf	1.90	0.74	1.95	1.35
Average natural gas royalty rate (%)	20	10	22	18
Total	16,289	9,801	31,789	24,695
\$/boe	15.01	6.29	13.71	7.67
Average total royalty rate (%)	21	14	22	17

Royalties, by Type

(\$000s)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Crown royalties	9,587	6,229	18,543	13,234
Indian Oil and Gas Canada royalties	1,854	762	3,535	3,311
Freehold & GORR	4,848	2,810	9,711	8,150
Total	16,289	9,801	31,789	24,695

Expenses

(\$000s)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Production	16,170	19,778	33,166	34,750
Transportation	2,478	2,431	3,321	3,120
General and administrative	4,492	4,332	8,262	9,236
Interest and financing charges	3,487	4,573	8,003	9,120
Unit-based compensation	160	1,275	429	2,387

Expenses per boe

(\$ per boe)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Production	14.90	12.69	14.31	10.79
Transportation	2.28	1.56	1.43	0.97
General and administrative	4.14	2.78	3.56	2.87
Interest and financing charges	3.21	2.93	3.45	2.83
Unit-based compensation	0.15	0.82	0.19	0.74

Production Expenses

For the three months ended June 30, 2008, production expenses totaled \$16.2 million, compared to \$19.8 million recorded in the same period in 2007. During the second quarter of 2008, production expenses averaged \$14.90/boe, compared to \$12.69/boe over the same period in 2007. Production expenses are increased as additional natural gas input costs are required to operate the Kerrobert SAGD facility after startup in late 2007; this adds approximately \$2.80/boe to production expenses in the second quarter of 2008. The increase in 2008 costs on a boe basis was also due to a significant fixed component of production expenses in combination with substantially reduced production volumes. For the six months ended June 30, 2008, production expenses totaled \$33.2 million, compared to \$34.8 million for the same period in 2007.

Production Expenses, by Commodity Type

(\$000s, except where noted)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Light crude oil, condensate and NGLs	2,193	2,251	5,274	4,768
\$/bbl	16.64	9.94	16.71	11.43
Heavy oil	5,808	5,612	10,843	11,017
\$/bbl	23.45	20.17	21.49	16.44
Natural gas	8,169	11,915	17,049	18,965
\$/mcf	1.93	1.89	1.90	1.48
Total	16,170	19,778	33,166	34,750
\$/boe	14.90	12.69	14.31	10.79
Total	16,170	19,778	33,166	34,750
Processing and other third party income ⁽¹⁾	(871)	(1,247)	(1,458)	(1,424)
Total after deducting processing and other third party income	15,299	18,531	31,708	33,326
\$/boe	14.10	11.90	13.68	10.35

(1) Processing and other third party income is included within petroleum and natural gas sales on the statement of income.

Transportation

Transportation expenses are expected to be approximately 2% to 3% of gross revenues for the 2008 year. For the three and six months ended June 30, 2008, transportation expenses averaged approximately 3% and 2%, respectively. Higher transportation expenses on a percentage basis in the second quarter of 2008, as compared to the first quarter of 2008, reflect certain accrual revisions in respective periods.

Operating Netback

For the second quarter of 2008, corporate field operating netback (before hedging) was \$42.66/boe compared to \$26.79/boe in the same period in 2007. This was the result of increased overall commodity prices, partially offset by higher royalties and operating costs experienced in the 2008 period. By comparison, corporate field operating netback (before hedging) for the first quarter of 2008 was \$29.28/boe. After including hedging activities, the corporate field operating netback for the second quarter of 2008 was \$31.01/boe compared to \$26.71/boe in the same period in 2007.

Field Operating Netback – Corporate (before hedging)

(\$/boe)	Three months ended June 30		Six months ended June 30,	
	2008	2007	2008	2007
Sales	74.85	47.33	64.99	44.96
Transportation	(2.28)	(1.56)	(1.43)	(0.97)
Royalties	(15.01)	(6.29)	(13.71)	(7.67)
Production expense	(14.90)	(12.69)	(14.31)	(10.79)
Field operating netback	42.66	26.79	35.54	25.53

Field operating netback for natural gas for the second quarter of 2008 increased 23% to \$5.77/mcf, compared to \$4.68/mcf for the same period in 2007, reflecting stronger natural gas prices experienced, the effects of which were partially offset by higher royalties and production expenses. After including hedging activities, field operating netback for natural gas for the second quarter of 2008 was \$4.62/mcf compared to \$4.73/mcf in the same period in 2007.

Field Operating Netback - Natural Gas (before hedging)

(\$/mcf)	Three months ended June 30		Six months ended June 30,	
	2008	2007	2008	2007
Sales	9.94	7.60	8.90	7.43
Transportation	(0.34)	(0.29)	(0.11)	(0.22)
Royalties	(1.90)	(0.74)	(1.95)	(1.35)
Production expense	(1.93)	(1.89)	(1.90)	(1.48)
Field operating netback	5.77	4.68	4.94	4.38

Field operating netback for crude oil, condensate and NGLs averaged \$57.65/bbl for the second quarter of 2008, up 140% compared to \$24.03/bbl for the same period in 2007. This compares to a 103% increase in the crude oil, condensate and NGLs sales price combined with a lower corresponding increase in overall expenses over the same period. After including hedging activities, field operating netback for crude oil and NGLs for the second quarter of 2008 was \$37.08/boe compared to \$23.27/boe in the same period in 2007.

Field Operating Netback - Crude Oil, Condensate and NGLs (before hedging)

(\$/bbl)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Sales	103.14	50.90	86.19	45.74
Transportation	(2.69)	(1.23)	(2.83)	(0.30)
Royalties	(21.71)	(10.06)	(17.43)	(6.87)
Production expense	(21.09)	(15.58)	(19.65)	(14.52)
Field operating netback	57.65	24.03	46.28	24.05

General and Administrative

Net general and administrative (“G&A”) expenses for the three and six months ended June 30, 2008 were \$4.5 million and \$8.3 million, respectively, compared to \$4.3 million and \$9.2 million, respectively, for the same period in 2007. The decrease in the G&A expense for the six month period ended June 30, 2008 from the same period in 2007 reflects a reduction of the number of salaried personnel on staff and other efforts to reduce costs. The reduction in amounts of capitalized G&A for 2008 is consistent with a lower capital program. On a per boe basis, G&A expenses for the three and six months ended June 30, 2008 were \$4.14/boe and \$3.56/boe, respectively compared to \$2.78/boe and \$2.87/boe, respectively for the same period in 2007. The increase in G&A on a per boe basis is consistent with reduced sales volumes experienced in the first and second quarters of 2008 compared to 2007.

General and Administrative Expenses

(\$000s, except where noted)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Gross expenses	5,508	5,872	10,387	12,282
Capitalized	(692)	(1,121)	(1,199)	(1,814)
Recoveries	(324)	(419)	(926)	(1,232)
Net expenses	4,492	4,332	8,262	9,236
Net expenses, per unit (\$/boe)	4.14	2.78	3.56	2.87

Interest and Financing Charges

True recorded \$3.5 million of interest and financing charges for the three months ended June 30, 2008 compared to \$4.6 million in the same period in 2007. For the six months ended June 30, 2008, interest and financing charges totaled \$8.0 million compared to \$9.1 million for the same period in 2007. True’s net debt at June 30, 2008 of \$189.4 million includes the \$80.3 million liability portion of convertible debentures, \$125.5 million of bank debt and the net balance of working capital.

Interest and Financing Charges

(\$000s, except where noted)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Interest and financing charges	3,487	4,573	8,003	9,120
Interest and financing charges (\$/boe)	3.21	2.93	3.45	2.83
Net debt ⁽¹⁾ including convertible debentures at quarter end	189,354	221,045	189,354	221,045
Debt to periods funds flow from operations ratio annualized ⁽²⁾	1.8x	1.6x	1.9x	1.7x
Net debt excluding convertible debentures at quarter end	109,101	142,409	109,101	142,409
Debt to periods funds flow from operations ratio annualized ⁽²⁾	1.1x	1.0x	1.1x	1.1x

⁽¹⁾ Net debt includes the net working capital deficiency (excess) before short-term commodity contract assets and liabilities and short-term future tax assets. Total net debt also includes the liability component of convertible debentures and excludes asset retirement obligations and the future income tax liability.

⁽²⁾ Debt to funds flow from operations ratio is calculated based upon annualizing of funds flow from operations for the three and six month periods ended June 30, 2008, respectively.

Unit-Based Compensation

Non-cash unit-based compensation expense for the three and six month period ended June 30, 2008 was \$0.2 million and \$0.4 million, respectively, compared to \$1.3 million and \$2.4 million in 2007, respectively. The decrease in the expense for the six months ended June 30, 2008 reflects a reduction in the estimated weighted average fair value of incentive rights granted for more recent options, a reduction to the 2008 expense of \$0.4 million for a reversal of prior year unit-based compensation expense for 2008 forfeitures of unvested incentive rights and reduced incentive rights being granted in 2008 compared to the 2007 period.

Capital Expenditures

True invested \$3.7 million on exploration and development activities during the second quarter of 2008, compared to \$15.5 million in the same period in 2007. For the six months ended June 30, 2008, the Trust invested \$12.1 million on exploration and development activities compared to \$60.8 million for the same period in 2007.

During the second quarter of 2008, True participated in 1 (0.4 net) successful working interest natural gas well.

Capital Expenditures ⁽¹⁾

(\$000s)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Lease acquisitions and retention	415	711	965	1,502
Geological and geophysical	(55)	(3,455)	12	3,464
Drilling and completion costs	2,560	15,274	9,504	48,345
Facilities and equipment	734	2,586	1,626	7,458
Exploration and development	3,654	15,116	12,107	60,769
Corporate and property acquisitions	426	649	623	1,354
Total capital expenditures – cash	4,080	15,765	12,730	62,123
Property dispositions – cash	(38,530)	(9,026)	(44,318)	(27,469)
Total net capital expenditures – cash	(34,450)	6,739	(31,588)	34,654
Other – non-cash ⁽²⁾	(2,521)	311	(2,714)	(313)
Total capital expenditures	(36,971)	7,050	(34,302)	34,341

⁽¹⁾ Excludes capitalized costs related to asset retirement obligation expenditures incurred during the year.

⁽²⁾ Other includes current period's asset retirement obligations and unit based compensation capitalized

The \$12.7 million capital program for the first six months of 2008 was financed entirely with funds flow from operations compared to 81% in the same period in 2007.

True plans to continue to take a balanced approach to the priority use of cash flow between level of distributions and size of its 2008 capital program. True's 2008 capital expenditure program is currently planned at \$40 to \$45 million. True plans to focus on increasing its farm-out activity in non-core areas and may look to increase its capital spending in the latter part of 2008 dependant upon available cash flow.

True holds an extensive land base. At June 30, 2008, True had approximately 399,661 net undeveloped acres of land of its total developed and undeveloped net acreage position of 705,524 net acres in Saskatchewan, Alberta, and British Columbia.

Dispositions during the second quarter of 2008 consisted principally of the divestiture of the Dodsland-Stranrear property in Saskatchewan for net proceeds after adjustments and closing costs of \$38.5 million. Combined with the sale of the Thorhild property in Northern Alberta which closed at the end of the first quarter of 2008 for net proceeds of \$5.8 million, after closing adjustments and costs, and other minor property dispositions, total net proceeds on sale of properties for the first six months of 2008 were \$44.3 million.

At the end of the second quarter of 2008, the Trust had committed to drill a total of 2 wells in Alberta pursuant to various farm-in agreements with oil and gas companies. True expects to satisfy these various drilling commitments at an estimated cost for True's interest of approximately \$2.8 million. These wells were drilled in July 2008.

Depletion, Depreciation and Accretion

Depletion, depreciation and accretion expense for the second quarter of 2008 was \$33.2 million (\$30.61/boe), compared to the \$45.3 million (\$29.11/boe) in the same period of 2007, which reflects lower production volumes combined with reduced carrying costs in the 2008 period as compared to 2007.

For the three month period ended June 30, 2008, True has included \$53.5 million for future development costs in the depletion calculation and excluded from the depletion calculation \$34.7 million for undeveloped land and \$43.5 million for estimated salvage.

Depletion, Depreciation and Accretion Costs

(\$000s, except where noted)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Depletion and Depreciation	32,696	44,822	68,444	91,769
Accretion	513	527	1,068	1,038
Total	33,209	45,349	69,512	92,807
Per unit (\$/boe)	30.61	29.11	29.99	28.33

Ceiling Test

The Trust calculates a ceiling test quarterly and annually to place a limit on the aggregate carrying value of its capitalized costs, which may be amortized against revenues of future periods. The ceiling test is performed in accordance with the requirements of the Canadian Institute of Chartered Accountants ("CICA") AcG-16 "Oil and Gas Accounting – Full Cost, a two step process.

The Trust performed a ceiling test calculation at June 30, 2008 resulting in undiscounted cash flows from proved reserves and the undeveloped properties exceeding the carrying value of oil and gas assets. Consequently, no impairment in oil and gas assets was identified as at June 30, 2008.

The ceiling test calculation will be updated during the remainder of 2008 on a quarterly and annual basis based upon the latest available data, including but not limited to an updated annual external reserve engineering report which incorporates a full evaluation of reserves or internal reserve updates at quarterly periods, and the latest commodity pricing deck. Estimating reserves is very complex, requiring many judgments based on available geological, geophysical, engineering and economic data. Changes in these judgments could have a material impact on the estimated reserves. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available and as the economic environment changes.

Asset Retirement Obligations

As at June 30, 2008, the Trust has recorded an Asset Retirement Obligation ("ARO") of \$26.3 million, compared to \$27.1 million at June 30, 2007, for future abandonment and reclamation of the Trust's properties. For the six months ended June 30, 2008, the ARO decreased by \$2.0 million total as a result of accretion expense of \$1.1 million, and \$0.04 million net changes in estimates and liabilities incurred on development activities, offset by \$2.4 million of liabilities released on dispositions and \$0.7 million of liabilities settled during the year.

Income Taxes

For the six months ended June 30, 2008, the Trust has recorded capital tax expense of \$1.1 million compared to \$1.1 million expensed in the same period of 2007. Capital taxes are based on debt and equity levels of the Trust at the end of the year in addition to a resource surcharge component of provincial taxes calculated as a percentage of revenues.

Future income taxes arise from differences between the accounting and tax bases of the Trust's assets and liabilities. For the six months ended June 30, 2008, the Trust recognized a future income tax recovery of \$23.3 million compared to a recovery of \$21.5 million in the same period in 2007.

Under our current structure, the operating entities make interest and royalty payments to the Trust, which transfers taxable income to the Trust to eliminate income subject to corporate and other income taxes in the operating entities. With the SIFT legislation (as referred to below), such amounts transferred to the Trust could be taxable beginning in 2011 as distributions will no longer be deductible for income tax purposes. At that time, True could claim tax pools in its operating companies, reduce the income transferred to the Trust, and pay all or a portion of distributions as a return of capital. Until 2011, under the terms of its trust indenture, the Trust is required to distribute amounts equal to at least its taxable income. In the event that the Trust has undistributed taxable income in a taxation year (prior to

2011), an additional special taxable distribution, subject to certain withholding taxes, would be required by the terms of its trust indenture.

The SIFT legislation is not expected to directly affect our cash flow levels and distribution policies until 2011 at the earliest.

Enactment of the Tax on Income Trusts

On June 12, 2007, the legislation implementing a new tax (the "SIFT tax") on publicly traded income trusts and limited partnerships, referred to as "Specified investment flow-through" ("SIFTs") entities (Bill C-52) received third reading in the House of Commons and on June 22, 2007, Bill C-52 received Royal assent. As a result, the SIFT tax was considered to be enacted for accounting purposes in June 2007, which resulted in a \$1.2 million future income tax recovery amount being recorded to reflect current temporary differences between the book and tax basis of assets and liabilities expected to be remaining in the Trust in 2011. The SIFT tax announcement and the related future income tax recovery did not affect cash flow or distributions and is not expected to affect distribution policies until 2011 at the earliest.

SIFTs are certain publicly traded income and royalty trusts and limited partnerships including True. For SIFTs in existence on October 31, 2006 the SIFT tax will be effective in 2011, unless certain rules related to "undue expansion" are not adhered to. Under the guidance provided, True can increase its equity by approximately \$737 million between now and 2011 without prematurely triggering the SIFT tax.

In June 2008, Bill C-50, which contains legislation to adjust the deemed provincial component on the tax rate on distributions from income and royalty trusts expected to apply to the Trust commencing in 2011, passed third reading in the House of Commons. Under this legislation, instead of basing the provincial component of the SIFT tax on a flat rate of 13%, the provincial component will instead be based on the general provincial corporate income tax rate in each province in which the SIFT has a permanent establishment. For purposes of calculating this component of the tax, the general corporate taxable income allocation formula will be used. Specifically, the Trust's taxable distributions will be allocated to provinces by taking half of the aggregate of:

- that proportion of the Trust's taxable distributions for the year that the Trust's wages and salaries in the province are of its total wages and salaries in Canada; and
- that proportion of the Trust's taxable distributions for the year that the Trust's gross revenues in the province are of its total gross revenues in Canada.

Under the Bill C-50 legislation, the Trust would be considered to have a permanent establishment only in Alberta, where the provincial tax rate in 2011 is expected to be 10%. For accounting purposes, however, the adjustment to the provincial component of the tax is not considered substantively enacted as the income tax regulations for the adjustment have not been finalized. If the proposal becomes enacted, we expect to record a future income tax recovery based on temporary differences at that time.

On July 14, 2008, the Department of Finance released proposed amendments (the "Conversion Rules") to the Income Tax Act (Canada) to facilitate the conversion of existing income trusts into corporations. In general, the proposed amendments will permit a conversion to be tax deferred for both the unitholders and the income trust. However, the Conversion Rules provide alternative approaches to completing a tax deferred conversion. The Department of Finance has requested comments on the Conversion Rules by September 15, 2008, which may result in amendments to the Conversion Rules. We expect future technical interpretations and details will further clarify the legislation.

The True Board of Directors and Management continue to review the impact of this tax on business strategy as well as the Conversion Rules in considering alternatives available. At the present time, True believes some or all of the following actions will or could result due to the enactment of the SIFT tax:

- If structural or other similar changes are not made, the distribution yield net of the SIFT tax in 2011 and beyond to taxable Canadian investors will remain approximately the same; however, the distribution yield to tax-deferred Canadian investors (RRSPs, RRIFs, pension plans, etc.) would fall by an estimated 26.5 percent in 2011 and 25.0 percent in 2012 and beyond. For U.S. investors, the distribution yield net of the SIFT and withholding taxes would fall by an estimated 25.3 percent in 2011 and 25.1 percent in 2012 and beyond;
- A portion of True's cash flow could be allocated to the payment of the SIFT tax, or other forms of tax, and would not be available for distribution or re-investment;
- True could convert to a corporate structure to facilitate investing a higher proportion or all of its cash flow in exploration and development projects. Such a conversion and change to capital programs could result in a significant reduction to or elimination of distributions and/or dividends;
- True might determine that it is more economic to remain in the trust structure, at least for a period of time, and shelter its taxable income using tax pools and pay all or a portion of its distributions on a return of capital basis, likely at a lower payout ratio.

The Trust is reviewing all organizational structures and alternatives to minimize the impact of the SIFT tax on our unitholders. While there can be no assurance that the negative effect of the tax can be minimized or eliminated, True and its advisors will continue to work diligently on these issues.

As at June 30, 2008, the operating subsidiaries and the Trust itself have a total net future income tax liability balance of \$41.0 million. Canadian GAAP requires that a future income tax liability be recorded when the book value of assets exceeds the balance of tax pools.

At June 30, 2008, the Trust and operating subsidiaries of the Trust had approximately \$469 million in tax pools available for deduction against future income as follows:

(\$000s)	Trust	Operating subsidiaries	Total
Intangible resource pools	15,000	296,000	311,000
Undepreciated capital cost	-	138,000	138,000
Loss carryforwards (expire through 2027)	-	14,000	14,000
Unit issue costs	3,000	3,000	6,000
	18,000	451,000	469,000

Distributions

Trust unitholders who held their trust units throughout the first six months of 2008 received distributions of \$0.24 per unit. For the six months ended June 30, 2008 the Trust declared distributions as follows:

<i>(\$000s, except per unit amount)</i>	Distribution Per Unit	Total
Six months ended June 30, 2008		
Distributions declared	\$ 0.24	\$ 19,012

Distribution Paid History ⁽¹⁾

Distributions comprise a taxable portion and a return of capital portion (tax deferred). The return of capital component reduces the cost basis of the trust units held, as described below. For additional information, please see our website at www.trueenergytrust.com.

Calendar Year	Distributions per unit	Taxable Portion	Return of Capital
2005 (two months) ⁽²⁾	\$ 0.480	\$ 0.456	\$ 0.024
2006	\$ 2.640	\$ 2.033	\$ 0.607
Cumulative to Dec. 31, 2006	\$ 3.120	\$ 2.489	\$ 0.631
2007 year	\$ 0.960	\$ 0.960	-
Cumulative to Dec. 31, 2007	\$ 4.080	\$ 3.449	\$ 0.631
2008 year to date (six months) ⁽³⁾	\$ 0.240		
Cumulative to June 30, 2008	\$ 4.320		

⁽¹⁾ Applies to unitholders who are residents of Canada and hold their trust units as capital property.

⁽²⁾ Based upon the distributions paid in the 2005 calendar year, after the November 2, 2005 Arrangement with TKE Energy Trust.

⁽³⁾ It is currently estimated that the approximate taxable portion of 2008 distributions to Canadian unitholders will be between 90 to 100%. Any non-taxable amounts will be treated as a tax deferred return of capital, or an adjustment to the cost base of the units. Actual taxable amounts may vary depending on actual distributions and are dependent upon production, commodity prices and funds flow from operations experienced throughout the year.

In consultation with its U.S. tax advisors, True believes that its trust units should be "qualified dividends" for U.S. federal purposes. As such, the portion of distributions made during 2008 that are considered dividends for U.S. federal purposes should qualify for the reduced rate of tax applicable to long-term capital gains. Unitholders or potential unitholders should consult their own legal or tax advisors as to their particular income tax consequences of holding True units. Please view our February 27, 2008 press release addressing this.

Monthly Distributions

Actual distributions paid and declared per trust unit along with relevant payment dates for 2008 to date are as follows:

Ex-distribution Date	Record Date	Payment Date	Distribution per unit
December 27, 2007	December 31, 2007	January 15, 2008	\$ 0.08
January 29, 2008	January 31, 2008	February 15, 2008	0.04
February 27, 2008	February 29, 2008	March 17, 2008	0.04
March 27, 2008	March 31, 2008	April 15, 2008	0.04
April 28, 2008	April 30, 2008	May 15, 2008	0.04
May 28, 2008	May 30, 2008	June 16, 2008	0.04
June 26, 2008	June 30, 2008	July 15, 2008	0.04
July 29, 2008	July 31, 2008	August 15, 2008	0.04
August 27, 2008 ⁽¹⁾	August 29, 2008	September 15, 2008	0.04 ⁽²⁾
September 26, 2008 ⁽¹⁾	September 30, 2008	October 15, 2008	0.04 ⁽²⁾

⁽¹⁾ Anticipated ex-distribution dates for August and September 2008. These dates are subject to change and/or confirmation by the Toronto Stock Exchange and will be confirmed by monthly press.

⁽²⁾ Subject to confirmation by the board of directors and based on True's current commodity prices, hedge positions, anticipated production volumes and market conditions and subject to change based an actual conditions.

During 2008, to date distributions have been funded from funds flow from operations.

Foreign Ownership Update

Based on information from Trust records and information provided by intermediaries holding Trust units for others, the Trust estimates that, as of July 18, 2008 approximately 27 percent of unitholders are non-Canadian residents with the remaining 73 percent being Canadian residents.

Liquidity and Capital Resources

True's net debt as at June 30, 2008 was \$189.4 million, representing \$125.5 million outstanding on the credit facility, \$80.3 million in convertible debentures (liability component) and the net balance of working capital. Our calculation of net debt includes the net working capital before short-term commodity contract assets and liabilities and short-term future income tax assets. Total net debt also includes the liability component of convertible debentures and excludes asset retirement obligations and long-term future income taxes.

During the six month period ended June 30, 2008, the Trust has reduced its net debt by approximately \$61.8 million.

Combined funding requirements for distributions declared and True's capital expenditures represented 51.6% and 62.8% of funds flow from operations in the three and six months ended June 30, 2008, respectively. The excess funds flow from operations was applied to the repayment of net debt.

As of June 30, 2008, the credit facility was renewed and consists of a \$15 million demand operating facility provided by one Canadian bank and a \$137 million extendible revolving credit facility syndicated by two Canadian chartered banks, a Canadian financial institution, one institutional lender and a U.S. bank. The revolving period on the revolving term credit facility ends on June 26, 2009, unless extended for a further 364 day period. Should the facilities not be renewed they convert to 366 day non-revolving facilities on the renewal date. The borrowing base was renewed effective June 27, 2008 and is currently scheduled for renewal on September 30, 2008. Further details of the credit facilities are disclosed in note 6 of the consolidated financial statements. As at June 30, 2008, there was approximately \$26.0 million, net of \$0.5 million of prepaid interest, not drawn under these facilities.

The Trust does not hold any Asset-Backed Commercial Paper investments. As a non-operating working interest owner, True has a minor exposure of approximately \$70,000 from oil sales marketed through SemCanada Crude Company, which filed for CCAA protection on July 22, 2008.

On June 15, 2006 the Trust completed a bought deal public offering of 86,250 7.5% convertible unsecured subordinated debentures at a price of \$1,000 per debenture for aggregate gross proceeds of \$86,250,000. The debentures have a face value of \$1,000 per debenture and a maturity date of June 30, 2011. The debentures bear interest at an annual rate of 7.50% payable semi-annually on June 30 and December 31 in each year commencing December 31, 2006. The debentures are convertible at anytime at the option of the holders into trust units of the Trust at a conversion price of \$16.00 per trust unit. The Trust will have the right to redeem all or a portion of the debentures at a price of \$1,050 per debenture after June 30, 2009 and on or before June 30, 2010 and at a price of \$1,025 per debenture after June 30, 2010 and before the maturity date. Upon maturity or redemption of the debentures, the Trust may, subject to notice and regulatory approval, pay the outstanding principal and premium (if any) on the debentures in cash or through the issue of additional trust units at 95% of the weighted average trading price of the trust units.

As at July 31, 2008, the Trust had outstanding a total of 2,670,499 incentive units exercisable at an average exercise price of \$4.43 per unit, 373,311 exchangeable shares (convertible, as at July 31, 2008 into an aggregate of 349,960 trust units, subject to further adjustments based on distributions made on trust units), \$86.25 million principal amount of debentures convertible into trust units (at a conversion price of \$16.00 per trust unit) and 79,031,932 trust units.

Commitments

As at June 30, 2008, the Trust had committed to drill a total of 2 wells in Alberta pursuant to various farm-in agreements with oil and gas companies. True expects to satisfy these various drilling commitments at an estimated cost of approximately \$2.8 million. These wells were drilled in July 2008.

Off-Balance Sheet Arrangements

The Trust has certain lease agreements, including primarily office space leases, which were entered into in the normal course of operations. All leases have been treated as operating leases whereby the lease payments are included in operating expenses or G&A expenses depending on the nature of the lease. No asset or liability value has been assigned to these leases in the balance sheet as of June 30, 2008.

Business Prospects and 2008 Outlook

The Trust continues to develop its core assets and conduct some exploration programs utilizing its large inventory of geological prospects. In addition, the Trust will continue to explore potential acquisition opportunities. Currently, the Trust's producing properties are located in Saskatchewan, Alberta and British Columbia.

True has budgeted the US\$/Cdn.\$ exchange rate to average 1.00 through the 2008 year.

The Trust continues to maintain a large undeveloped land base of approximately 635,541 (399,361 net) acres containing a significant multi-year drilling inventory.

True's capital program for the first six months of 2008 of approximately \$12.7 million compares to a front end loaded 2007 capital program of approximately \$62.1 million in first and second quarters of 2007. True plans to continue to take a balanced approach to the priority use of cash flow between level of distributions and size of its 2008 capital program. True's 2008 capital expenditure program is currently planned at \$40 to \$45 million. True plans to focus on increasing its farm-out activity in non-core areas and may look to increase its capital spending in the latter part of 2008 dependant upon available cash flow.

True's planned second half drilling program is underway with 4 gross (2.9 net) gas wells drilled thus far in the third quarter of 2008. A further 25 net wells are planned through the remainder of the year including at least 3 horizontal Viking light oil wells in the Kindersley area, 1.5 vertical heavy oil wells at Mantario, and 18.5 natural gas wells in Alberta. A further 2 exploration wells are also scheduled.

Full year 2008 field production guidance remains at 12,000 to 12,500 boe/d.

Financial Reporting Update

Capital disclosures

The CICA issued a new accounting standard, Section 1535 "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objective, policies and processes for managing capital. This new section is effective for the Trust beginning January 1, 2008. Refer to note 15 of the financial statements for additional disclosure for this new section.

Financial instruments

Two new accounting standards were issued by the CICA, Section 3862 "Financial Instruments – Disclosures", and Section 3863 "Financial Instruments – Presentation". These sections will replace Section 3861 "Financial Instruments – Disclosure and Presentation" once adopted. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These new sections are effective for the Trust beginning January 1, 2008. The additional disclosures required under these sections are included in note 15 of the financial statements.

Goodwill and intangible assets

In February 2008, the CICA issued a new accounting standard, Section 3064 – Goodwill and Intangible Assets, which replaces Section 3062 – Goodwill and Other Intangible Assets, and Section 3450 – Research and Development costs. The new section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The section is effective for the Trust beginning January 1, 2009. Application of the new section is not currently expected to have any impact on the Trust's financial statements.

International Financial Reporting Standards ("IFRS")

On February 13, 2008 the CICA Accounting Standards Board announced that Canadian public reporting issuers will be required to report under International Financial Reporting Standards ("IFRS"), which will replace Canadian generally accepted accounting principles ("GAAP") for years beginning on or after January 1, 2011. True is monitoring industry discussion regarding the replacement of the CICA's Accounting Guideline 16, which is expected to have major implications for True's current full cost accounting policies. Currently, we are assessing the effects of adoption and developing a plan accordingly. We will continue to monitor any changes in the adoption of IFRS and will update plans as necessary.

Business Risks and Uncertainties

The reader is advised that True continues to be subject to various types of business risks and uncertainties as described in the Management Discussion and Analysis for the year ended December 31, 2007 or the Trust's Annual Information Form. In addition, the Trust is also subject to the following business risks and uncertainties:

Environmental Regulations and Risks

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. In 2002, the Government of Canada ratified the Kyoto Protocol (the "Protocol"), which calls for Canada to reduce its greenhouse gas emissions to specified levels. The Federal government has introduced legislation aimed at reducing greenhouse gas emissions using a "intensity based" approach, the specifics of which have yet to be determined. Bill C-288, which is intended to ensure that Canada meets its global climate change obligations under the Kyoto Protocol, was passed by the House of Commons on February 14, 2007. There has been much public debate with respect to Canada's ability to meet these targets and the Government's strategy or alternative strategies with respect to climate change and the control of greenhouse gases. Implementation of strategies for reducing greenhouse gases whether to meet the limits required by the Protocol or as otherwise determined could have a material impact on the nature of oil and natural gas operations, including those of the Trust.

In Alberta, the reduction emission guidelines outlined the Climate Change and Emissions Management Amendment Act (the "Act") came into effect July 1, 2007. Alberta facilities emitting more than 100,000 tonnes of greenhouse gases a year must reduce their emissions intensity by 12 per cent. Industries have three options to choose from in order to meet the reduction requirements outlined in the Act, and these are: (a) by making improvement to operations that result in reductions; (b) by purchasing emission credits from other sectors or facilities that have emissions below the 100,000 tonne threshold and are voluntarily reducing their emissions; or (c) by contributing to the Climate Change and Emissions Management Fund. Industries can either choose one of these options or a combination thereof. On April 26, 2007, the Federal Government released its Action Plan to Reduce Greenhouse Gases and Air Pollution (the "Action Plan"), also known as ecoACTION which includes the Regulatory Framework for Air Emissions. This Action Plan covers not-only large industry, but regulates the fuel efficiency of vehicles and the strengthening of energy standards for a number of energy-using products.

In January 24, 2008, the Alberta Government announced a new climate change action plan that will cut Alberta's projected 400 million tonnes of emissions in half by 2050. This plan is based on three areas: (i) carbon capture and storage, which will be mandatory for *in situ* oil sand facilities that use heavy fuels for steam generation; (ii) energy conservation and efficiency; and (iii) greening production through increased investment in clean energy technology, including supporting research on new oil sands extraction processes, as well as the funding of projects that reduce the cost of separating CO₂ from other emissions supporting carbon capture and storage.

The Government of Canada and the Province of Alberta released on January 31, 2008 the final report of the Canada-Alberta ecoENERGY Carbon Capture and Storage Task Force, which recommends among others: (i) incorporating carbon capture and storage into Canada's clean air regulations; (ii) allocating new funding into projects through competitive process; and targeting research to lower the cost of technology.

On March 10, 2008, the Government of Canada released "Turning the Corner – Taking Action to Fight Climate Change" (the "Updated Action Plan") which provides some additional guidance with respect to the Government's plan to reduce greenhouse gas emissions by 20% by 2020 and by 60% to 70% by 2050. Details of the Updated Action Plan are provided in the Trust's Annual Information Form for the year ended December 31, 2007.

Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not currently possible to predict either the nature of those requirements or the impact on the Trust and its operations and financial condition.

Alberta Royalty Regime

On October 25, 2007, the Alberta Government announced its intent to increase royalty rates commencing on January 1, 2009. As of December 31, 2007, the province had not introduced the enabling legislation nor had they provided enough clarity on a number of issues for the Trust's independent reserves evaluator, GLJ Petroleum Consultants Ltd. ("GLJ"), to provide a precise calculation of the net reserves and NPV under the New Royalty Framework ("NRF"). However, GLJ did provide analysis of the proposed royalty regime, based on a high and low sensitivity to the NRF utilizing the Consultants' Consensus Methodology recommended by the Society of Petroleum Engineers, Calgary Chapter (the "Consensus Methodology"). Based on public information available when the Trust's reserves were evaluated, the net present value of future net revenue of proved and probable reserves based on the high scenario at a 10% discount rate using the Consultants' Average Forecast Prices would be \$8.9 million or 1.5 percent higher and \$1.9 million or 0.33% percent higher based on the NRF for the low scenario, in each case, as compared to the existing royalty rules. The proposed royalty changes are very sensitive to production rate and natural gas prices.

Since the foregoing sensitivity was prepared, the Alberta Government has announced new royalty incentives for deep, high-cost drilling. The incentives will apply to oil exploration wells and to both development and exploration gas wells. This initiative provides some relief to the recently introduced NRF. On the oil side, a royalty credit of up to \$1 million will pertain to exploration wells drilled below 2,000m. Gas wells drilled below 2,500m qualify for credits with no distinction for development versus exploration wells drilled from 2,500m-4,000m. Overall, the deep royalty credits are a modest positive for the industry with a more significant impact for producers that target deep and prolific gas wells at a depth greater than 4,000m. The impact of these new incentives is not expected to be significant to True.

The majority of True's current Alberta wells are in the 500m to 1,000m depth range and typically produce at lower rates. The overall impact of the NRF, as currently announced, is mitigated by the Trust's current Saskatchewan properties and the lower shallow gas Alberta natural gas rate royalty production in True's Alberta conventional oil and gas production portfolio. The NRF will impact future drilling decisions in order for the Trust to maintain acceptable rates of return on its capital deployed.

Critical Accounting Estimates

The reader is advised that the critical accounting estimates, policies, and practices as described in the Management Discussion and Analysis for the year ended December 31, 2007 continue to be critical in determining True's

unaudited financial results as at June 30, 2008. Except as described in note 3 of the attached unaudited interim consolidated financial statement, there were no changes in accounting policies for the six month period ended June 30, 2008

Legal, Environmental Remediation and Other Contingent Matters

The Trust reviews legal, environmental remediation and other contingent matters to both determine whether a loss is probable based on judgment and interpretation of laws and regulations and determine that the loss can reasonably be estimated. When the loss is determined, it is charged to earnings. The Trust's management monitor known and potential contingent matters and make appropriate provisions by charges to earnings when warranted by the circumstances.

Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the Trust, including its consolidated subsidiaries, is made known to the Trust's Chief Executive Officer and Chief Financial Officer by others within those entities, particularly during the period in which the annual and interim filings are being prepared.

Internal Controls over Financial Reporting

The Trust's Chief Executive Officer and Chief Financial Officer have designed or caused to be designed under their supervision internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Trust's financial reporting and the preparation of financial statements for external purposes in accordance with the Canadian GAAP.

The Trust's Chief Executive Officer and Chief Financial Officer are required to cause the Trust to disclose herein any change in the Trust's internal control over financial reporting that occurred during the Trust's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting. No material changes in the Trust's internal control over financial reporting were identified during the three months ended June 30, 2008, that has materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

It should be noted that a control system, including the Trust's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Standardized Distributable Cash

The Canadian Securities Administrators revised and re-issued in July 2007 National Policy 41-201 "Income Trusts and Other Indirect Offerings", which includes disclosures regarding distributable cash for Income Trusts. Further, the Canadian Institute of Chartered Accountants ("CICA") issued the Interpretive Release "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities: Guidance on Preparation and Disclosure" (the "Release"). In the new guidance, sustainability concepts are discussed and standardized distributable cash is defined as cash flow from operating activities less adjustments for productive capacity maintenance, long-term unfunded contractual obligations and the effect of any foreseeable financing matters, related to debt covenants, which could impair True's ability to pay distributions or maintain productive capacity. This Management Discussion and Analysis is in all material respects in accordance with the recommendations provided in CICA's Release and NP 41-201.

(\$000s, except per unit amounts and percentages)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net income (loss)	(21,374)	1,741	(39,995)	(6,830)
Cash flow from operating activities	19,892	4,402	37,735	44,361
Productive capacity maintenance ⁽¹⁾	(3,654)	(15,116)	(12,107)	(60,769)
Standardized distributable cash	16,238	(10,714)	25,628	(16,408)
Proceeds on sale of property, plant and equipment	38,530	9,026	44,318	27,469
Corporate and property acquisition and other capital expenditures	(426)	(649)	(623)	(1,354)
Net proceeds from issue of trust units	-	54,386	-	54,386
Repurchase of trust units under normal course issuer bid	(596)	-	(596)	-
Bank borrowings (debt repayment) and working capital changes and other	(44,241)	(33,673)	(49,715)	(28,851)
Cash Distributions declared	9,505	18,376	19,012	35,242
Accumulated distributions, beginning of period	224,674	158,582	215,167	141,716
Accumulated distributions, end of period	234,179	176,958	234,179	176,958
Standardized distributable cash per unit - basic	\$0.21	\$(0.15)	\$0.32	\$(0.24)
Standardized distributable cash per unit - diluted	\$0.21	\$(0.15)	\$0.32	\$(0.24)
Standardized distributable cash payout ratio ⁽²⁾	0.59	N/A	0.74	N/A
Distributions declared per unit for outstanding units in the period	0.12	0.24	0.24	0.48
Accumulated distributions per unit, beginning of period	4.20	3.36	4.08	3.12
Accumulated distributions per unit, end of period	4.32	3.60	4.32	3.60
Excess (shortfall) of net income over cash distributions declared	(30,879)	(16,635)	(59,007)	(42,072)
Excess of cash flow from operating activities over cash distributions declared	10,387	(13,974)	18,723	9,119

(1) Please refer to the discussion of productive capacity maintenance below

(2) Represents cash distributions declared divided by standardized distributable cash

True strives to fund both distributions and maintenance capital primarily from funds flow from operations. True's 2008 capital budget was initially set at approximately 40% to 50% of annual funds flow. Property dispositions, equity issues or additional borrowings may be required from time to time to fund a portion of the distributions and/or capital expenditures to maintain or increase productive capacity may be required based on forecast levels of cash flow, capital efficiency and debt levels.

Productive capacity is the amount of capital funds required in a period for an enterprise to maintain its ability to generate future cash flow from operating activities at a constant level. As commodity prices can be volatile and short-term variations in production levels are often experienced in the oil and gas industry, True defines production capacity as production on a barrel of oil equivalent basis. A quantifiable measure for these short-term variations is not objectively determinable or verifiable due to various factors including the inability to distinguish natural production declines from the effect of production additions resulting from capital and optimization programs, and the effect of temporary production interruptions. As a result, the adjustment for productive capacity maintenance in True's

calculation of standardized distributable cash is True's capital expenditures excluding the cost of any asset acquisition, corporate asset acquisitions or proceeds of any asset disposition. True believes that its capital programs based on 40% to 50% of forecasted funds flow including its current view of True's assets and opportunities and True's outlook for commodity prices and industry conditions in the medium term, should be sufficient to maintain True's productive capacity in the medium term. True sets its hurdle rates for evaluating potential development and optimization projects according to these parameters. Due to the risks inherent in the oil and natural gas industry, particularly True's exploration and development activities and inherent variations in commodity prices, there can be no assurance that capital programs, whether limited to excess of cash flow over distributions or not, will be sufficient to maintain or increase True's production levels or cash flow from operating activities. True's capital expenditures and production can be impacted by the timing of the capital program and spring break up associated with certain operating areas of its properties. As True strives to maintain sufficient credit facilities and appropriate levels of bank debt, this seasonality is not expected to influence True's distribution policies.

True's calculation of standardized distributable cash has no adjustment for long-term unfunded contractual obligations. True's only long-term unfunded contractual obligation at this time is for asset retirement obligations. True's abandonment obligations are being funded on an annual basis with cash flow from operating activities. Cash flow from operating activities, used in our standardized distributable cash calculation, includes a deduction for abandonment expenditures incurred in the year. True currently has no financing restrictions on distributions arising from compliance with its debt covenants. True regularly monitors its current forecast debt levels to ensure debt covenants are not exceeded.

Distributions typically exceed net income as a result of non-cash items such as unit-based compensation, depletion, depreciation and accretion, unrealized loss (gain) on commodity contracts, and future income tax expense (recovery). These non-cash items generally result in a reduction to net income, with no impact to cash flow from operating activities. Therefore, distributions will exceed net income in most periods. In the event distributions exceed cash flow from operating activities and the requirements of True's capital program, the shortfall will typically be funded by a combination of available bank facilities, equity or debt issues, or the sale proceeds from non-core assets.

The board of directors and management regularly review the level of distributions. The board considers a number of factors, including expectations of future current commodity prices, hedge positions, production volumes, capital expenditure requirements, market conditions, the availability of debt and equity capital and other factors. As a result of the volatility in commodity prices, changes in production levels and capital expenditure requirements, there can be no certainty that True will be able to maintain current levels of distributions and distributions can and may fluctuate in the future.

<i>(\$000s, except ratios)</i>	To June 30, 2008
Cumulative distributable cash from operations ⁽¹⁾	49,926
Proceeds on sale of property, plant and equipment	100,640
Corporate and property acquisitions and other capital expenditures	(20,506)
Net proceeds from issue of trust units	54,375
Proceeds from issue of convertible debentures, net of issue costs	82,261
Repurchase of trust units under normal course issuer bid	(2,254)
Funding from DRIP	42,909
Bank borrowings (debt repayment) and working capital changes and other	(43,172)
Cumulative cash distributions declared ⁽¹⁾	234,179
Standardized distributable cash payout ratio ⁽²⁾	4.70

(1) Subsequent to the November 2, 2005 reverse takeover of TKE Energy Trust

(2) Represents cumulative distributions declared divided by cumulative standardized distributable cash

Sensitivity Analysis

The table below shows sensitivities to funds flow as a result of product price and operational changes. This is based on actual average prices received for the second quarter of 2008 and average production volumes of 11,922 boe/d during that period, as well as the same level of debt outstanding at June 30, 2008. Diluted weighted average trust units is based upon the second quarter of 2008. These sensitivities are approximations only, and not necessarily valid under other significantly different production levels or product mixes. Hedging activities can significantly affect these sensitivities. Changes in any of these parameters will affect funds flow as shown in the table below:

Sensitivity Analysis	Funds Flow from Operations (annualized) (\$000s)	Funds Flow from Operations Per Diluted Unit (\$)
Change of US \$1/bbl WTI	1,200	0.02
Change of \$0.10/ mcf	1,400	0.02
Change of US \$0.01 Cdn/ US exchange rate	1,200	0.02
Change in prime of 1%	1,300	0.02

Selected Quarterly Consolidated Information

The following table sets forth selected consolidated financial information of the Trust for the most recently completed quarters ending at

2008 – Quarter ended (unaudited) (\$000s, except per unit amounts)	March 31	June 30		
Revenues before royalties and hedging	70,033	82,074		
Funds flow from operations ⁽¹⁾	24,233	26,304		
Funds flow from operations per unit ⁽¹⁾				
Basic	\$0.31	\$0.33		
Diluted	\$0.30	\$0.33		
Net income (loss)	(18,621)	(21,374)		
Net income (loss) per unit				
Basic	\$(0.24)	\$(0.27)		
Diluted	\$(0.24)	\$(0.27)		
Net capital expenditures (cash)	2,862	(34,450)		
Distributions declared	9,507	9,505		
Distributions per unit	\$0.12	\$0.12		
<hr/>				
2007 – Quarter ended (unaudited) (\$000s, except per unit amounts)	March 31	June 30	Sept. 30	Dec. 31
Revenues before royalties and hedging	71,196	74,991	50,547	61,756
Funds flow from operations ⁽¹⁾	29,988	34,192	17,478	19,514
Funds flow from operations per unit ⁽¹⁾				
Basic	\$0.43	\$0.47	\$0.22	\$0.25
Diluted	\$0.42	\$0.45	\$0.22	\$0.25
Net income (loss)	(8,571)	1,741	(17,003)	(434)
Net income (loss) per unit				
Basic	\$(0.12)	\$0.02	\$(0.21)	\$(0.01)
Diluted	\$(0.12)	\$0.02	\$(0.21)	\$(0.01)
Net capital expenditures (cash)	27,915	6,739	7,612	14,828
Distributions declared	16,866	18,376	19,132	19,077
Distributions per unit	\$0.24	\$0.24	\$0.24	\$0.24
<hr/>				
2006 – Quarter ended (unaudited) (\$000s, except per unit amounts)	March 31	June 30	Sept. 30	Dec. 31
Revenues before royalties and hedging	46,396	43,004	54,263	77,250
Funds flow from operations ⁽¹⁾	18,995	16,386	23,225	31,785
Funds flow from operations per unit ⁽¹⁾				
Basic	\$0.52	\$0.44	\$0.52	\$0.45
Diluted	\$0.52	\$0.42	\$0.50	\$0.44
Net income (loss)	3,259	12,243	1,652	(250,718)
Net income (loss) per unit				
Basic	\$0.09	\$0.43	\$0.04	\$(3.58)
Diluted	\$0.09	\$0.42	\$0.04	\$(3.58)
Net capital expenditures (cash)	22,561	(7,080)	46,095	29,922
Distributions declared	26,150	27,771	36,846	33,588
Distributions per unit	\$0.72	\$0.72	\$0.72	\$0.48

⁽¹⁾ refer to "Non-GAAP Measures" in respect of the term "funds flow from operations" and "funds flow from operations per unit".

TRUE ENERGY TRUST
CONSOLIDATED BALANCE SHEETS

As at June 30 and December 31 (unaudited)

(\$000s)	2008	2007
ASSETS		
Current assets		
Accounts receivable	\$ 53,579	\$ 48,522
Marketable securities (note 4)	850	850
Deposits and prepaid expenses	5,031	6,096
Capital taxes recoverable	391	626
Commodity contract asset (note 15)	-	1,061
Future income taxes (note 12)	16,084	3,116
	<u>75,935</u>	<u>60,271</u>
Property, plant and equipment (note 5)	717,948	819,981
Total assets	<u>\$ 793,883</u>	<u>\$ 880,252</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 40,326	\$ 52,188
Distribution payable to unitholders	3,168	6,337
Commodity contract liability (note 15)	53,579	11,404
	<u>97,073</u>	<u>69,929</u>
Long-term debt (note 6)	125,458	168,475
Convertible debentures	80,253	79,407
Asset retirement obligations (note 7)	26,331	28,373
Future income taxes (note 12)	57,122	67,366
Total liabilities	<u>386,237</u>	<u>413,550</u>
NON-CONTROLLING INTEREST		
Exchangeable shares of subsidiary (note 8)	3,584	3,922
UNITHOLDERS' EQUITY		
Unitholders' capital (note 9)	924,158	925,573
Equity component of convertible debentures	5,119	5,119
Contributed surplus (note 10)	21,158	19,454
Deficit	(546,373)	(487,366)
Total unitholders' equity	<u>404,062</u>	<u>462,780</u>
Total liabilities and unitholders' equity	<u>\$ 793,883</u>	<u>\$ 880,252</u>

See accompanying selected notes to the consolidated financial statements.

TRUE ENERGY TRUST

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

For the three and six months ended June 30 (unaudited)

(\$000s)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
REVENUES				
Petroleum and natural gas sales	\$ 82,074	\$ 74,991	\$ 152,107	\$ 146,187
Royalties	(16,289)	(9,801)	(31,789)	(24,695)
Gain (loss) on commodity contracts (note 15)	(38,169)	5,835	(59,998)	6,514
	<u>27,616</u>	<u>71,025</u>	<u>60,320</u>	<u>128,006</u>
EXPENSES				
Production	16,170	19,778	33,166	34,750
Transportation	2,478	2,431	3,321	3,120
General and administrative	4,492	4,332	8,262	9,236
Interest and financing charges	3,487	4,573	8,003	9,120
Unit-based compensation (notes 9 and 10)	160	1,275	429	2,387
Depletion, depreciation and accretion	33,209	45,349	69,512	92,807
Special meeting costs (note 13)	-	-	-	3,805
	<u>59,996</u>	<u>77,738</u>	<u>122,693</u>	<u>155,225</u>
LOSS BEFORE TAXES	(33,380)	(6,713)	(62,373)	(27,219)
TAXES (note 12)				
Capital taxes	651	159	1,114	1,091
Future income taxes (recovery)	(11,562)	(8,627)	(23,316)	(21,456)
	<u>(10,911)</u>	<u>(8,468)</u>	<u>(22,202)</u>	<u>(20,365)</u>
NET INCOME (LOSS) BEFORE NON-CONTROLLING INTEREST	(21,469)	1,755	(40,171)	(6,854)
Non-controlling interest	(95)	14	(176)	(24)
NET INCOME (LOSS)	<u>(21,374)</u>	<u>1,741</u>	<u>(39,995)</u>	<u>(6,830)</u>
Net changes in cash flow hedges (net of tax of \$0.2 million and \$1.8 million, respectively)	-	(409)	-	(3,565)
COMPREHENSIVE INCOME (LOSS)	<u>\$ (21,374)</u>	<u>\$ 1,332</u>	<u>\$ (39,995)</u>	<u>\$ (10,395)</u>
Net income (loss) per trust unit				
Basic	\$(0.27)	\$ 0.02	\$(0.50)	\$ (0.10)
Diluted	\$(0.27)	\$ 0.02	\$(0.50)	\$ (0.09)

See accompanying selected notes to the consolidated financial statements.

TRUE ENERGY TRUST
CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

For the three and six months ended June 30 (unaudited)

(\$000s)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
UNITHOLDERS' CAPITAL				
Balance, beginning of period	\$ 925,735	\$ 876,920	\$ 925,573	\$ 876,904
Issued for cash (net of issue costs of \$3.1 million)	-	54,386	-	54,386
Repurchased under normal course issuer bid	(1,577)	-	(1,577)	-
Exchangeable shares converted	-	30	162	46
Balance, end of period	<u>924,158</u>	<u>931,336</u>	<u>924,158</u>	<u>931,336</u>
EQUITY COMPONENT OF CONVERTIBLE DEBENTURES				
Balance, beginning and end of period	<u>5,119</u>	<u>5,119</u>	<u>5,119</u>	<u>5,119</u>
CONTRIBUTED SURPLUS				
Balance, beginning of period	19,872	14,000	19,454	12,818
Unit-based compensation expense (note 9 and 10)	562	1,407	1,165	2,589
Reversal of prior year unit-based compensation expense for forfeitures of unvested incentive units	(257)	-	(442)	-
Adjustment for repurchase of units under normal course issuer bid	981	-	981	-
Balance, end of period	<u>21,158</u>	<u>15,407</u>	<u>21,158</u>	<u>15,407</u>
DEFICIT				
Balance, beginning of period	(515,494)	(415,085)	(487,366)	(389,745)
Net income (loss)	(21,374)	1,741	(39,995)	(6,830)
Impact of changes in accounting policy for financial instruments (net of tax of \$0.05 million) ⁽¹⁾	-	-	-	97
Distributions declared	(9,505)	(18,376)	(19,012)	(35,242)
Balance, end of period	<u>(546,373)</u>	<u>(431,720)</u>	<u>(546,373)</u>	<u>(431,720)</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME				
Balance, beginning of period	-	593	-	-
Impact of new cash flow hedge accounting standards (net of tax of \$1.8 million) ⁽¹⁾	-	-	-	3,749
Reclassification to earnings of net hedging gains on commodity contracts (net of tax of \$1.6 million)	-	(409)	-	(3,565)
Balance, end of period	<u>-</u>	<u>184</u>	<u>-</u>	<u>184</u>
TOTAL UNITHOLDERS' EQUITY	<u>\$ 404,062</u>	<u>\$ 520,326</u>	<u>\$ 404,062</u>	<u>\$ 520,326</u>

⁽¹⁾ Represents the January 1, 2007 transitional adjustments on adoption of the CICA handbook sections 1530, 3251, 3655 and 3865.

See accompanying selected notes to the consolidated financial statements.

TRUE ENERGY TRUST

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and six months ended June 30 (unaudited)

<i>(\$000s)</i>	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Cash provided by (used in):				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income (loss)	\$ (21,374)	\$ 1,741	\$ (39,995)	\$ (6,830)
Items not involving cash:				
Non-controlling interest (note 8)	(95)	14	(176)	(24)
Depletion, depreciation and accretion	33,209	45,349	69,512	92,807
Unit-based compensation (notes 9 and 10)	160	1,275	429	2,387
Unrealized loss (gain) on commodity contracts (note 15)	25,550	(5,953)	43,237	(3,488)
Accretion on convertible debentures	416	393	846	784
Future income taxes (recovery) (note 12)	(11,562)	(8,627)	(23,316)	(21,456)
	<u>26,304</u>	<u>34,192</u>	<u>50,537</u>	<u>64,180</u>
Asset retirement costs incurred	(123)	(387)	(712)	(575)
Change in non-cash working capital (note 11)	(6,289)	(29,403)	(12,090)	(19,244)
	<u>19,892</u>	<u>4,402</u>	<u>37,735</u>	<u>44,361</u>
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES				
Increase (decrease) in bank debt	(46,392)	(36,226)	(43,017)	(14,731)
Obligations under capital lease	-	(29)	-	(111)
Issue of trust units for cash	-	57,523	-	57,523
Unit issue costs	-	(3,137)	-	(3,137)
Repurchase of trust units under normal course issuer bid	(596)	-	(596)	-
Distributions declared	(9,505)	(18,376)	(19,012)	(35,242)
	<u>(56,493)</u>	<u>(245)</u>	<u>(62,625)</u>	<u>4,302</u>
Change in non-cash working capital (note 11)	50	6,563	(3,110)	(1,813)
	<u>(56,443)</u>	<u>6,318</u>	<u>(65,735)</u>	<u>2,489</u>
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES				
Additions to property, plant and equipment	(4,080)	(15,765)	(12,730)	(62,123)
Proceeds on sale of property, plant and equipment	38,530	9,026	44,318	27,469
	<u>34,450</u>	<u>(6,739)</u>	<u>31,588</u>	<u>(34,654)</u>
Change in non-cash working capital (note 11)	2,101	(3,981)	(3,588)	(12,196)
	<u>36,551</u>	<u>(10,720)</u>	<u>28,000</u>	<u>(46,850)</u>
Change in cash	-	-	-	-
Cash, beginning of period	-	-	-	-
Cash, end of period	\$ -	\$ -	\$ -	\$ -

See accompanying selected notes to the consolidated financial statements.

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008 and 2007 (unaudited)

1. STRUCTURE OF THE TRUST

True Energy Trust ("True" or the "Trust") is an open-ended, unincorporated investment trust governed by the laws of the Province of Alberta. Pursuant to a Plan of Arrangement (the "TKE Arrangement") that became effective on November 2, 2005, True Energy Inc. and TKE Energy Trust ("TKE") entered into a business combination whereby True Energy Inc. acquired TKE in a reverse takeover, thus creating True Energy Trust and a publicly listed exploration focused company, Vero Energy Inc.

The purpose of the Trust is to indirectly explore for, develop and hold interests in petroleum and natural gas properties, through investments in securities of subsidiaries and net profits interests in oil and natural gas properties. The business of the Trust is carried on by True Energy Inc. and its indirect wholly owned subsidiary True Energy Peru S.A.C. The Trust owns, directly and indirectly, 100% of the common shares, (excluding the exchangeable shares – see note 8) of True Energy Inc. and True Energy Peru S.A.C. The activities of True Energy Inc. are financed through interest bearing notes from the Trust and third party debt.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of the Trust have been prepared by management in accordance with generally accepted accounting policies in Canada. The unaudited interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statement for the fiscal year ended December 31, 2007, except as described in note 3. The interim consolidated financial statement note disclosures do not include all of those required by Canadian generally accepted accounting principles ("GAAP") applicable for annual financial statements. Accordingly, the interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto as at and for the year ended December 31, 2007.

Certain prior period comparative figures have been restated to conform to the current year's presentation.

3. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2008, the Trust adopted the following new accounting standards:

a. Capital disclosures

The CICA issued a new accounting standard, Section 1535 "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objective, policies and processes for managing capital. This new section is effective for the Trust beginning January 1, 2008. Refer to note 15 for additional disclosure for this new section.

b. Financial instruments

Two new accounting standards were issued by the CICA, Section 3862 "Financial Instruments – Disclosures", and Section 3863 "Financial Instruments - Presentation. These sections replace Section 3861 "Financial Instruments – Disclosure and Presentation" and are effective for the Trust beginning January 1, 2008. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The additional disclosures required under these sections are included in note 15.

Goodwill and intangible assets

In February 2008, the CICA issued a new accounting standard, Section 3064 – Goodwill and Intangible Assets, which replaces Section 3062 – Goodwill and Other Intangible Assets, and Section 3450 – Research and Development costs. The new section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The section is effective for the Trust beginning January 1, 2009. Application of the new section is not currently expected to have any impact on the Trust's financial statements.

International Financial Reporting Standards (“IFRS”)

On February 13, 2008 the CICA Accounting Standards Board announced that Canadian public reporting issuers will be required to report under International Financial Reporting Standards (“IFRS”), which will replace Canadian generally accepted accounting principles for years beginning on or after January 1, 2011. Currently, we are assessing the effects of adoption and developing a plan accordingly. We will continue to monitor any changes in the adoption of IFRS and will update plans as necessary.

4. MARKETABLE SECURITIES

The Trust's investment in Veraz Petroleum Ltd. is classified as available-for-sale and has been recorded at fair value.

5. PROPERTY, PLANT AND EQUIPMENT

(\$000s)

	Cost	Accumulated depletion and depreciation	Net book value
June 30, 2008			
Petroleum and natural gas properties	\$ 1,336,457	\$ 621,088	\$ 715,369
Office furniture and equipment	4,265	1,686	2,579
	\$ 1,340,722	\$ 622,774	\$ 717,948
December 31, 2007			
Petroleum and natural gas properties	\$ 1,370,219	\$ 552,899	\$ 817,320
Office furniture and equipment	4,092	1,431	2,661
	\$ 1,374,311	\$ 554,330	\$ 819,981

The Trust has included \$53.4 million (2007: \$36.7 million) for future development costs and excluded \$34.7 million (2007: \$44.1 million) for undeveloped land and \$43.5 million (2007: \$48.3 million) for estimated salvage from the depletion calculation during the six month period ended June 30, 2008.

For the six month period ended June 30, 2008, the Trust capitalized \$1.2 million of general and administrative expenses and \$0.4 million, including the future tax effect thereon of \$0.1 million, of unit-based compensation expense directly related to exploration and development activities.

6. LONG-TERM DEBT

As of June 30, 2008, the credit facility was renewed and consists of a \$15 million demand operating facility provided by one Canadian bank and \$137 million extendible revolving term credit facility syndicated by two Canadian chartered banks, a Canadian financial institution, one institutional lender and a U.S. bank. Amounts borrowed under the credit facility bear interest at a floating rate based on the applicable Canadian prime rate, U.S. base rates, LIBOR rates, plus between 0.10% and 2.05%, depending on the types of borrowings and the Trust's debt to cash flow ratio. Security is provided by a \$400 million debenture containing a first ranking security interest on all of the Trust's assets. The credit facility is secured against all the assets of True Energy Inc., the Trust and all material subsidiaries. True has provided a negative pledge and undertaking to provide fixed charges over major petroleum and natural gas reserves in certain circumstances. A standby fee is charged on

between 0.150% and 0.400% on the undrawn portion of the facility, depending on the Trust's debt to cash flow ratio.

As at June 30, 2008, there was \$7.5 million outstanding under the operating facility and \$118 million outstanding under the revolving term credit facility. As at June 30, 2008, there was approximately \$26.0 million, net of \$0.5 million of prepaid interest, not drawn under the existing facility.

The revolving period on the new revolving term credit facility ends on June 26, 2009, unless extended for a further 364 day period. Should the facilities not be renewed they convert to 366 day non-revolving term facilities on the renewal date. The borrowing base was renewed effective June 27, 2008 and is currently scheduled for renewal on September 30, 2008.

Payment will not be required under the revolving term facility for more than 365 days from the balance sheet date and as at June 30, 2008 there is sufficient availability under the revolving term credit facility to also cover the operating facility and, as such, the entire credit facility has been classified as long-term.

7. ASSET RETIREMENT OBLIGATIONS

The Trust's asset retirement obligations result from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The Trust estimates the total undiscounted amount of cash flows required to settle its asset retirement obligations is approximately \$68.5 million which will be incurred between 2008 and 2053. A credit-adjusted risk-free rate of 8 percent and an inflation rate of 2 percent were used to calculate the fair value of the asset retirement obligation.

(\$000s)	June 30, 2008	December 31, 2007
Asset retirement obligation, beginning of period	\$ 28,373	\$ 26,605
Liabilities incurred on development activities	53	433
Changes in prior period estimates	(9)	960
Liabilities released on dispositions	(2,442)	(927)
Liabilities settled during the year	(712)	(835)
Accretion expense	1,068	2,137
Asset retirement obligation, end of period	\$ 26,331	\$ 28,373

8. EXCHANGEABLE SHARES OF SUBSIDIARY / NON-CONTROLLING INTEREST

	June 30, 2008		December 31, 2007	
	Number	Amount (\$000s)	Number	Amount (\$000s)
Balance, beginning of period	390,276	\$ 3,922	403,536	\$ 4,153
Non-controlling interest expense (recovery)	-	(176)	-	(95)
Exchanged for trust units	(16,177)	(162)	(13,260)	(136)
Balance, end of period	374,099	\$ 3,584	390,276	\$ 3,922

The exchange ratio is calculated monthly based on the five day weighted average trust unit trading price preceding the monthly effective date and at June 30, 2008 was 0.92824. The exchangeable shares are not eligible for cash distributions; however cash distributions will increase the exchange ratio.

9. UNITHOLDERS' CAPITAL

a. Trust Units

	June 30, 2008		December 31, 2007	
	Number	Amount (\$000s)	Number	Amount (\$000s)
Balance, beginning of period	79,216,046	\$ 925,573	70,275,703	\$ 876,904
Issued for cash (net of issue costs of \$3.1 million)	-	-	9,430,000	54,375
Repurchased under normal course issuer bid	(135,000)	(1,577)	(500,000)	(5,842)
Exchangeable shares converted	14,414	162	10,343	136
Balance, end of period	79,095,460	924,158	79,216,046	\$ 925,573

b. Trust Unit Incentive Plan

The Trust has a trust unit incentive plan where the Trust may grant trust unit incentive rights to its directors, officers and employees. Under this plan, the exercise price of each trust unit incentive right initially equals the market price of the Company's stock on the date of grant. The maximum term of an incentive right is five years.

The grant price per Incentive Right ("Grant Price") shall be equal to the per Trust Unit closing price on the trading day immediately preceding the date of grant, unless otherwise permitted. Under the terms of the Incentive Plan, the exercise price of each Incentive Right is initially equal to the Grant Price and thereafter is reduced pursuant to a formula. This formula provides that the exercise price of each Incentive Right is reduced by any decreases in the daily closing price on the Toronto Stock Exchange of the Trust Units. In no case may the exercise price be less than \$0.001 per Trust Unit and a participant may elect to have the exercise price equal the Grant Price. Incentive Rights are non-transferable or assignable except in accordance with the Incentive Plan and the holding of Incentive Rights shall not entitle a holder to any rights as a Unitholder of True Energy Trust.

Incentive rights, entitling the holder to purchase units from the Trust, have been granted to directors, officers, employees and service providers of the Trust. One third of the initial grant of trust unit incentive rights normally vest on each of the first, second, and third anniversary from the date of grant.

The following tables summarize information regarding trust unit incentive rights for the six month period ended June 30, 2008

Unit Rights Continuity

	Weighted Average Exercise Price ^(a)	Number
Balance, December 31, 2007	\$ 9.18	5,931,997
Granted	\$ 4.03	197,000
Forfeited	\$ 10.82	(1,122,918)
Balance, June 30, 2008	\$ 8.30	5,006,079

^(a) Exercise prices reflect grant prices less reduction in exercise prices.

Unit Rights Outstanding, June 30, 2008

Exercise Price Before Price Reductions	Exercise Price Net of Reductions	Outstanding			Exercisable	
		At June 30, 2008	Weighted Average Exercise Price Net of Price Reductions	Weighted Average Remaining Contractual Life	At June 30, 2008	Exercise Price Net of Price Reductions
\$ 2.92 - \$ 6.70	\$ 2.71 - \$ 5.81	2,647,332	\$ 4.31	4.1	517,980	\$5.29
\$10.58 - \$12.53	\$ 8.95 - \$10.80	692,414	\$ 9.30	3.3	246,902	\$9.29
\$13.74 - \$14.83	\$11.43 - \$12.16	438,833	\$11.74	3.0	165,164	\$11.76
\$15.15 - \$16.70	\$13.05 - \$13.96	52,500	\$13.58	2.8	49,167	\$13.55
\$18.25 - \$20.98	\$14.95 - \$17.90	1,175,000	\$15.17	2.4	1,175,000	\$15.17
\$2.92 - \$20.98	\$ 2.83 - \$17.90	5,006,079	\$ 8.30	3.5	2,154,213	\$11.82

c. Employee Trust Unit Savings Plan

Effective October 1, 2006, the Trust introduced an employee trust unit savings plan for the benefit of all employees. Under the savings plan, employees may elect to contribute up to 10 percent of their salary and contributions are used to fund the acquisition of trust units. The Trust matches employee contributions at a rate of \$1.00 for each \$1.00 contributed. Trust units are purchased in the open market by the plan administrator, an investment firm, on behalf of the participants in the plan. For the six months ended June 30, 2008, the Trust matched \$0.2 million under the plan.

10. CONTRIBUTED SURPLUS

(\$000s)	June 30, 2008	December 31, 2007
Balance, beginning of period	\$ 19,454	\$ 12,818
Unit-based compensation expense	1,165	4,249
Reversal of prior year unit-based compensation expense for forfeitures of unvested incentive units	(442)	(1,797)
Adjustment for repurchase of units under NCIB	981	4,184
Balance, end of period	\$ 21,158	\$ 19,454

Unit-based Compensation Expense

During the six months ended June 30, 2008, the Trust granted 197,000 unit incentive rights to employees. During the six months ended June 30, 2008, the Trust recorded unit-based compensation of \$1,165 million, of which \$0.3 million was capitalized to property, plant and equipment.

The fair values of all incentive rights granted are estimated on the date of grant using the Black-Scholes option-pricing model. The weighted average fair market value of incentive rights granted during the six month period ended June 30, 2008 and the assumptions used in their determination are as noted below:

Assumptions:	
Risk free interest rate (%)	3
Expected life (years)	5
Expected volatility (%)	26%
Results:	
Weighted average fair value of each incentive right granted	\$ 1.15

11. SUPPLEMENTAL CASH FLOW INFORMATION

Cash Interest and Taxes Paid

(\$000s)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Cash paid:				
Interest	\$ 5,580	\$ 5,717	\$ 8,085	\$ 8,277
Taxes (net of refunds)	\$ 246	\$ 1,206	\$ 531	\$ 3,214

Change in Non-cash Working Capital

(\$000s)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Changes in non-cash working capital items:				
Accounts receivable	\$4,122	\$ 5,576	\$ (5,057)	\$ 16,267
Deposits and prepaid expenses	1,446	259	1,065	3,042
Accounts payable and accrued liabilities	(9,935)	(37,986)	(11,862)	(47,904)
Capital taxes recoverable	230	(1,047)	235	(2,602)
Distribution payable to unitholders	(1)	6,377	(3,169)	(2,056)
	<u>\$ (4,138)</u>	<u>\$ (26,821)</u>	<u>\$ (18,788)</u>	<u>\$ (33,253)</u>
Changes related to operating activities	\$ (6,289)	\$ (29,403)	\$ (12,090)	\$ (19,244)
Changes related to financing activities	50	6,563	(3,110)	(1,813)
Changes related to investing activities	2,101	(3,981)	(3,588)	(12,196)
	<u>\$ (4,138)</u>	<u>\$ (26,821)</u>	<u>\$ (18,788)</u>	<u>\$ (33,253)</u>

12. INCOME TAXES

The Trust is a mutual fund trust as defined under the Income Tax Act (Canada). All taxable income earned by the Trust has been allocated to unitholders and such allocations are deducted for income tax purposes.

In June 2007, the government legislation implementing the new tax (the "SIFT tax") on publicly traded income trust and limited partnerships (Bill C-52) received third reading in the House of Commons and Royal Assent. For existing income trusts and limited partnerships, the SIFT tax will be effective in 2011 unless certain rules related to "undue expansion" are not adhered to. As such, the Trust would not be subject to the new measures until the 2011 taxation year provided the Trust continues to meet certain requirements.

In accordance with generally accepted accounting principles, prior to the enactment, the Trust's temporary differences were not recorded as future income taxes. As at June 30, 2008, the total "temporary difference" (tax basis exceeds accounting basis) in the Trust is \$9.0 million. As at June 30, 2008, the Trust's subsidiaries have a tax basis of approximately \$451 million that is available to shelter future taxable income. Included in this tax basis are estimated non-capital loss carry forwards of approximately \$13.7 million that expire in years through 2027. In addition, the Trust itself has approximately \$18.6 million of tax basis.

As at June 30, 2008, a current future tax asset of \$16.1 million has been recorded in respect of the unrealized commodity contract liability of \$53.6 million.

13. SPECIAL MEETING COSTS

On January 15, 2007, the Trust announced its proposal to convert into an intermediate exploration and production company (the "Reorganization"). Pursuant to the Reorganization, it was contemplated that holders of trust units of the Trust would receive an equal number of common shares of a newly formed corporation that will hold the assets previously held directly or indirectly by the Trust. The exchangeable shares were also to be exchanged for common shares based on the conversion ratio thereof. The Reorganization was subject to all required regulatory approvals and securityholder approval by at least 66 2/3% of the votes cast by unitholders of the Trust and holders of the exchangeable shares. At the Special and Annual Meeting held on March 30, 2007, the special resolution related to the Reorganization was not approved. As a result, the Reorganization was not completed. The Trust incurred \$3.8 million in costs for legal, financial advisory, accounting, unitholder solicitation services, printing, mailing and other expenses that are included as special meeting costs within the statement of income for the six months ended June 30, 2007.

14. PER TRUST UNIT AMOUNTS

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Basic trust units outstanding	79,095,460	79,709,119	79,095,460	79,709,119
Dilutive effect of:				
Trust unit incentive rights outstanding	5,006,079	6,887,499	5,006,079	6,887,499
Units issuable for exchangeable shares	347,254	309,216	347,254	309,216
Units issuable for convertible debentures	5,390,625	5,390,625	5,390,625	5,390,625
Diluted trust units outstanding	89,839,418	92,296,459	89,839,418	92,296,459
Weighted average trust units outstanding	79,203,976	73,490,245	79,213,532	71,891,887
Dilutive effect of exchangeable shares, trust unit incentive plan and convertible debentures ⁽¹⁾	-	2,320,716	-	-
Diluted weighted average trust units outstanding	79,203,976	75,810,961	79,213,532	71,891,887

⁽¹⁾ A total of 5,006,079 (2007: 4,875,999) trust incentive units, 347,254 (2007: nil) exchangeable shares and 5,390,625 (2007: 5,390,625) trust units issuable pursuant to the conversion of convertible debentures were excluded from the calculation for the three month period ended June 30, 2008 as they were not dilutive. A total of 5,006,079 (2007: 6,887,499) trust incentive units, 347,254 (2007: 309,216) exchangeable shares and 5,390,625 (2007: 5,390,625) trust units issuable pursuant to the conversion of convertible debentures were excluded from the calculation for the six month period ended June 30, 2008 as they were not dilutive.

15. FINANCIAL RISK MANAGEMENT

a. Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

The Board of Directors has overall responsibility for the establishment and oversight of the Trust's risk management framework. The Board has implemented and monitors compliance with risk management policies.

The Trust risk management policies are established to identify and analyze the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Trust's activities.

b. Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust's trade receivables from joint venture partners and petroleum and natural gas marketers.

A substantial portion of the Trust's accounts receivable are with customers and joint interest partners in the petroleum and natural gas industry and are subject to normal industry credit risks. The Trust sells substantially all of its production to eleven primary purchasers under normal industry sale and payment terms. Purchasers of

the Trust's natural gas, crude oil and natural gas liquids are subject to an internal credit review to minimize the risk of non-payment.

Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. The Trust's policy to mitigate credit risk associated with these balances is to establish marketing relationships with large purchasers. The Trust 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 Trust 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 dependent 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 increase the potential for non-collection. The Trust does not typically obtain collateral from petroleum and natural gas marketers or joint venture partners; however, in certain instances the Trust does have the ability to withhold production from joint venture partners in the event of non-payment.

As at June 30, 2008, accounts receivable was comprised of the following:

(\$000s)	
Trade accounts receivable	11,020
Accrued and other accounts receivable	42,559
	53,579

The carrying amount of accounts receivable represents the maximum credit exposure. The Trust has an allowance for doubtful accounts as at June 30, 2008 of \$0.5 million. As at June 30, 2008 the Trust estimates its trade accounts receivables to be aged as follows:

Aging (\$000s)	
Not past due (less than 90 days)	3,292
Past due 0-30 days	516
Past due 31 or more days	7,212
Total	11,020

After considering offsetting June 30, 2008 trade accounts payable from the same companies and cash receipts received subsequent to June 30, 2008, the Trust's trade receivables aged more than 90 days of approximately \$7.7 million are reduced to a net balance of approximately \$3.0 million.

c. Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they are due. The Trust'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 Trust's reputation.

The Trust prepares annual capital expenditure budgets and confirms unitholder distributions on a monthly basis. Capital expenditure budgets and levels of monthly unitholder distributions are regularly monitored and updated as considered necessary. Further, the Trust utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. To facilitate the capital expenditure program, the Trust has a revolving reserve based credit facility, as outlined in note 6, which is at least reviewed annually by the lender. The Trust also attempts to match its payment cycle with collection of petroleum and natural gas revenues on the 25th of each month.

The following are the contractual maturities of financial liabilities and associated interest payments as at June 30, 2008:

Financial liability (\$000s)	< 1 Year	1-2 Years	2-5 Years	Thereafter
Accounts payable and accrued liabilities	40,326	-	-	-
Distribution payable to unitholders	3,168	-	-	-
Derivative contracts	53,579	-	-	-
Bank debt – principal	-	125,458	-	-
Convertible debentures – principal	-	-	86,250	-
Total	97,073	125,458	86,250	-

d. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Trust's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

The Trust utilizes both financial derivatives and physical delivery sales contracts to manage market risks. All such transactions are conducted in accordance with the risk management policy that has been approved by the Board of Directors.

The Trust's formal risk management policy permits management to use specified price risk management strategies for up to 50% of crude oil, natural gas and NGL production including fixed price contracts, costless collars and the purchase of floor price options and other derivative financial instruments to reduce the impact of price volatility and ensure minimum prices for a maximum of eighteen months beyond the current date. The program is designed to provide price protection on a portion of the Trust's future production in the event of adverse commodity price movement, while retaining significant exposure to upside price movements. By doing this, the Trust seeks to provide a measure of stability to cash distributions, as well as, to ensure True realizes positive economic returns from its capital developments and acquisition activities.

Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Although substantially all of the company's petroleum and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada for petroleum and natural gas are impacted by changes in the exchange rate between the Canadian and United States dollar. As at June 30, 2008, if the Canadian/US dollar exchange rate had decreased by US\$0.01 with all other variables held constant, after tax net earnings for the three month period ended June 30, 2008 would have been approximately \$0.9 million lower. An equal and opposite impact would have occurred to net earnings had the Canadian/US dollar exchange rate increased by US\$0.01.

The Trust had no forward exchange rate contracts in place as at or during the year ended June 30, 2008.

Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, as outlined above, but also world economic events that dictate the levels of supply and demand. The Trust has attempted to mitigate commodity price risk through the use of various financial derivative and physical delivery sales contracts. The Trust's policy is to enter into commodity contracts considered appropriate to a maximum of 50% of forecasted production volumes.

As at June 30, 2008, the Trust had entered into commodity price risk management arrangements as follows:

Type	Period	Volume	Price Floor	Price Ceiling	Index
Oil collar	April 1, 2008 to Dec. 31, 2008	1,000 bbl/d	\$ 65.00 US	\$ 82.00 US	WTI
Oil collar	April 1, 2008 to Dec. 31, 2008	1,000 bbl/d	\$ 65.00 US	\$ 82.00 US	WTI
Natural Gas fixed	Jan. 1, 2008 to Dec. 31, 2008	5,000 GJ/day	\$ 6.65 CDN	\$ 6.65 CDN	AECO
Natural Gas fixed	Jan. 1, 2008 to Dec. 31, 2008	10,551 GJ/day	\$ 6.65 CDN	\$ 6.65 CDN	AECO
Natural Gas fixed	April 1, 2008 to Oct. 31, 2008	5,275 GJ/day	\$ 6.64 CDN	\$ 6.64 CDN	AECO
Natural Gas fixed	April 1, 2008 to Oct. 31, 2008	3,500 GJ/day	\$ 6.90 CDN	\$ 6.90 CDN	AECO
Natural Gas fixed	Nov. 1, 2008 to Dec. 31, 2008	3,500 GJ/day	\$ 7.58 CDN	\$ 7.58 CDN	AECO
Natural Gas fixed	Nov. 1, 2008 to March 31, 2009	5,275 GJ/day	\$ 7.61 CDN	\$ 7.61 CDN	AECO
Natural Gas fixed	Jan. 1, 2009 to March 31, 2009	5,275 GJ/day	\$ 7.86 CDN	\$ 7.86 CDN	AECO
Natural Gas fixed	April 1, 2009 to June 30, 2009	5,275 GJ/day	\$ 7.01 CDN	\$ 7.01 CDN	AECO
Natural Gas fixed	April 1, 2009 to June 30, 2009	5,275 GJ/day	\$ 7.015 CDN	\$ 7.015 CDN	AECO

For the three and six months ended June 30, 2008, the gain (loss) on commodity contracts was comprised of the following:

(\$000s)	Three months ended June 30,	
	2008	2007
Gain (loss) on commodity contracts		
Realized ⁽¹⁾	\$ (12,619)	\$ (118)
Unrealized ⁽²⁾	(25,550)	5,953
	\$ (38,169)	\$ 5,835
Six months ended June 30,		
(\$000s)	2008	2007
	Gain (loss) on commodity contracts	
Realized ⁽¹⁾	\$ (16,761)	\$ 3,026
Unrealized ⁽²⁾	(43,237)	3,488
	\$ (59,998)	\$ 6,514

⁽¹⁾ Realized gains and losses on commodity contracts represent actual cash settlements and other amounts paid under these contracts.

⁽²⁾ Unrealized gains and losses on commodity contracts represent non-cash adjustments for changes in the fair value of these contracts during the period.

As at June 30, 2008, if oil and natural gas liquids prices had been US\$1 per barrel and natural gas prices \$0.10 per mcf lower, with all other variables held constant, after tax net earnings for the three month period ended June 30, 2008 would have been approximately \$1.8 million lower. An equal and opposite impact would have occurred to net earnings had oil and natural gas liquids prices been US\$1 per barrel and natural gas \$0.10 per mcf higher.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Trust is exposed to interest rate fluctuations on its bank debt which bears a floating rate of interest. As at June

30, 2008, if interest rates had been 1% lower with all other variables held constant, after tax net earnings for the three month period ended June 30, 2008 would have been approximately \$0.9 million higher, due to lower interest expense. An equal and opposite impact would have occurred to net earnings had interest rates been 1% higher.

The Trust had no interest rate swap or financial contracts in place as at or during the six months ended June 30, 2008.

e. Capital management

The Trust's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Trust manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas assets. The Trust considers its capital structure to include unitholders' equity, bank debt, convertible debentures and working capital. In order to maintain or adjust the capital structure, the Trust may from time to time issue trust units, adjust its capital spending, and/or dispose of certain assets to manage current and projected debt levels.

The Trust monitors capital based on the ratio of net debt to annualized cash flow (the "ratio"). This ratio is calculated as net debt, defined as outstanding bank debt plus or minus working capital (excluding commodity contract assets and liabilities), divided by cash flow from operations before changes in non-cash working capital for the most recent calendar quarter, annualized (multiplied by four). The Trust's strategy is to target a ratio of between 1.0 and 1.5 times. This ratio may increase at certain times as a result of acquisitions and other factors. In order to facilitate the management of this ratio, the Trust prepares annual capital expenditure budgets and sets unitholder distributions on a monthly basis. Capital expenditure budgets and levels of monthly unitholder distributions are reviewed and updated as necessary depending on varying factors including current and forecast prices, successful capital deployment and general industry conditions. The annual and updated budgets and monthly unitholder distributions are approved by the Board of Directors.

As at June 30, 2008, the Trust's ratio of net debt to annualized cash flow was 1.8 times, which the Trust projects will decrease during the remainder of 2008 as net debt levels are reduced as True continues to take a balanced approach to the priority use of cash flows between levels of distributions and its 2008 capital program. This ratio as at June 30, 2008 was reduced from that at March 31, 2008 due to asset dispositions completed in the second quarter of 2008. The Trust's bank debt facility is based on petroleum and natural gas reserves (see note 6).

The Trust's ability to issue trust units is subject to external restrictions as a result of the Specified Investment Flow-Through Entities Legislation (the "SIFT tax") whereby the Trust may lose the benefit of a four year grandfathering period if the Trust exceeds the limits on the issuance of new trust units and convertible debt that constitute normal growth during the grandfathering period (subject to certain exceptions). The normal growth limits are calculated as a percentage of the Trust's market capitalization of approximately \$737 million on October 31, 2006, which the Trust may currently issue in additional equity without offending the normal growth guidelines between now and 2011. The normal growth restriction on trust unit issuance is monitored by management as part of the overall capital management objectives. The Trust is in compliance with the normal growth restrictions.

There were no changes in the Trust's approach to capital management during the year.

f. Fair value of financial instruments

The Trust's financial instruments as at June 30, 2008 include accounts receivable, deposits, capital taxes recoverable, marketable securities, commodity contract liability, accounts payable and accrued liabilities, distributions payable, long-term debt and convertible debentures. The fair value of accounts receivable, accounts

payable and accrued liabilities and distributions payable approximate their carrying amounts due to their short-terms to maturity.

The fair value of commodity contracts is determined by discounting the difference between the contracted price and published forward price curves as at the balance sheet date, using the remaining contracted petroleum and natural gas volumes.

Long-term bank debt bears interest at a floating market rate and accordingly the fair market value approximates the carrying value.

The fair value of the convertible debentures of \$84.9 million is based on exchange traded values.

True Energy Trust is a Calgary-based oil and natural gas trust. True is an open-ended, incorporated investment trust governed by the laws of the Province of Alberta. The purpose of the Trust is to indirectly explore for, develop and hold interests in petroleum and natural gas properties, through investments in securities of subsidiaries and net profits interests. The trust structure allows individual unitholders to participate in the cash flow of the business. Cash flow is realized from the Trust's subsidiaries' ownership of natural gas and petroleum properties and related facilities. Trust units of True trade on the Toronto Stock Exchange ("TSX") under the symbol TUI.UN. For further information, please contact:

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