



IN PURSUIT OF SUSTAINABLE GROWTH

Q3

tsx:bxe

THIRD QUARTER 2009 REPORT

CORPORATE PROFILE

Bellatrix Exploration Ltd. is an exploration and production oil and gas company based in Calgary, Alberta, Canada. Bellatrix has a significant multi-year inventory of drilling locations in Alberta, Saskatchewan and British Columbia.

GLOSSARY

<i>AECO</i>	<i>a storage and pricing hub for Canadian natural gas markets</i>	<i>mmbtu</i>	<i>million British thermal units</i>
<i>/d</i>	<i>per day</i>	<i>mmcf</i>	<i>million cubic feet</i>
<i>boe</i>	<i>barrels of oil equivalent (6 mcf of natural gas = 1 barrel of oil equivalent)</i>	<i>NGL</i>	<i>natural gas liquids (ethane, propane, butane and condensate)</i>
<i>bbl or bbls</i>	<i>barrels</i>	<i>OK</i>	<i>Oklahoma</i>
<i>GORR</i>	<i>gross overriding royalty</i>	<i>WTI</i>	<i>West Texas Intermediate, a benchmark crude oil used for pricing comparison</i>
<i>mboe</i>	<i>thousand boe</i>	<i>NI 51-101</i>	<i>National Instrument 51-101</i>
<i>mcf</i>	<i>thousand cubic feet</i>		
<i>mmboe</i>	<i>million barrels of oil equivalent</i>		

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HIGHLIGHTS

Bellatrix Exploration Ltd. ("Bellatrix," or the "Company") presents the financial and operating results of True Energy Trust ("True" or the "Trust") for the three and nine months ended September 30, 2009. Effective November 1, 2009, the Trust, True Energy Inc. and holders of trust units and exchangeable shares of the Trust completed a plan of arrangement (the "Arrangement") which resulted in the reorganization of the Trust into the Company. As a result of the Arrangement, the Trust was dissolved, and the Company assumed all of the liabilities and acquired all of the assets of the Trust. The Arrangement was effective November 1, 2009 and as at September 30, 2009, the Trust continued to exist and was a reporting issuer, and accordingly, prepared financial statements and accompanying management's discussion and analysis for the periods then ended. All future financial statements and management's discussion and analysis of the continuing legal entity will be in the name of Bellatrix Exploration Ltd.

Bellatrix common shares and debentures are listed on the Toronto Stock Exchange and trade under the symbols BXE and BXE.DB, respectively.

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
FINANCIAL (unaudited)				
(CDN\$000s except unit and per unit amounts)				
Revenue (before royalties and hedging ⁽¹⁾)	23,860	72,225	85,010	224,332
Funds flow from operations ⁽²⁾	11,090	21,491	28,344	72,028
Per basic trust unit	\$0.14	\$0.27	\$0.36	\$0.91
Per diluted trust unit ⁽⁶⁾	\$0.14	\$0.27	\$0.36	\$0.91
Net income (loss)	(9,633)	29,939	(118,404)	(10,056)
Per basic trust unit	\$(0.12)	\$0.38	\$(1.51)	\$(0.13)
Per diluted trust unit ⁽⁶⁾	\$(0.12)	\$0.38	\$(1.51)	\$(0.13)
Distributions declared	-	9,474	1,570	28,486
Per unit	-	\$0.12	\$0.02	\$0.36
Exploration and development	2,682	14,097	6,238	26,204
Corporate and property acquisitions	28	(286)	379	337
Capital expenditures - cash	2,710	13,811	6,617	26,541
Property dispositions - cash	(84,696)	(32)	(92,977)	(44,350)
Other - non-cash	178	(144)	(1,043)	(2,858)
Total capital expenditures - net	(81,808)	(13,635)	(87,403)	(20,667)
Long-term debt	26,485	116,591	26,485	116,591
Convertible debentures ⁽³⁾	82,549	80,693	82,549	80,693
Working capital excess	(4,701)	(3,511)	(4,701)	(3,511)
Total net debt ⁽³⁾	104,333	193,773	104,333	193,773
Total assets	443,115	752,030	443,115	752,030
Unitholders' equity	286,841	424,121	286,841	424,121
OPERATING				
Daily sales volumes				
Crude oil, condensate and NGLs (bbls/d)	2,253	3,977	3,292	4,329
Natural gas (mcf/d)	31,075	43,715	34,547	47,480
Total oil equivalent (boe/d)	7,432	11,263	9,050	12,242
Average prices				
Crude oil, condensate and NGLs (\$/bbl)	57.77	96.89	48.07	89.49
Crude oil, condensate and NGLs (including hedging ⁽¹⁾) (\$/bbl)	57.77	77.39	48.07	73.32
Natural gas (\$/mcf)	3.89	8.97	4.26	8.92
Natural gas (including hedging ⁽¹⁾) (\$/mcf)	5.84	7.80	5.74	8.20
Total oil equivalent (\$/boe)	33.79	69.03	33.74	66.24
Total oil equivalent (including hedging ⁽¹⁾) (\$/boe)	41.94	57.61	39.40	57.71

HIGHLIGHTS

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Statistics				
Operating netback ⁽⁴⁾ (\$/boe)	16.24	38.31	12.56	36.39
Operating netback ⁽⁴⁾ (including hedging ⁽¹⁾) (\$/boe)	24.39	26.90	18.23	27.87
Transportation (\$/boe)	0.50	2.45	1.28	1.75
Production expenses (\$/boe)	13.29	14.95	14.15	14.51
General & administrative (\$/boe)	4.75	3.48	3.51	3.54
Royalties as a % of sales after transportation	11%	20%	18%	21%
TRUST UNITS				
Trust units outstanding	78,496,581	78,862,690	78,496,581	78,862,690
Trust unit incentive rights outstanding	4,039,229	2,539,166	4,039,229	2,539,166
Units issuable for exchangeable shares	312,467	340,642	312,467	340,642
Units issuable for convertible debentures ⁽⁵⁾	5,390,625	5,390,625	5,390,625	5,390,625
Diluted trust units outstanding	88,238,902	87,133,123	88,238,902	87,133,123
Diluted weighted average trust units ⁽⁶⁾	78,496,581	78,996,154	78,496,581	79,140,544
TRUST UNIT TRADING STATISTICS				
<i>(CDN\$, except volumes) based on intra-day trading</i>				
High	1.13	4.45	1.56	4.69
Low	0.67	2.74	0.48	2.74
Close	1.07	3.03	1.07	3.03
Average daily volume	203,568	257,512	166,148	260,393

(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.

The Trust does not apply 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 cash flow from operating activities and funds flow from operations 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 and total net debt are considered non-GAAP terms. The Trust's calculation of net debt includes the net working capital deficiency (excess) before short-term commodity contract assets and liabilities, current portion of long-term debt and short-term future income tax assets and liabilities. Total net debt also includes the liability component of convertible debentures and excludes asset retirement obligations and the future income tax liability. A reconciliation between total liabilities under GAAP and total net debt as calculated by the Trust is found in the MD&A.

(4) Operating netbacks are a non-GAAP term. Operating netbacks are calculated by subtracting royalties, transportation, and operating costs from revenues.

(5) Units issuable for convertible debentures are calculated as the \$86.25 million principal amount of the convertible debentures divided by the conversion price of \$16.00 per unit available to debenture holders.

(6) In computing weighted average diluted earnings per trust unit and weighted average diluted funds flow from operations for both the three and nine month periods ended September 30, 2009 a total of 4,039,229 (2008: 2,539,166) trust incentive units, 312,467 (2008: 340,642) exchangeable shares and 5,390,625 (2008: 5,390,625) trust units issuable pursuant to the conversion of convertible debentures were excluded from the calculation of diluted earnings per trust unit and weighted average diluted funds flow from operations as they were not dilutive.

REPORT TO SHAREHOLDERS

On August 19, 2009, we announced that our Board of Directors had approved the conversion from a trust structure to a growth oriented, public exploration and production company pursuant to the terms of a plan of arrangement (the "Arrangement"). We are pleased to report that on October 28, 2009, securityholders of the Trust voted 97.8% in favour of the reorganization of the Trust under the Arrangement at the special meeting of the Trust, with subsequent approval by the Court. The reorganization of the Trust was completed with an effective date of November 1, 2009 and the Company now operates under the name of Bellatrix Exploration Ltd. Strategically, the Arrangement has re-positioned the Company, allowing Bellatrix to move forward with a corporate organic growth model and a strong balance sheet.

We accomplished significant steps in the restructuring of the Trust through the first nine months of 2009. Following changes to the senior management team earlier in the year, the Trust's restructuring efforts were consistent with a number of objectives including:

- Operating within cash flow: targeted reductions in G&A, operating costs and staffing levels in early 2009; maintaining an active hedging program to mitigate vulnerability to negative commodity price fluctuations.
- Controlled capital program: a total capital program for 2009 initially budgeted at \$15 million, but recently increased to \$19 million.
- Production base focus: continued optimization, maintenance and production tie-ins.
- Continued debt management: Reduced net debt by \$61 million over the 2007 and 2008 fiscal years while paying distributions; net debt was further reduced \$111 million for the first nine months of 2009 due in large part to strategic dispositions completed in the year. On August 17, 2009, new total \$85 million bank syndicate credit facilities were entered into, with a total of \$26.5 million drawn under the facilities as of September 30, 2009. On November 1, 2009, Bellatrix confirmed its \$85 million facilities with existing lenders on substantially the same terms and conditions.
- Corporate conversion completed effective November 1, 2009

Following these restructuring efforts and our substantially improved financial flexibility, we are well positioned to focus on the balance of our 2009 drilling program currently underway.

Production levels have been maintained by diligent field optimization programs designed to arrest decline. Sales volumes averaged 7,432 boe/d in the third quarter in spite of plant turnarounds and the sale of the majority of the Trust's Saskatchewan production closing July 30, 2009. For the first nine months of 2009 sales volumes averaged 9,050 boe/d.

As of September 30, 2009, year to date capital expenditures totalled \$6.6 million. Our 2009 capital program was initially set at \$15 million and subsequent to board approval has been increased to \$19 million.

On July 8, 2009, True announced the divestiture of a majority of its oil and natural gas assets in Saskatchewan for gross proceeds of \$93 million effective May 1, 2009 (the "Divestiture"). On July 30, 2009 True closed the Divestiture for net proceeds, after purchase adjustments, of approximately \$86 million. The purchase adjustments of approximately \$7 million include net operating income, prepaid and other items for the interim period from May 1, 2009 to July 30, 2009. The Divestiture excluded the Saskatchewan properties of Cypress and Mantario. True's interest to the base Belly River in three sections in the Ferrier area of West Central Alberta were also disposed of in the transaction. The assets sold included production estimated to average 3,000 boe/d in Q3 and Q4 in 2009, including 5.3 mmcf/d of natural gas, 128 km² of 3D proprietary seismic with 389.7 km of 2D proprietary seismic, and 63,333 net acres of undeveloped mineral leases.

REPORT TO SHAREHOLDERS

OPERATING RESULTS

- During the third quarter of 2009, True drilled, completed and placed on production its first 100% interest well in September 2009 at Willesden Green in West Central Alberta. To date including the aforementioned well, True has drilled or participated in 8 wells (7.5 net) at Willesden Green, Pembina, Irvine and Mantario; True operated 7 of 8 wells drilled. True had 100% success rate in the eight wells drilled, all of the wells have been completed, tested and are currently on production or being tied in.
- True expects to drill four additional gross wells (3.35 net) prior to year end; three horizontal wells (two Notikewin and one Cardium) at Ferrier and Pembina and one vertical test at West Pembina. True is currently drilling the first of four wells, a 3,178 meter Notikewin horizontal test at Ferrier with an 85% WI. Bellatrix's total capital expenditure program for the 4th quarter is anticipated to be approximately \$12.4 million. The Alberta wells drilled by Bellatrix take advantage of the Alberta Government Royalty incentive program.
- 58% of True's natural gas production for Q4 2009 is forward sold at an average price of \$7.75 CAD/mcf, and approximately 29% of its natural gas production for 2010 is hedged at an average of price \$7.01 CAD/mcf. These conversions to "mcf" are based on True's corporate average heat content factor of 39 Mj/m³. In addition, 500 bbl/d of oil for Q4 is hedged by way of a costless collar of \$52.30 CAD x \$80.70 CAD.
- On August 17, 2009, True finalized new syndicated credit facilities to replace its then existing bank facilities. The new facilities consist of a \$10 million demand operating facility provided by one Canadian bank and a \$75 million extendible revolving term credit facility provided by one Canadian bank and one Canadian financial institution. As of September 30, 2009 there was approximately \$26.5 million drawn on True's existing facilities.

The third quarter of 2009 featured continued erosion of natural gas pricing primarily as a result of the supply and demand imbalance associated with the persistent global economic recession. Third quarter financial results include:

- 2009 third quarter sales volumes averaged 7,432 boe/d compared to 9,767 boe/d in the second quarter of 2009. The decrease in production is a result of the divestitures completed at the end of the second quarter and first part of the third quarter of 2009. True initiated a production optimization and maintenance program at the beginning of the year. This program has not only arrested True's production decline through the first three quarters, but also increased overall deliverability without drilling or recompleting wells.
- Cash flow from operating activities and funds flow from operations for the third quarter of 2009 was \$12.2 million and \$11.1 million, respectively, on gross sales of \$23.9 million compared to cash flow from operating activities and funds flow from operations for the second quarter of 2009 of \$6.5 million and \$10.8 million, respectively, on gross sales of \$29.8 million.
- The net loss for the third quarter of 2009 was \$9.6 million compared to a net income of \$29.9 million for the same period in 2008 and a net loss of \$99.7 million in the second quarter of 2009. The net loss for Q2 2009 was primarily the result of a non-cash accounting loss on petroleum and natural gas properties held for sale of \$114.2 million. This amount was calculated as the excess of the historical net book value allocated to Saskatchewan oil and gas property assets sold as compared to the estimated total net proceeds received on closing.

REPORT TO SHAREHOLDERS

- True's total net debt as of September 30, 2009, excluding a net unrealized commodity contract asset of \$5.0 million, future income taxes and asset retirement obligations is approximately \$104.3 million, represented by \$26.5 million outstanding on the credit facilities, \$82.5 million in convertible debentures (liability component), and the net balance of a working capital surplus. Funds from strategic divestitures executed in the second and third quarters of 2009 have been used to reduce True's net debt.
- True's natural gas price for the third quarter of 2009, after including hedging, was \$5.84/mcf compared to \$7.80/mcf for the same period in 2008.
- Capital expenditures for the third quarter of 2009 were \$2.7 million which were funded by available cash flow.
- As of September 30, 2009, the Trust had approximately \$384 million in tax pools for deduction against future income.

Bellatrix's production guidance remains unchanged. Fourth quarter production is anticipated to be approximately 6,500 boe/d, comprised of 31.7 mmcf/d of natural gas and 1,230 bbls/d of light/medium oil. Bellatrix anticipates 2009 average production rate of 8,100 boe/d and a 2009 production exit rate of 7,000 boe/d based on normal decline rates and risked production adds from Bellatrix's capital program.

Bellatrix has approximately 268,000 net acres of undeveloped land with in excess of 300 exploitation drilling opportunities identified representing over 5 years of drilling inventory.

2010 OUTLOOK

Bellatrix is well positioned following a stressful year of reorganization to move forward with a corporate organic growth model, coupled with a mandate to seek opportunities that will complement our assets or through future development potential. An initial capital budget of \$40 million has been set for fiscal 2010. The Company will be active throughout 2010 drilling our 2 resource plays, the Cardium and Notikewin utilizing horizontal drilling multi fracturing technology, that will provide the engine for our growth.

Bellatrix is a company dedicated to **"the pursuit of sustainable growth"** for its stakeholders.



Raymond G. Smith, P. Eng.
President and CEO
November 5, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 5, 2009 - 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 nine months ended September 30, 2009 and the audited consolidated financial statements of the Trust for the years ended December 31, 2008 and 2007 and the related Management's Discussion and Analysis of financial results. This commentary is based on information available to, and is dated as of, November 5, 2009. 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 cash flow from operating activities and funds flow from operations 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 total net debt and operating netbacks, which are not recognized measures under Canadian GAAP. Total net debt is calculated as long-term debt plus the liability component of the convertible debentures and the net working capital deficiency (excess) before short-term commodity contract assets and liabilities, current portion of long-term debt and short-term future income tax assets and liabilities. Operating netbacks are calculated by subtracting royalties, transportation, and operating expenses from revenues. The reconciliation between total liabilities and net debt is contained in the Management's Discussion and Analysis. 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 expenses. 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 and tie-in plans and the timing thereof, expected or anticipated average and exit production rates, hedging strategies, anticipated liquidity of the Trust and various matters that may impact such liquidity, planned reductions in operating expenses in 2009 and expected operating expenses, expected royalty rates and administrative expenses, expected levels of revenues and operating expenses and operating netbacks in 2009 compared to 2008, the expected effect of dispositions on debt to funds flow ratios, the use of forecast funds flow from operations, expected cost of drilling commitments, the proportion of distributions anticipated to be taxable, maintenance of productive capacity and capital expenditures and the nature of capital expenditures and the timing and method of financing thereof, and the expectation that no dividends will be payable by Bellatrix following completion of the Reorganization 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 in order to provide shareholders with a more complete perspective on Bellatrix's future operations. Such information may prove to be incorrect and readers are cautioned that the information may not be appropriate for other purposes. 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 Bellatrix's website (www.bellatrixexploration.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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

OVERVIEW AND DESCRIPTION OF THE BUSINESS

True Energy Trust is a Canadian trust, formed in 2005 via the reverse takeover of TKE Energy Trust. The Trust is involved in the exploration, development and production of petroleum and natural gas in western Canada. The Trust has a significant multi-year inventory of drilling locations in Alberta, Saskatchewan and British Columbia.

On August 19, 2009, the Trust announced that its Board of Directors had approved the conversion from a trust structure to a growth oriented, public exploration and production company pursuant to the terms of a plan of arrangement (the "Arrangement"). The reorganization of the Trust (the "Reorganization") under the Arrangement was approved by the Trust's securityholders at the special meeting on October 28, 2009, and received customary court and regulatory approvals. The reorganization of the Trust was completed with an effective date of November 1, 2009 and now operates under the name of Bellatrix Exploration Ltd. ("Bellatrix" or the "Company"). Unitholders of the Trust received an equal number of common shares of Bellatrix which holds the assets and liabilities previously held, directly or indirectly, by the Trust. Exchangeable shares of the Trust were exchanged for common shares of Bellatrix at the current exchange ratio in effect on the effective date. The outstanding convertible debentures of the Trust were assumed by the Company as a result of the Arrangement and are now convertible into common shares of Bellatrix, rather than trust units of the Trust, at a conversion price of \$16.00 per share. Strategically, the Arrangement has repositioned the Company, allowing Bellatrix to move forward with a corporate organic growth model and a strong balance sheet.

Pursuant to the Arrangement, the Unitholders' Capital of the Trust Units as of the effective date of November 1, 2009 shall be reduced by the amount of the deficit of the Trust on October 31, 2009.

The Reorganization will be accounted for on a continuity of interest basis and accordingly, the consolidated financial statements for periods prior to the effective date of the Reorganization will reflect the financial position, results of operations and cash flows as if the Company had always carried on the business formerly carried on by the Trust.

Bellatrix common shares and debentures are listed on the Toronto Stock Exchange and trade under the symbols BXE and BXE.DB, respectively.

THIRD QUARTER 2009 FINANCIAL AND OPERATIONAL RESULTS

Dispositions

The Trust's focus in 2009 has been on the restructuring and strengthening of its balance sheet. The Trust had two minor dispositions in the second quarter and successfully completed the divestiture of the majority of its petroleum and natural gas properties in Saskatchewan in the third quarter. Net proceeds from the dispositions were used to reduce the Trust's bank indebtedness; these strategic accomplishments will allow the Company to progress forward with substantially improved financial flexibility.

On June 30, 2009, True sold 145 boe/d, including 0.63 mmcf/d of natural gas, in the Penhold Area of Central Alberta for \$4.7 million, after purchase adjustments and closing costs. In addition, in June 2009, True completed a disposition of certain royalty interests for approximately \$3.7 million, after purchase adjustments and closing costs. The proceeds from these two dispositions were used to reduce True's bank indebtedness.

MANAGEMENT'S DISCUSSION AND ANALYSIS

On July 30, 2009, the Trust successfully completed the divestiture of a majority of its oil and natural gas assets in Saskatchewan for net proceeds of \$86 million (the "Saskatchewan Divestiture"). The Saskatchewan Divestiture excludes the Saskatchewan properties of Mantario and Cypress. True's interest to the base Belly River in three sections in the Ferrier area of West Central Alberta were also included in the divestiture package. The disposition was accounted for under the guidance of Accounting Guideline 16 - "Oil and Gas Accounting Full Cost". Under full cost accounting, if crediting the proceeds from disposition to costs results in a change of 20 percent or more to the DD&A rate then a gain or loss should be recognized. When a gain or loss is to be recognized the total net book value of capitalized costs should be allocated between the properties sold and the properties retained. The assets sold were an allocation of the Trust's historical full cost pool based on a pro-rata ratio of future cash flows of proved reserves associated with the assets sold, discounted at 10%, as compared to all oil and gas assets as of June 30, 2009. In the second quarter of 2009, the Trust recorded a \$114.2 million non-cash loss on the assets sold being the excess of the allocated net book value to these assets, compared to the total estimated net proceeds, after purchase adjustments and estimated closing costs.

Sales Volumes

Sales volumes for the three months ended September 30, 2009 averaged 7,432 boe/d compared to 11,263 boe/d for the same period in 2008, representing a 34% decrease. In comparison, sales volumes for the second quarter of 2009 averaged 9,767 boe/d; the decrease in volumes from the second quarter to the third quarter of 2009 is primarily due to the Saskatchewan Divestiture closing on July 30, 2009. Sales volumes for the nine months ended September 30, 2009 averaged 9,050 boe/d as compared to 12,242 boe/d for the same period in 2008, representing a 26% decrease.

The decrease in average sales volumes from third quarter 2008 to 2009 is a result of natural production decline, minimal 2009 capital spending and dispositions during 2009 totaling approximately 3,000 boe/d and dispositions totaling approximately 1,000 boe/d that were closed during the second quarter of 2008, partially offset by tuck-in acquisitions completed in the fourth quarter of 2008 that added approximately 250 boe/d. During the first quarter of 2009, True implemented a full scale field optimization and maintenance program throughout True's operated properties. The field optimization programs were designed to arrest production declines and increase overall deliverability without drilling or recompleting wells.

Sales Volumes

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Natural gas (mcf/d)	31,075	43,715	34,547	47,480
Heavy oil (bbls/d)	1,300	2,820	2,191	2,789
Light oil and condensate (bbls/d)	662	760	766	1,088
NGLs (bbls/d)	291	397	335	452
Total crude oil and NGLs (bbls/d)	2,253	3,977	3,292	4,329
Total boe/d (6:1)	7,432	11,263	9,050	12,242

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tsx:bx

During the third quarter of 2009, True drilled, completed and placed on production its first 100% working interest well at Willesden Green in West Central Alberta.

For the three months ended September 30, 2009, the weighting towards natural gas sales averaged 70% compared to 65% in the same period in 2008. Similarly, for the nine month period ended September 30, 2009, the weighting towards natural gas sales averaged 64% compared to 65% for the same period in 2008. Heavy oil sales made up 17% of total production for the 2009 third quarter compared to 25% in the 2008 third quarter. In comparison, heavy oil sales made up 28% of total production for the 2009 second quarter. The increase in the natural gas weighting is largely due to the July 30, 2009 sale of Saskatchewan production which was primarily heavy oil.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sales of natural gas averaged 31.1 Mmcf/d for the third quarter of 2009, compared to 43.7 Mmcf/d in the same 2008 period, a decrease of 29%. Crude oil and NGL sales for the 2009 third quarter decreased 43% averaging 2,253 bbls/d compared to the 2008 third quarter average sales of 3,977 bbls/d.

For the fourth quarter of 2009, production volumes are anticipated to average approximately 6,500 boe/d and a 2009 production exit rate of 7,000 boe/d. The forecast of 2009 production volumes has been updated from the 10,000 boe/d forecast previously reported to include the recent disposition activity. The forecast is based on assumptions, including normal production declines and expenditures under the current updated planned capital budget for 2009 of \$19 million.

COMMODITY PRICES

Average Commodity Prices

	Three months ended Sept. 30,			Nine months ended Sept. 30,		
	2009	2008	% Change	2009	2008	% Change
Exchange rate (US\$/Cdn\$)	0.9108	1.0000	(9)	0.8839	0.9980	(11)
Natural gas:						
NYMEX (US\$/mmbtu)	3.44	8.99	(62)	3.62	9.67	(63)
AECO daily index (CDN\$/Mcf)	2.94	7.74	(62)	3.19	8.61	(63)
AECO monthly index (CDN\$/mcf)	3.02	9.24	(67)	3.34	8.57	(61)
True's average price (\$/mcf)	3.89	8.97	(57)	4.26	8.92	(52)
True's average price (including hedging ⁽¹⁾) (\$/mcf)	5.84	7.80	(25)	5.74	8.20	(30)
Crude oil:						
WTI (US\$/bbl)	68.22	118.28	(42)	64.17	113.43	(43)
Edmonton par - light oil (\$/bbl)	71.71	122.61	(42)	62.68	115.85	(46)
Bow River - medium/heavy oil (\$/bbl)	64.97	104.95	(38)	56.81	95.53	(41)
Hardisty Heavy - heavy oil (\$/bbl)	61.11	98.07	(38)	52.85	88.23	(40)
True's average prices (\$/bbl)						
Light crude oil, condensate, and NGLs	56.23	107.55	(48)	48.19	98.85	(51)
Heavy crude oil	58.89	92.51	(36)	48.01	84.32	(43)
Total crude oil and NGLs	57.77	96.89	(40)	48.07	89.49	(46)
Total crude oil and NGLs (including hedging ⁽¹⁾)	57.77	77.39	(25)	48.07	73.32	(34)

(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 sales are priced with reference to the daily or monthly AECO indices. During the 2009 third quarter, the AECO daily and monthly reference price decreased by 62% and 67%, respectively, compared to the same period in 2008. True's average sales price before hedging for the 2009 third quarter decreased by 25% compared to the same period in 2008. The Trust's natural gas physical sales contract to deliver 5,275 GJ/day at a fixed price of \$7.29/GJ contributed to higher pricing experienced for the 2009 third quarter relative to AECO indices. True's natural gas price after including hedging for the third quarter of 2009 was \$5.84/mcf compared to \$7.80/mcf for the same period in 2008.

The Company has entered into a natural gas physical delivery sales contract to sell 5,275 GJ/day at a fixed price of \$7.90/GJ for the fourth quarter of 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For heavy crude oil, True received an average price before transportation of \$58.89/bbl in the 2009 third quarter, a decrease of 36% over prices in the same period in 2008. The Bow River reference price and the Hardisty Heavy reference price both decreased approximately 38% from the 2008 third quarter to the 2009 third quarter. The majority of True's heavy crude oil density ranges between 11 and 16 degrees API consistent with the Hardisty Heavy reference price, although all of True's heavy oil production is sold at Saskatchewan delivery points.

For light oil, condensate and NGLs, True recorded an average \$56.23/bbl before hedging in the 2009 third quarter, 48% lower than the average price of \$107.55/bbl received in the same period in 2008. In comparison, the Edmonton par price decreased by 42% over the same period. The average WTI crude oil US dollar based price decreased 42% from the third quarter of 2008 to that in 2009. The average US\$/Cdn\$ foreign exchange rate was 0.9108 for the 2009 third quarter compared to 1.00 during the same period in 2008. The negative correlation between the Canadian dollar and U.S. dollar denominated WTI oil prices has softened the impact on the Trust of lower US\$ WTI prices.

WTI crude oil prices varied greatly throughout 2008, increasing significantly to a high of US\$147/bbl in July and dramatically falling during the fourth quarter of 2008 with December 2008 prices of under US\$40/bbl and averaging over US\$60/bbl through the nine months of 2009. The pricing outlook in 2009 for crude oil and natural gas remains uncertain given the current global economic environment.

REVENUE

Revenue before other income and hedging for the three month period ended September 30, 2009 was \$23.1 million, 68% lower than the \$71.5 million in the same period in 2008. The decrease in revenue for the 2009 period was the result of lower sales volumes in conjunction with significantly lower commodity prices.

(\$000s)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Light crude oil, condensate and NGLs	4,930	11,455	14,478	41,717
Heavy oil	7,040	23,999	28,729	64,425
Crude oil and NGLs	11,970	35,454	43,207	106,142
Natural gas	11,133	36,073	40,159	116,034
Total revenue before other	23,103	71,527	83,366	222,176
Other ⁽¹⁾	757	698	1,644	2,156
Total revenue before royalties and hedging	23,860	72,225	85,010	224,332

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

Revenues for the remainder of 2009 are currently expected to be lower than 2008 due to lower commodity prices and average estimated 2009 year production of approximately 8,100 boe/d, after adjusting for divestitures that closed during the year.

COMMODITY PRICE RISK MANAGEMENT

The Trust has a formal risk management policy which permits management to use specified price risk management strategies as determined by the board of directors including fixed price contracts, collars and the purchase of floor price options and other derivative financial instruments and physical delivery sales contracts 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 funds flow from operations, as well as, to ensure True realizes positive economic returns from its capital development and acquisition activities. The Company will continue its hedging strategies focusing on maintaining sufficient cash flow to fund the Company's operations. Any remaining unhedged production is realized at market prices.

MANAGEMENT'S DISCUSSION AND ANALYSIS

A summary of the financial commodity price risk management volumes and average prices by quarter currently outstanding as of November 5, 2009 is shown in the following tables:

Natural Gas

Average Volumes (GJ/d)

	Q4 2009			
Fixed	15,000			
	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Fixed	10,000	10,000	10,000	10,000
Call option (ceiling price)	5,000	5,000	5,000	5,000
Total GJ/d	15,000	15,000	15,000	15,000

Average Price (\$/GJ AECO C)

	Q4 2009			
Fixed	6.75			
	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Fixed	7.58	6.06	5.66	6.25
Call option (ceiling price)	8.05	8.05	8.05	8.05

Crude Oil and Liquids

Average Volumes (bbls/d)

	Q4 2009
Costless collars	500
Total bbls/d	500

Average Price (CDN\$/bbl WTI)

	Q4 2009
Collar ceiling price	80.70
Collar floor price	52.30

Included in the above natural gas table is a fixed price contract of \$5.90/GJ at 5,000 GJ/d from the second quarter 2009 to fourth quarter 2009 periods which was funded by selling a call option of 5,000 GJ/d at \$8.05 for the 2010 year.

As of September 30, 2009, the fair value of True's outstanding commodity contracts is a net unrealized asset of \$5.0 million as reflected in the financial statements. The fair value or mark-to-market value of these contracts is based on the estimated amount that would have been received or paid to settle the contracts as at September 30, 2009 and may be different from what will eventually be realized. Changes in the fair value of the commodity contracts are recognized in the Consolidated Statements of Loss within the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of the gain (loss) on commodity contracts for the three and nine months ended September 30, 2009 and 2008 as reflected in the Consolidated Statements of Loss in the financial statements:

Commodity Contracts

(\$000s)	Crude Oil & Liquids	Natural Gas	Q3 2009 Total	Q3 2008 Total
Realized cash gain (loss) on contracts	-	5,572	5,572	(11,831)
Unrealized gain (loss) on contracts ⁽¹⁾	594	(4,445)	(3,851)	49,911
Total gain (loss) on commodity contracts	594	1,127	1,721	38,080

(\$000s)	Crude Oil & Liquids	Natural Gas	YTD 2009 Total	YTD 2008 Total
Realized cash gain (loss) on contracts	-	13,992	13,992	(28,592)
Unrealized gain (loss) on contracts ⁽¹⁾	(111)	1,400	1,289	6,674
Total gain (loss) on commodity contracts	(111)	15,392	15,281	(21,918)

(1) 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 September 30, 2009, total royalties were \$2.6 million, compared to \$13.8 million incurred in the same period in 2008. Overall royalties as a percentage of revenue (after transportation costs) in the third quarter of 2009 were 11%, compared with 20% over the same period in 2008 and 19% for the second quarter of 2009. Royalties for the nine months ended September 30, 2009 were \$14.2 million compared to \$45.6 million for the same period in 2008. The reduction in royalty percentages experienced for the third quarter was primarily due to several factors: the sale of Saskatchewan properties (primarily heavy oil) with higher royalty rates and lower natural gas royalties in Alberta due to the impact of lower natural gas pricing under the new Alberta Government Royalty Program, including approximately \$0.8 million over accrued in the first six months of 2009. The average corporate royalty rate for the fourth quarter of 2009, based on an updated analysis of company properties after dispositions, is currently estimated at 14%.

Royalties by Commodity Type

(\$000s, except where noted)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Light crude oil, condensate and NGLs	1,369	2,893	3,952	9,556
\$/bbl	15.62	27.16	13.16	22.64
Average light crude oil, condensate and NGLs royalty rate (%)	27	26	27	23
Heavy oil	689	4,174	5,183	11,806
\$/bbl	5.77	16.09	8.66	15.45
Average heavy oil royalty rate (%)	10	18	19	19
Natural gas	512	6,732	5,067	24,226
\$/mcf	0.18	1.67	0.54	1.86
Average natural gas royalty rate (%)	5	19	13	21
Total	2,570	13,799	14,202	45,588
\$/boe	3.76	13.32	5.75	13.59
Average total royalty rate (%)	11	20	18	21

MANAGEMENT'S DISCUSSION AND ANALYSIS

Royalties, by Type

(\$000s)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Crown royalties	609	6,931	6,700	25,474
Freehold & GORR	1,314	4,837	4,392	14,548
Indian Oil and Gas Canada royalties	515	2,031	2,488	5,566
Saskatchewan resource surcharge	132	-	622	-
Total	2,570	13,799	14,202	45,588

EXPENSES

(\$000s)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Production	9,089	15,494	34,951	48,660
Transportation	340	2,534	3,170	5,855
General and administrative	3,244	3,610	8,667	11,872
Interest and financing charges	3,573	3,318	11,093	11,321
Unit-based compensation	(3)	660	(363)	1,089

Expenses per boe

(\$ per boe)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Production	13.29	14.95	14.15	14.51
Transportation	0.50	2.45	1.28	1.75
General and administrative	4.75	3.48	3.51	3.54
Interest and financing charges	5.22	3.20	4.49	3.37
Unit-based compensation	(0.01)	0.64	(0.15)	0.72

PRODUCTION EXPENSES

For the three months ended September 30, 2009, production expenses totaled \$9.1 million (\$13.29/boe), compared to \$15.5 million (\$14.95/boe) recorded in the same 2008 period. In comparison, production expenses were \$11.9 million (\$13.41/boe) in the second quarter of 2009 and \$66.6 million (\$15.33/boe) for the 2008 annual period. For the nine month period ended September 30, 2009, production expenses totaled \$35.0 million (\$14.15/boe) compared to \$48.7 million (\$14.51/boe) for the same period in 2008. Reductions in production expenses between comparable periods is consistent with dispositions and planned cost reduction initiatives.

Bellatrix is targeting operating costs of approximately \$42 million (\$14.21/boe) in 2009 which is based on assumptions of estimated 2009 annualized production of approximately 8,100 boe/d, after considering completed divestitures, planned cost reductions, and cost reductions due to disposition of high operating cost properties. Forecasted cost reductions are on track through the third quarter of 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Production Expenses, by Commodity Type

(\$000s, except where noted)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Light crude oil, condensate and NGLs \$/bbl	2,074 23.65	2,974 27.92	6,701 22.30	8,248 19.55
Heavy oil \$/bbl	1,780 14.89	6,612 25.49	9,928 16.59	17,455 22.85
Natural gas \$/mcf	5,235 1.83	5,908 1.47	18,322 1.94	22,957 1.76
Total \$/boe	9,089 13.29	15,494 14.95	34,951 14.15	48,660 14.51
Total Processing and other third party income ⁽¹⁾	9,089 (757)	15,494 (698)	34,951 (1,644)	48,660 (2,156)
Total after deducting processing and other third party income \$/boe	8,332 12.19	14,796 14.28	33,307 13.48	46,504 13.86

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

TRANSPORTATION

Transportation expenses for the three month period ended September 30, 2009 were \$0.3 million (\$0.50/boe) compared to \$2.5 million (\$2.45/boe) in the same 2008 period. In comparison, transportation was \$1.3 million (\$1.42/boe) in the second quarter of 2009 and \$7.0 million (\$1.62/boe) 2008 annual periods, respectively. The reduction in transportation expenses from the second quarter to the third quarter of 2009 was due to significantly less heavy oil hauling costs following sale of Saskatchewan properties in July 2009.

OPERATING NETBACK

Field Operating Netback - Corporate (before hedging)

(\$/boe)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Sales	33.79	69.03	33.74	66.24
Transportation	(0.50)	(2.45)	(1.28)	(1.75)
Royalties	(3.76)	(13.32)	(5.75)	(13.59)
Production expense	(13.29)	(14.95)	(14.15)	(14.51)
Field operating netback	16.24	38.31	12.56	36.39

For the third quarter of 2009, corporate field operating netback (before hedging) was \$16.24/boe compared to \$38.31/boe in the same period in 2008. This was the result of decreased overall commodity prices, offset by lower transportation, royalties and operating expenses. By comparison, corporate field operating netback (before hedging) for the second quarter of 2009 was \$12.52/boe. After including hedging activities, the corporate field operating netback for the third quarter of 2009 was \$24.39/boe compared to \$26.90/boe in the same 2008 period.

Overall, corporate operating netbacks for 2009 are currently expected to be lower than 2008 due to anticipated lower commodity prices.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Field Operating Netback - Natural Gas (before hedging)

(\$/mcf)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Sales	3.89	8.97	4.26	8.92
Transportation	(0.20)	(0.33)	(0.20)	(0.18)
Royalties	(0.18)	(1.67)	(0.54)	(1.86)
Production expense	(1.83)	(1.47)	(1.94)	(1.76)
Field operating netback	1.68	5.50	1.58	5.12

Field operating netback for natural gas in the third quarter of 2009 decreased 69% to \$1.68/mcf, compared to \$5.50/mcf in the same 2008 period, primarily reflecting weakening natural gas prices experienced. After including hedging activities, field operating netback for natural gas in the three months ended September 30, 2009 was \$3.63/mcf compared to \$4.33/mcf in the same period in 2008.

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

(\$/bbl)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Sales	57.77	96.89	48.07	89.49
Transportation	1.15	(3.31)	(1.39)	(2.98)
Royalties	(9.94)	(19.31)	(10.16)	(18.01)
Production expense	(18.60)	(26.20)	(18.50)	(21.67)
Field operating netback	30.38	48.07	18.02	46.83

Field operating netback for crude oil, condensate and NGLs averaged \$30.38/bbl in the third quarter of 2009, representing a 37% decrease from the third quarter 2008 operating netback of \$48.07/bbl. This compares to a 40% decrease in the crude oil, condensate and NGLs sales price. After including hedging activities, field operating netback for crude oil and NGLs in the 2009 third quarter was \$30.38/boe compared to \$28.58/boe in the same period in 2008.

GENERAL AND ADMINISTRATIVE

Total general and administrative ("G&A") expenses for the three and nine months ended September 30, 2009 were \$3.2 million and \$8.7 million, respectively, compared to \$3.6 million and \$11.9 million, respectively for the same period in 2008. The decrease in the G&A expense for the 2009 periods compared to the 2008 periods is primarily due to targeted G&A reductions completed in January 2009. True streamlined its operations and reduced head office staffing levels by one third in January 2009. The reduction in amounts of capitalized G&A for 2009 is consistent with a lower capital program. On a per boe basis, G&A expenses for the three and nine months ended September 30, 2009 were \$4.75/boe and \$3.51/boe, respectively, compared to \$3.48/boe and \$3.54/boe, respectively, for the same period in 2008. In comparison, G&A expenses were \$2.6 million or \$2.90/boe for the second quarter of 2009. Included in G&A expenses for the third quarter of 2009 is an increase in the allowance for doubtful accounts of \$0.5 million (2008 - nil).

General and Administrative Expenses

(\$000s, except where noted)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Gross expenses	3,618	4,690	10,182	15,077
Capitalized	(106)	(664)	(318)	(1,863)
Recoveries	(268)	(416)	(1,197)	(1,342)
Total G&A expenses	3,244	3,610	8,667	11,872
Total G&A expenses, per unit (\$/boe)	4.75	3.48	3.51	3.54

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTEREST AND FINANCING CHARGES

True recorded \$3.6 million of interest and financing charges for the three months ended September 30, 2009 compared to \$3.3 million in the same period in 2008. For the nine months ended September 30, 2009, interest and financing charges totaled \$11.1 million compared to \$11.3 million for the same period in 2008. True's total net debt at September 30, 2009 of \$104.3 million includes the \$82.5 million liability portion of convertible debentures, \$26.5 million of bank debt and the net balance of a working capital surplus. The convertible debentures have a maturity date of June 30, 2011.

Interest and Financing Charges

(\$000s, except where noted)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Interest and financing charges	3,573	3,318	11,093	11,321
Interest and financing charges (\$/boe)	5.22	3.20	4.49	3.37
Debt to funds flow from operations ratio (annualized)⁽²⁾				
Total net debt ⁽¹⁾ at quarter end	104,333	193,773	104,333	193,773
Total net debt to periods funds flow from operations ratio (annualized)	2.4x	2.3x	2.8x	2.0x
Net debt ⁽¹⁾ (excluding convertible debentures) at quarter end	21,784	113,080	21,784	113,080
Net debt to periods funds flow from operations ratio (annualized) ⁽²⁾	0.5x	1.3x	0.6x	1.2x
Debt to funds flow from operations ratio (trailing)⁽³⁾				
Total net debt to periods funds flow from operations ratio (trailing)	2.0x	2.1x	2.0x	2.1x
Net debt to periods funds flow from operations ratio (trailing)	0.4x	2.1x	0.4x	2.1x

(1) Net debt includes the net working capital deficiency (excess) before short-term commodity contract assets and liabilities, current portion of long-term debt and short-term future tax assets and liabilities. Total net debt also includes the liability component of convertible debentures and excludes asset retirement obligations and the future income tax liability. Total net debt is a non-GAAP measure; refer to the following reconciliation of total liabilities to total net debt.

(2) Total net debt and net debt to periods funds flow from operations ratio (annualized) is calculated based upon annualizing funds flow from operations for the three and nine month periods ended September 30, 2009, respectively.

(3) Trailing periods funds flow from operations is based on the trailing twelve month period ended September 30, 2009 and 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Reconciliation of Total Liabilities to Total Net Debt

(\$000s, except where noted)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Total liabilities per financial statements	153,861	324,371	153,861	324,371
Current liabilities included within working capital calculation	(19,084)	(48,059)	(19,084)	(48,059)
Asset retirement obligations	(24,776)	(26,702)	(24,776)	(26,702)
Future income taxes - long-term	(967)	(52,326)	(967)	(52,326)
Working capital				
Current assets	(27,327)	(49,001)	(27,327)	(49,001)
Current liabilities	19,084	48,059	19,084	48,059
Net commodity contract asset	5,015	(3,669)	5,015	(3,669)
Net future income taxes - current	(1,473)	1,100	(1,473)	1,100
	(4,701)	(3,511)	(4,701)	(3,511)
Total net debt	104,333	193,773	104,333	193,773

UNIT-BASED COMPENSATION

Non-cash unit-based compensation expense for the nine month period ended September 30, 2009 was a recovery of \$0.4 million compared to expense of \$1.1 million in 2008. The decrease in the expense for the nine month period ended September 30, 2009 reflects a reduction in the estimated weighted average fair value of incentive rights granted for more recent incentive units, and a reduction to the 2009 expense of \$0.8 million for a reversal of prior year unit-based compensation expense for 2009 forfeitures of unvested incentive rights.

DEPLETION, DEPRECIATION AND ACCRETION

Depletion, depreciation and accretion expense for the three months ended September 30, 2009 was \$19.7 million (\$28.79/boe), compared to the \$30.0 million (\$28.94/boe) in the same period in 2008, which reflects lower production volumes combined with reduced carrying costs in the 2009 period as compared to 2008.

For the three months ended September 30, 2009, True has included \$39.4 million for future development costs in the depletion calculation and excluded from the depletion calculation \$22.6 million for undeveloped land and \$27.8 million for estimated salvage.

Depletion, Depreciation and Accretion Costs

(\$000s, except where noted)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Depletion and depreciation	19,193	29,446	75,500	97,890
Accretion	490	539	1,812	1,607
Total	19,683	29,985	74,312	99,497
Per unit (\$/boe)	28.79	28.94	30.08	29.66

MANAGEMENT'S DISCUSSION AND ANALYSIS

INCOME TAXES

For the nine months ended September 30, 2009, the Trust has recorded no capital tax expense compared to \$1.7 million expensed in the same period in 2008. Prior to January 1, 2009, capital taxes were based on a combination of debt and equity levels of the Trust at the end of the year in addition to a resource surcharge component of Saskatchewan provincial taxes calculated as a percentage of revenues. Effective for True's 2009 taxation year, this Saskatchewan tax has been changed such that it is calculated solely as a percentage of revenues. Accordingly, this Saskatchewan tax is grouped with royalties on a prospective basis.

Future income taxes arise from differences between the accounting and tax bases of the Trust's assets and liabilities. For the nine months ended September 30, 2009, the Trust recognized a future income tax recovery of \$41.5 million compared to a recovery of \$13.1 million in the same period in 2008.

As at September 30, 2009, the operating subsidiaries and the Trust itself have a total net future income tax liability balance of \$2.4 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 September 30, 2009, the Trust and operating subsidiaries of the Trust had approximately \$384 million in tax pools available for deduction against future income as follows:

<i>(\$000s)</i>	Trust	Operating subsidiaries	Total
Intangible resource pools	15,105	246,222	261,327
Undepreciated capital cost	-	100,434	100,434
Loss carryforwards (expire through 2027)	-	19,834	19,834
Unit issue costs	1,741	207	1,948
	16,846	366,697	383,543

Following the Reorganization from a Trust to a corporation, Bellatrix is expected to have approximately \$382 million in tax pools for deduction against future income. As a result of the Reorganization, \$1.7 million of tax pools related to unit issue costs were eliminated.

NET LOSS, CASH FLOW FROM OPERATING ACTIVITIES AND FUNDS FLOW FROM OPERATIONS

As detailed previously in this Management's Discussion and Analysis, funds flow from operations is a term that does not have any standardized meaning under GAAP. Funds flow from operations is calculated as cash flow from operating activities before asset retirement costs incurred and changes in non-cash working capital incurred.

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

<i>(\$000s, except per unit amounts)</i>	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Cash flow from operating activities	12,150	29,406	27,928	67,141
Asset retirement costs incurred	218	893	1,269	1,605
Change in non-cash working capital	(1,278)	(8,808)	(853)	3,282
Funds flow from operations	11,090	21,491	28,344	72,028

MANAGEMENT'S DISCUSSION AND ANALYSIS

True's cash flow from operating activities of \$12.2 million (\$0.15 per diluted unit) for the three month period ended September 30, 2009 decreased approximately 59% from the \$29.4 million (\$0.37 per diluted unit) generated in the third quarter of 2008. True generated funds flow from operations of \$11.1 million (\$0.14 per diluted unit) for the three month period ended September 30, 2009, down 48% from \$21.5 million (\$0.27 per diluted unit) for the third quarter of 2008. The decrease in cash flow from operating activities and funds flow for the 2009 period compared to the same period in 2008 was primarily the result of a significant decrease in commodity prices, in combination with lower sales volumes. Cash flow from operating activities for the nine month period ended September 30, 2009 was \$27.9 million (\$0.36 per diluted unit), down from the \$67.1 million (\$0.85 per diluted unit) for the same period in 2008. Funds flow from operations for the third quarter of 2009 increased 3% from second quarter 2009 funds flow from operations of \$10.8 million. Cash flow from operating activities and funds flow from operations for the nine month period ended September 30, 2009 were \$27.9 million and \$28.3 million, respectively, down from the \$67.1 million and \$72.0 million, respectively, for the same period in 2008.

True maintains a commodity price risk management program to provide a measure of stability to cash flow from operating activities and funds flow from operations. 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 loss.

True generated a net loss of \$9.6 million (\$0.12 per diluted unit) in the third quarter of 2009 compared to net income of \$29.9 million (\$0.38 per diluted unit) in 2008. The net loss in the 2009 quarter when compared to the 2008 net income is a result of lower commodity prices in conjunction with decreased production volumes, and lower commodity contract gains.

Cash Flow from Operating Activities, Funds Flow from Operations and Net Income (Loss)

<i>(\$000s, except per unit amounts)</i>	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Cash flow from operating activities	12,150	29,406	27,928	67,141
Basic <i>(\$/unit)</i>	0.15	0.37	0.36	0.85
Diluted <i>(\$/unit)</i>	0.15	0.37	0.36	0.85
Funds flow from operations	11,090	21,491	28,344	72,028
Basic <i>(\$/unit)</i>	0.14	0.27	0.36	0.91
Diluted <i>(\$/unit)</i>	0.14	0.27	0.36	0.91
Net income (loss)	(9,633)	29,939	(118,878)	(10,056)
Basic <i>(\$/unit)</i>	(0.12)	0.38	(1.51)	(0.13)
Diluted <i>(\$/unit)</i>	(0.12)	0.38	(1.51)	(0.13)

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURES

True planned for a very modest capital program for the first three quarters of 2009. Third quarter 2009 capital spending was \$2.7 million, as compared to \$13.8 million for the same period in 2008.

Capital Expenditures

(\$000s)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Lease acquisitions and retention	170	136	478	1,101
Geological and geophysical	80	322	131	334
Drilling and completion costs	1,570	5,696	3,017	15,200
Facilities and equipment	862	7,943	2,612	9,569
Exploration and development ⁽¹⁾	2,682	14,097	6,238	26,204
Corporate and property acquisitions	28	(286)	379	337
Total capital expenditures - cash	2,710	13,811	6,617	26,541
Property dispositions - cash	(84,696)	(32)	(92,977)	(44,350)
Total net capital expenditures - cash	(81,986)	13,779	(86,360)	(17,809)
Other - non-cash ⁽²⁾	178	(144)	(1,043)	(2,858)
Total net capital expenditures ⁽¹⁾	(81,808)	13,635	(87,403)	(20,667)

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

(2) Other includes non-cash adjustments for current period's asset retirement obligations and unit based compensation capitalized.

The \$2.7 million capital program for the three months ended September 30, 2009, was financed entirely with funds flow from operations.

Based on the current economic conditions and Bellatrix's operating forecast for the remainder of 2009, the Company has updated its budgeted 2009 capital program to \$19 million and is anticipating capital expenditures of approximately \$12.4 million for the remainder of 2009.

During the third quarter of 2009, True drilled, completed and placed on production 1 (1.0 net) well at Willesden Green in West Central Alberta. Bellatrix's drilling program for the fourth quarter is in progress with 7(6.5 net) wells currently drilled, consisting of 1 (0.5 net) Pembina Alberta Cardium oil well, 2 (2.0 net) Mantario Saskatchewan oil wells, and 4 (4.0 net) Irvine Alberta natural gas wells. We plan to drill a further 4 (3.35 net) wells for the balance of 2009 concentrating on the Ferrier and Pembina areas. The Alberta wells drilled by Bellatrix take advantage of the Alberta Government Royalty incentive program.

LAND

True's net mineral leases in Alberta, British Columbia and Saskatchewan as of September 30, 2009 decreased to approximately 268,000 net acres from 338,000 net acres established on June 30, 2009. The majority of the decrease in net acres of undeveloped land is the result of the divestitures completed in the quarter. The Company has in excess of 300 exploitation drilling opportunities identified representing over 5 years of drilling inventory.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Trust performed a ceiling test calculation at September 30, 2009 resulting in undiscounted cash flows from proved reserves and the undeveloped properties not exceeding the carrying value of oil and gas assets. Consequently, True performed stage two of the ceiling test assessing whether discounted future cash flows from production of proved plus probable reserves plus the carrying cost of undeveloped properties, net of any impairment allowance, exceeds the carrying value of its petroleum and natural gas properties. No impairment in oil and gas assets was identified as at September 30, 2009.

The ceiling test calculation is updated in 2009 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 September 30, 2009, the Trust has recorded an Asset Retirement Obligation ("ARO") of \$24.8 million, compared to \$33.7 million at December 31, 2008 for future abandonment and reclamation of the Trust's properties. For the nine months ended September 30, 2009, the overall ARO balance decreased by \$8.9 million as a result of \$10.9 million of liabilities released on dispositions and \$1.3 million of liabilities settled, offset by accretion expense of \$1.8 million, \$1.5 million net changes in estimates and liabilities incurred on development activities.

DISTRIBUTIONS

For the nine months ended September 30, 2009 Trust declared distributions as follows:

(\$000s, except per unit amount)

Nine months ended September 30, 2009	Distribution Per Unit	Total
Distributions declared	\$0.02	\$1,570

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.bellatrixexploration.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	\$0.460	\$0.460	-
Cumulative to December 31, 2008	\$4.540	\$3.909	\$0.631
2009 year to date (one month) ⁽³⁾	\$0.020		
Cumulative to September 30, 2009	\$4.560		

(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 the January 2009 distribution to Canadian unitholders will be 100%.

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 2009 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 review our February 19, 2009 press release addressing this.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Monthly Distributions

Actual distributions paid and declared per Trust unit along with relevant payment dates for 2009 to date are as follows:

Ex-distribution Date	Record Date	Payment Date	Distribution Per Unit
December 29, 2008	December 31, 2008	January 15, 2009	0.02
January 28, 2009	January 30, 2009	February 17, 2009	0.02

During the first nine months of 2009, funding requirements for distributions declared was 1% of funds flow from operations.

As announced on March 17, 2009, due to the continued deterioration in economic conditions, including the significant decline in crude oil and natural gas prices, a weakening outlook for natural gas demand and heightened risk in the credit markets, the Trust deemed it prudent to suspend distributions. Pursuant to True's credit facilities, the Trust was permitted to pay the semi-annual interest payments on the Debentures, cash distributions in connection with redemption of trust units and payments by the Trust to unitholders and debenture holders in relation to the normal course issuer bids approved by the TSX on August 17, 2009 and monthly distributions to unitholders, provided that distributions in a fiscal year did not exceed \$10 million.

Subsequent to the Reorganization from a trust structure to corporate structure, it is currently not anticipated that Bellatrix will pay dividends to common shareholders.

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 October 23, 2009 approximately 25 percent of unitholders are non-Canadian residents with the remaining 75 percent being Canadian residents.

LIQUIDITY AND CAPITAL RESOURCES

As an oil and gas business, Bellatrix has a declining asset base and therefore relies on ongoing development and acquisitions to replace production and add additional reserves. Future oil and natural gas production and reserves are highly dependent on the success of exploiting the Trust's existing asset base and in acquiring additional reserves. To the extent Bellatrix is successful or unsuccessful in these activities; cash flow could be increased or reduced.

Global financial markets continued to remain fragile during the first nine months of 2009. The economic crisis continues to put a strain on credit and equity markets as characterized by a decline in liquidity and higher borrowing costs. Access to capital markets has become constrained and significantly more expensive for the Trust along with other oil and gas entities. The current global economic environment has continued to create volatility in commodity prices, tempered somewhat by the growing Canadian to US dollar exchange rate. Given the continuing uncertain economic conditions, Bellatrix has maintained a modest 2009 capital program, although it was recently increased to \$19 million, and in February 2009 had suspended distributions until further notice. Bellatrix continues to monitor forecasted debt levels to manage its operations within forecasted cash flow. In addition, Bellatrix will continue to monitor developments within the global economic environment to consider the impacts on current or future lending arrangements.

Liquidity risk is the risk that Bellatrix will not be able to meet its financial obligations as they fall due. Bellatrix actively manages its liquidity through daily and longer-term cash, debt and equity management strategies. Such strategies encompass, among other factors: having adequate sources of financing available through its bank credit facilities, estimating future cash generated from operations based on reasonable production and pricing assumptions, analysis of economic hedging opportunities, and maintaining sufficient cash flows for compliance with debt covenants. Bellatrix is fully compliant with all of its debt covenants.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bellatrix generally relies on operating cash flows and its credit facilities to fund capital requirements and provide liquidity. Future liquidity depends primarily on cash flow generated from operations, existing credit facilities and the ability to access debt and equity markets. From time to time, the Company accesses capital markets to meet its additional financing needs and to maintain flexibility in funding its capital programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Bellatrix. The inability of Bellatrix to access sufficient capital for its operations could have a material adverse effect on Bellatrix's business financial condition, results of operations and prospects.

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

A substantial portion of Bellatrix'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. Bellatrix sells substantially all of its production to eight primary purchasers under standard industry sale and payment terms. Purchasers of Bellatrix's natural gas, crude oil and natural gas liquids are subject to a periodic internal credit review to minimize the risk of non-payment. Bellatrix has continued to closely monitor and reassess the creditworthiness of its counterparties, including financial institutions. This has resulted in Bellatrix reducing or mitigating its exposures to certain counterparties where it is deemed warranted and permitted under contractual terms.

Bellatrix may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to Bellatrix, such failures may have a material adverse effect on the Trust's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in Bellatrix's ongoing capital program, potentially delaying the program and the results of such program until Bellatrix finds a suitable alternative partner.

During 2009, the Trust has been executing several strategies for dealing with these uncertain times.

Bellatrix's corporate thrust in 2009 has been to continue to improve Bellatrix's balance sheet by reducing total outstanding debt and streamlining its operating cost structure. In 2009, Bellatrix has limited its capital program to \$19 million in an effort to maintain production and increase financial flexibility to fund operations. This compares to the \$43 million capital program employed in 2008. As a consequence of a reduced capital program and strategic divestitures completed in 2008 and 2009, total net debt levels decreased by \$135 million from \$239.4 million at March 31, 2008 to \$104.3 million at September 30, 2009. Total net debt excludes unrealized commodity contract assets and liabilities, future income taxes and asset retirement obligations.

On July 30, 2009, the Trust successfully completed the divestiture of the majority of its Saskatchewan assets for net proceeds, after purchase adjustments of approximately \$86 million. The proceeds were used to reduce the Trust's bank indebtedness.

On August 17, 2009, True finalized new syndicated credit facilities to replace its then existing bank facilities. The new facilities consisted of a \$10 million demand operating facility provided by one Canadian bank and a \$75 million extendible revolving term credit facility provided by one Canadian bank and one Canadian financial institution. Amounts borrowed under the credit facilities bear interest at a floating rate based on the applicable Canadian prime rate, U.S. base rate or LIBOR rate, plus between 1.50% and 4.50%, depending on the type of borrowing and the Trust's debt to cash flow ratio. The credit facilities were guaranteed by the Trust and all material subsidiaries by a \$400 million debenture containing a first ranking charge and security interest. True 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 of between 0.60% and 1.12% on the undrawn portion of the credit facilities, depending on the Trust's debt to cash flow ratio. The revolving period for the revolving term credit facility will end on June 29, 2010, unless extended for a further 364-day period. Should the facility not be extended it will convert to a non-revolving term facility with the full amount outstanding due 366 days after the last day of the revolving period of June 29, 2010.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The borrowing base will be subject to re-determination on March 31, 2010. Thereafter, a semi-annual re-determination of the borrowing base will occur, with the first such re-determination occurring on November 30, 2010 and each subsequent re-determination on May 30 and November 30 in each year prior to the maturity date.

On November 1, 2009, following the Reorganization, Bellatrix has confirmed its \$85 million credit facilities with its existing lenders on substantially the same terms and conditions.

The strategic dispositions accomplished in the year allow the Company to progress forward with substantially improved financial flexibility.

Combined funding requirements for the January distribution declared and True's capital expenditures represented 24% and 29% of funds flow from operations in the three and nine months ended September 30, 2009, respectively.

As a result of the continued deterioration in economic conditions, including the significant decline in crude oil prices seen earlier in 2009, a weakening outlook for natural gas demand and a heightened risk in the credit markets, True deemed it prudent to suspend distributions in February 2009 to maintain corporate liquidity during the current financial turmoil and prevailing commodity price environment. Distributions remained suspended, at the discretion of the Board of Directors, through to the conversion to a corporation. Pursuant to True's credit facilities, the Trust was permitted to pay the semi-annual interest payments on the Debentures, cash distributions in connection with redemption of trust units and payments by the Trust to unitholders and debenture holders in relation to the normal course issuer bids approved by the TSX on August 17, 2009 and monthly distributions to unitholders, provided that distributions in a fiscal year did not exceed \$10 million. Bellatrix currently does not expect to pay dividends.

True continues to tighten its cost structure in the current economically challenging climate with forecasted cuts from 2008 levels of 30% to total operating expenses which includes G&A and lease operating costs in 2009. The results year to date are on track.

For the nine month period ended September 30, 2009, capital expenditures of \$6.6 million and distributions of \$1.6 million utilized approximately 29% of funds flow from operations.

As an added layer of protection of its cash flow forecast, upon completion of the divestitures, Bellatrix's hedging represents approximately 58% of its natural gas production for Q4 2009 that is forward sold at an average price of \$7.75 CAD/mcf, and approximately 29% of its natural gas production for 2010 is hedged at an average price of \$7.01 CAD/mcf. In addition, 500 bbl/d of oil for Q4 is hedged by way of a costless collar of \$52.30 CAD x \$80.70 CAD. Bellatrix maintains an active commodity price risk management program focused on maintaining sufficient cash flow to fund its operations.

Pursuant to True's existing credit facility, the Trust was only permitted to receive amounts from True Energy and its subsidiaries for the sole purpose of permitting the Trust to pay: (i) distributions by True Energy to the Trust to permit the regular semi-annual interest payments by the Trust on June 30 and December 31 in each year with respect to the convertible debentures issued by the Trust on or before April 1, 2009; (ii) distributions from True Energy to the Trust to permit cash distributions in respect of Trust unit redemptions, if and only if and to the extent that the total cash amount payable in respect of all unit redemptions in a month did not exceed \$250,000; (iii) amounts required to be paid by the Trust to the unitholders and debenture holders to permit the completion of normal course issuer bids approved by the TSX as at August 17, 2009 and those additional normal course issuer bids that the lenders thereafter approve; or (iv) monthly distributions to the Unitholders in the ordinary course of business of True, provided that the aggregate of all such monthly ordinary course distributions in a fiscal year did not exceed \$10 million and provided in each case that the foregoing distributions shall not be permitted if a borrowing base shortfall has occurred and is continuing, a demand for payment has been made and remains outstanding, a default or an event of default is then in existence or could reasonably be expected to result from such distribution, or the distribution could impair the ability of True Energy to satisfy its covenants and obligations to the lenders under the credit facility. On November 1, 2009, following the Reorganization, Bellatrix confirmed its \$85 million credit facilities with its existing lenders on substantially the same terms and conditions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

There are currently no commitments, other than those associated with the Bellatrix's credit facilities outlined above, its 2009 capital program of \$12.4 million for the remaining 2009, and the off-balance sheet arrangements outlined below. Bellatrix continually monitors its capital spending program in light of the recent volatility with respect to commodity prices and Canadian dollar exchange rates with the aim of ensuring the Trust will be able to meet future anticipated obligations incurred from normal ongoing operations with funds flow from operations and draws on Bellatrix's syndicated facility, as necessary.

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. Pursuant to the Reorganization, the debentures were assumed by Bellatrix and are now convertible at anytime at the option of the holders into common shares of Bellatrix at a conversion price of \$16.00 per share, subject to adjustment in certain events. Bellatrix has 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, Bellatrix 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 common shares at 95% of the 20 day weighted average trading price for the common shares for the period ending the fifth trading day preceding the redemption date.

As at November 1, 2009, Bellatrix had outstanding a total of 4,067,733 options exercisable at an average exercise price of \$2.05 per share, \$85.68 million principal amount of debentures convertible into common shares (at a conversion price of \$16.00 per share) and 78,809,039 common shares.

COMMITMENTS

As at September 30, 2009, the Trust had committed to drill a total of 5 wells in Alberta pursuant to various farm-in agreements with oil and gas companies. Bellatrix expects to satisfy these various drilling commitments at an estimated cost of approximately \$5.7 million.

The following are the contractual maturities of financial liabilities as at September 30, 2009:

Financial liability (\$000s)	< 1 Year	1-2 Years	2-5 Years	Thereafter
Accounts payable and accrued liabilities ⁽¹⁾	17,500	-	-	-
Commodity contract liability	111	-	-	-
Bank debt - principal ⁽²⁾	-	26,485	-	-
Convertible debentures- principal	-	86,250	-	-
Convertible debentures- interest ⁽³⁾	4,839	6,469	-	-
Total	22,450	119,204	-	-

(1) As at September 30, 2009, \$1.6 million of accrued coupon interest payable in relation to the convertible debentures is included in Accounts Payable and Accrued Liabilities.

(2) Bank debt is based on a revolving term which is reviewed at least annually and converts to a 366 day non-revolving facility if not renewed after the last day of the revolving period of June 29, 2010.

(3) Convertible debentures outstanding at September 30, 2009 bear interest at a coupon rate of 7.5%, which currently requires total annual interest payments of \$6.5 million.

Interest due on the bank credit facility is calculated based upon floating rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Off-Balance Sheet Arrangements

The Trust has certain lease agreements, including primarily fixed term 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. The lease agreements do not currently provide for early termination. No asset or liability value has been assigned to these leases in the balance sheet as of September 30, 2009.

BUSINESS PROSPECTS AND 2009 AND 2010 YEAR OUTLOOK

As of November 1, 2009, the Trust was converted to a growth oriented, public exploration and production company. The Company will continue to develop its core assets and conduct some exploration programs utilizing its large inventory of geological prospects. In addition, the Company will continue to explore potential acquisition opportunities. Currently, the Company's producing properties are located in Saskatchewan, Alberta and British Columbia.

Bellatrix has approximately 268,000 net acres of undeveloped land with in excess of 300 exploitation drilling opportunities identified representing over 5 years of drilling inventory.

Bellatrix continues to monitor its cost structure in the current economically challenging climate and as a result, completed G&A reductions in January 2009. True streamlined its operations and reduced head office staffing levels by one third compared to 2008 levels. Bellatrix's capital program for 2009 has been increased to \$19 million. 2009 production volumes are estimated to average 8,100 boe/d.

As an added layer of protection of its cash flows, upon completion of divestitures, Bellatrix's hedging represents approximately 58% of its estimated natural gas production for the fourth quarter of 2009 that is forward sold at an average price of \$7.75 CAD/mcf, and approximately 29% of its natural gas production for 2010 is hedged at an average price of \$7.01 CAD/mcf. In addition, 500 bbl/d of oil for Q4 is hedged by way of a costless collar of \$52.30 CAD x \$80.70 CAD.

Bellatrix's 2010 capital program is currently not expected to exceed \$40 million. Bellatrix will continue to focus on opportunities to increase its farm-out activity in non-core areas.

On August 17, 2009 True finalized new credit facilities to replace its then existing banking facilities. The new facilities consist of a \$10 million demand operating facility provided by one Canadian bank and a \$75 million extendible revolving term credit facility provided by one Canadian bank and one Canadian financial institution with a revolving period of June 29, 2010, unless extended for a further 364-day period. The next borrowing base review under the new facility will be scheduled for March 31, 2010.

On November 1, 2009, Bellatrix confirmed its \$85 million facilities with existing lenders on substantially the same terms and conditions.

FINANCIAL REPORTING UPDATE

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 was effective for the Trust beginning January 1, 2009. Application of the new section does not currently have any impact on the Trust's financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. The transition date of January 1, 2011 will require restatement for comparative purposes, of amounts reported by the Company for its year ended December 31, 2010, and of the opening balance sheet as at January 1, 2010. The objective is to improve financial reporting by having one single set of accounting standards that are comparable with other entities on an international basis.

An internal project team has been set up to manage this transition and to ensure successful implementation within the required time frame. Current economic conditions may require re-allocation of resources available for the IFRS conversion project.

The Company has completed a high level analysis to determine the areas impacted by the conversion and is assessing the financial reporting impacts on the adoption of IFRS. The assessment provided insight as to the most significant areas of GAAP differences applicable to Bellatrix and include treatment of exploration and evaluation costs, depreciation and depletion of property, plant and equipment, and impairment of assets, as well as more extensive presentation and disclosure requirements under IFRS. During the nine months ended September 30, 2009, IFRS in-depth reviews have been concentrated on cash generating units, options available under IFRS for modified full cost accounting, and a preliminary analysis of the impact on our data gathering and reporting systems. As we are still assessing the impact of IFRS and have not yet selected or finalized our accounting policy choices and IFRS 1 exemptions, we are unable to quantify the impact of IFRS on the Company's future financial position and results of operations.

On July 23, 2009 the IASB published amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" which will allow an election to measure oil and gas assets at the date of transition to IFRS at the amount determined under Canadian GAAP. It is anticipated that Bellatrix will make this election available under IFRS 1.

We will continue to monitor standards development as issued by the International Accounting Standards Board and the AcSB, as well as regulatory developments as issued by the Canadian Securities Administrators (CSA), which may affect the timing, nature or disclosure of our adoption of IFRS.

BUSINESS RISKS AND UNCERTAINTIES

The reader is advised that Bellatrix continues to be subject to various types of business risks and uncertainties as described in the Trust's Management, Discussion and Analysis for the year ended December 31, 2008 and the Trust's Annual Information Form for the year ended December 31, 2008.

CRITICAL ACCOUNTING ESTIMATES

The reader is advised that the critical accounting estimates, policies, and practices as described in the Trust's Management's Discussion and Analysis for the year ended December 31, 2008 continue to be critical in determining True's unaudited financial results as at September 30, 2009. There were no changes in accounting policies for the six month period ended September 30, 2009, except for the adoption of a new accounting standard, Section 3064 -Goodwill and Intangible Assets, which does not have any impact on the Trust's financial statements.

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 Company's management monitor known and potential contingent matters and make appropriate provisions by charges to earnings when warranted by the circumstances.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Trust's Chief Executive Officer and Chief Financial Officer designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Trust is made known to the Trust's Chief Executive Officer and Chief Financial Officer by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Trust in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Internal Control Over Financial Reporting

The Trust's Chief Executive Officer and Chief Financial Officer designed, or caused to be designed under their supervision, internal control 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.

Bellatrix is required to disclose herein any change in the Trust's internal control over financial reporting that occurred during the period beginning on July 1, 2009 and ended on September 30, 2009 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 such period, 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 this 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(\$000s, except per unit amounts and ratios)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Net income (loss)	(9,633)	29,939	(118,404)	(10,056)
Cash flow from operating activities	12,150	29,406	27,928	67,141
Productive capacity maintenance ⁽¹⁾	(2,682)	(14,097)	(6,238)	(26,204)
Standardized distributable cash	9,468	15,309	21,690	40,937
Proceeds on sale of property, plant and equipment	84,696	32	92,977	44,350
Corporate and property acquisition and other capital expenditures	(28)	286	(379)	(337)
Repurchase of trust units under normal course issuer bid	-	(944)	-	(1,540)
Bank borrowings (debt repayment) and working capital changes and other	(94,136)	(5,209)	(112,718)	(54,924)
Cash distributions declared	-	9,474	1,570	28,486
Accumulated distributions, beginning of period	253,071	234,179	251,501	215,167
Accumulated distributions, end of period	253,071	243,653	253,071	243,653
Standardized distributable cash per unit - basic	\$0.12	\$0.19	\$0.28	\$0.52
Standardized distributable cash per unit - diluted	\$0.12	\$0.19	\$0.28	\$0.52
Standardized distributable cash payout ratio ⁽²⁾	N/A	0.62	0.07	0.70
Distributions declared per unit for outstanding units in the period	-	0.12	\$0.02	0.36
Accumulated distributions per unit, beginning of period	4.56	4.32	4.54	4.08
Accumulated distributions per unit, end of period	\$4.56	4.44	\$4.56	4.44
Excess (shortfall) of net income over cash distributions declared	(9,633)	20,465	(119,974)	(38,542)
Excess of cash flow from operating activities over cash distributions declared	12,150	19,932	26,358	38,655

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

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

While a Trust, True attempted to fund both distributions (if any) and maintenance capital primarily from funds flow from operations.

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 defined 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 believed that its capital programs based on 40% to 60% of forecasted funds flow including its view of True's assets and opportunities and True's outlook for commodity prices and industry conditions in the medium term, should have been sufficient to maintain True's productive capacity in the medium term. True set 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 could 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 could have been impacted by the timing of the capital program and spring break up associated with certain operating areas of its properties. As True attempted to maintain sufficient credit facilities and appropriate levels of bank debt, this seasonality was not expected to influence True's distribution policies.

MANAGEMENT'S DISCUSSION AND ANALYSIS

True's calculation of standardized distributable cash has no adjustment for long-term unfunded contractual obligations. True's only material long-term unfunded contractual obligation at this time was for asset retirement obligations. True's abandonment obligations were 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 regularly monitored its current forecast debt levels to ensure debt covenants are not exceeded.

Distributions, if paid, typically exceeded 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, if paid, exceeded net income in most periods. In the event distributions exceeded cash flow from operating activities and the requirements of True's capital program, the shortfall was typically 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 reviewed the level of distributions. The board considered 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 announced on March 17, 2009, as a result of the continued deterioration in economic conditions, including the significant decline in crude oil and natural gas prices and heightened risk in the credit markets, the Trust has suspended its distributions until further notice. Pursuant to True's credit facilities, the Trust was permitted to pay the semi-annual interest payments on the Debentures, cash distributions in connection with redemption of trust units and payments by the Trust to unitholders and debenture holders in relation to the normal course issuer bids approved by the TSX on August 17, 2009 and monthly distributions to unitholders, provided that distributions in a fiscal year did not exceed \$10 million.

Following the Reorganization effective November 1, 2009, the standardized distributable cash disclosures will no longer be applicable and Bellatrix currently does not anticipate paying dividends.

<i>(\$000s, except ratios)</i>	To September 30, 2009
Cumulative distributable cash from operations ⁽¹⁾	88,122
Proceeds on sale of property, plant and equipment	193,639
Corporate and property acquisitions and other capital expenditures	(26,564)
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	(4,194)
Funding from DRIP	42,909
Bank borrowings (debt repayment) and working capital changes and other	(177,477)
Cumulative cash distributions declared ⁽¹⁾	253,071
Standardized distributable cash payout ratio ⁽²⁾	2.87

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 third quarter of 2009 and average production volumes of 7,432 boe/d during that period, as well as the same level of debt outstanding at September 30, 2009. Diluted weighted average Trust units is based upon the third quarter of 2009. 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) <i>(\$000s)</i>	Funds Flow from Operations Per Diluted Unit <i>(\$)</i>
Change of US \$1/bbl WTI	748	0.01
Change of \$0.10/mcf	1,078	0.01
Change of US \$0.01 Cdn/US exchange rate	429	0.01
Change in prime of 1%	265	-

SELECTED QUARTERLY CONSOLIDATED INFORMATION

The following table sets forth selected consolidated financial information of the Trust for the most recently completed quarters ending at September 30, 2009.

2009 - Quarter ended (unaudited)

(\$000s, except per unit amounts)

	March 31	June 30	Sept. 30
Revenues before royalties and hedging	31,345	29,805	23,860
Cash flow from operating activities	9,311	6,467	12,150
Cash flow from operating activities per unit			
Basic and diluted	\$0.12	\$0.08	\$0.15
Funds flow from operations ⁽¹⁾	6,489	10,765	11,090
Funds flow from operations per unit ⁽¹⁾			
Basic and diluted	\$0.08	\$0.14	\$0.14
Net income (loss)	(9,056)	(99,715)	(9,363)
Net income (loss) per unit			
Basic and diluted	\$(0.12)	\$(1.27)	\$(0.12)
Net capital expenditures (cash)	2,764	(7,138)	(81,986)
Distributions declared	1,570	-	-
Distributions per unit	\$0.02	-	-

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

2008 - Quarter ended (unaudited)

(\$000s, except per unit amounts)

	March 31	June 30	Sept. 30	Dec. 31
Revenues before royalties and hedging	70,033	82,074	72,225	41,053
Cash flow from operating activities	17,843	19,892	29,406	11,643
Cash flow from operating activities per unit				
Basic and diluted	\$0.23	\$0.25	\$0.37	\$0.15
Funds flow from operations ⁽¹⁾	24,233	26,304	21,491	5,865
Funds flow from operations per unit ⁽¹⁾				
Basic and diluted	\$0.31	\$0.33	\$0.27	\$0.07
Net income (loss)	(18,621)	(21,374)	29,939	(9,534)
Net income (loss) per unit				
Basic and diluted	\$(0.24)	\$(0.27)	\$0.38	\$(0.12)
Net capital expenditures (cash)	2,862	(34,450)	13,779	16,471
Distributions declared	9,507	9,505	9,474	7,848
Distributions per unit	\$0.12	\$0.12	\$0.12	\$0.10

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
Cash flow from operating activities				
Cash flow from operating activities per unit	39,959	4,402	14,848	22,392
Basic	\$0.57	\$0.06	\$0.19	\$0.28
Diluted	\$0.55	\$0.08	\$0.19	\$0.28
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 and diluted	\$(0.12)	\$0.02	\$(0.21)	\$(0.01)
Net capital expenditures (cash)	27,915	6,739	7,562	14,828
Distributions declared	16,866	18,376	19,132	19,077
Distributions per unit	\$0.24	\$0.24	\$0.24	\$0.24

(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 September 30 and December 31 <i>(unaudited)</i> (\$000s)	2009	2008
ASSETS		
Current assets		
Accounts receivable	\$ 16,675	\$ 28,119
Marketable securities <i>(note 4)</i>	-	120
Deposits and prepaid expenses	5,526	5,969
Commodity contract asset <i>(note 15)</i>	5,126	3,726
	27,327	37,934
Property, plant and equipment <i>(note 5)</i>	415,788	698,183
Total assets	\$ 443,115	\$ 736,117
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 17,500	\$ 34,128
Distribution payable to unitholders	-	1,570
Commodity contract liability <i>(note 15)</i>	111	-
Future income taxes <i>(note 13)</i>	1,473	1,100
	19,084	36,798
Long-term debt <i>(note 6)</i>	26,485	132,388
Convertible debentures <i>(note 7)</i>	82,549	81,124
Asset retirement obligations <i>(note 8)</i>	24,776	33,682
Future income taxes <i>(note 13)</i>	967	42,777
Total liabilities	153,861	326,769
NON-CONTROLLING INTEREST		
Exchangeable shares of subsidiary <i>(note 9)</i>	2,413	2,887
UNITHOLDERS' EQUITY		
Unitholders' capital <i>(note 10)</i>	917,012	917,012
Equity component of convertible debentures	5,119	5,119
Contributed surplus <i>(note 11)</i>	27,974	28,240
Accumulated other comprehensive income	-	(620)
Deficit	(663,264)	(543,290)
	(663,264)	(543,910)
Total unitholders' equity	286,841	406,461
Total liabilities and unitholders' equity	\$ 443,115	\$ 736,117

See accompanying selected notes to the consolidated financial statements.

TRUE ENERGY TRUST
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended September 30 (unaudited)

(\$000s)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
REVENUES				
Petroleum and natural gas sales	\$ 23,860	\$ 72,225	\$ 85,010	\$ 224,332
Royalties	(2,570)	(13,799)	(14,202)	(45,588)
Gain (loss) on commodity contracts (note 15)	1,721	38,080	15,281	(21,918)
	23,011	96,506	86,089	156,826
EXPENSES				
Production	9,089	15,494	34,951	48,660
Transportation	340	2,534	3,170	5,855
General and administrative	3,244	3,610	8,667	11,872
Interest and financing charges	3,573	3,318	11,093	11,321
Unit-based compensation (recovery) (notes 10 and 11)	(3)	660	(363)	1,089
Depletion, depreciation and accretion	19,683	29,985	74,312	99,497
Loss on sale of marketable securities (note 4)	-	-	501	-
Loss on petroleum and natural gas properties sold (note 5)	-	-	114,182	-
	35,926	55,601	246,513	178,294
INCOME (LOSS) BEFORE TAXES	(12,915)	40,905	(160,424)	(21,468)
TAXES				
Capital taxes	-	588	-	1,702
Future income tax recovery (note 13)	(3,243)	10,245	(41,546)	(13,071)
	(3,243)	10,833	(41,546)	(11,369)
NET INCOME (LOSS) BEFORE NON-CONTROLLING INTEREST	(9,672)	30,072	(118,878)	(10,099)
Non-controlling interest	(39)	133	(474)	(43)
NET INCOME (LOSS)	(9,633)	29,939	(118,404)	(10,056)
Unrealized loss on available for sale marketable securities	-	(323)	-	(323)
Realized loss on available for sale marketable securities	-	-	620	-
COMPREHENSIVE INCOME (LOSS)	\$ (9,633)	\$ 29,616	\$ (117,784)	\$ (10,379)
Net income (loss) per trust unit				
Basic	\$ (0.12)	\$ 0.38	\$ (1.51)	\$ (0.13)
Diluted	\$ (0.12)	\$ 0.38	\$ (1.51)	\$ (0.13)

See accompanying selected notes to the consolidated financial statements.

TRUE ENERGY TRUST

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

For the three and nine months ended September 30 (unaudited)

<i>(\$000s)</i>	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
UNITHOLDERS' CAPITAL				
Balance, beginning of period	\$ 917,012	\$ 924,158	\$ 917,012	\$ 925,573
Repurchased under normal course issuer bid	-	(2,926)	-	(4,503)
Exchangeable shares converted	-	179	-	341
Balance, end of period	917,012	921,411	917,012	921,411
EQUITY COMPONENT OF CONVERTIBLE DEBENTURES				
Balance, beginning and end of period	5,119	5,119	5,119	5,119
CONTRIBUTED SURPLUS				
Balance, beginning of period	27,943	21,158	28,240	19,454
Unit-based compensation expense <i>(note 10 and 11)</i>	174	364	564	1,529
Incentive units voluntarily surrendered	-	466	-	466
Adjustment of prior period unit-based compensation expense for forfeitures of unvested incentive units	(143)	(148)	(830)	(590)
Adjustment for repurchase of units under normal course issuer bid	-	1,982	-	2,963
Balance, end of period	27,974	23,822	27,974	23,822
DEFICIT				
Balance, beginning of period	(653,631)	(546,373)	(543,290)	(487,366)
Net income (loss)	(9,633)	29,939	(118,404)	(10,056)
Distributions declared	-	(9,474)	(1,570)	(28,486)
Balance, end of period	(663,264)	(525,908)	(663,264)	(525,908)
ACCUMULATED OTHER COMPREHENSIVE INCOME				
Balance, beginning of period	-	-	(620)	-
Unrealized loss on available for sale marketable securities	-	(323)	-	(323)
Realized loss on sale of marketable securities <i>(note 4)</i>	-	-	620	-
Balance, end of period	-	(323)	-	(323)
TOTAL UNITHOLDERS' EQUITY	\$ 286,841	\$ 424,121	\$ 286,841	\$ 424,121

See accompanying selected notes to the consolidated financial statements.

TRUE ENERGY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30 (unaudited)

(\$000s)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Cash provided by (used in):				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income (loss)	\$ (9,633)	\$ 29,939	\$ (118,404)	\$ (10,056)
Items not involving cash:				
Non-controlling interest (note 9)	(39)	133	(474)	(43)
Depletion, depreciation and accretion	19,683	29,985	74,312	99,497
Unit-based compensation (recovery) (notes 10 and 11)	(3)	660	(363)	1,089
Unrealized loss (gain) on commodity contracts (note 15)	3,851	(49,911)	(1,289)	(6,674)
Accretion on convertible debentures	474	440	1,425	1,286
Future income tax recovery (note 13)	(3,243)	10,245	(41,546)	(13,071)
Loss on sale of marketable securities (note 4)	-	-	501	-
Loss on petroleum and natural gas properties sold (note 5)	-	-	114,182	-
Asset retirement costs incurred (note 8)	(218)	(893)	(1,269)	(1,605)
Change in non-cash working capital (note 12)	1,278	8,808	853	(3,282)
	12,150	29,406	27,928	67,141
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES				
Decrease in bank debt	(93,720)	(8,867)	(105,903)	(51,884)
Repurchase of trust units under normal course issuer bid	-	(944)	-	(1,540)
Distributions declared	-	(9,474)	(1,570)	(28,486)
	(93,720)	(19,285)	(107,473)	(81,910)
Change in non-cash working capital (note 12)	861	(207)	52	(3,317)
	(92,859)	(19,492)	(107,421)	(85,227)
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES				
Additions to property, plant and equipment	(2,710)	(13,811)	(6,617)	(26,541)
Proceeds on sale of property, plant and equipment	84,696	32	92,977	44,350
Proceeds on sale of marketable securities	-	-	349	-
	81,986	(13,779)	86,709	17,809
Change in non-cash working capital (note 12)	(1,277)	3,865	(7,216)	277
	80,709	(9,914)	79,493	18,086
Change in cash	-	-	-	-
Cash, beginning of period	-	-	-	-
Cash, end of period	\$ -	\$ -	\$ -	\$ -

See accompanying selected notes to the consolidated financial statements.

TRUE ENERGY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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 9) 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.

On August 19, 2009, the Trust announced that its Board of Directors had approved the conversion from a trust structure to a growth oriented, public exploration and production company pursuant to the terms of a plan of arrangement (the "Arrangement"). The reorganization of the Trust under the Arrangement (the "Reorganization") was approved by the Trust's securityholders at the special meeting on October 28, 2009, and received customary court and regulatory approvals. The Reorganization was completed with an effective date of November 1, 2009 and the company now operates under the name of Bellatrix Exploration Ltd. ("Bellatrix" or the "Company"). Unitholders of the Trust received an equal number of common shares of Bellatrix which holds the assets and liabilities previously held, directly or indirectly, by the Trust. Exchangeable shares of the Trust were exchanged for common shares of Bellatrix at the current exchange ratio in effect on the effective date. Strategically, the Arrangement has re-positioned the company, allowing Bellatrix to move forward with a corporate organic growth model and a strong balance sheet.

Pursuant to the Arrangement, the Unitholders' Capital of the Trust Units as of the effective date of November 1, 2009 shall be reduced by the amount of the deficit of the Trust on October 31, 2009.

The Reorganization will be accounted for on a continuity of interest basis and accordingly, the consolidated financial statements for periods prior to the effective date of the Reorganization will reflect the financial position, results of operations and cash flows as if the Company had always carried on the business formerly carried on by the Trust.

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 statements for the fiscal year ended December 31, 2008, 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, 2008.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2009, the Trust adopted the following new accounting standard:

Goodwill and Intangible Assets

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. Application of the new section does not 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. was sold in May 2009 for proceeds of \$0.3 million and a realized loss on sale of \$0.5 million that was recognized in the 2009 second quarter.

5. PROPERTY, PLANT AND EQUIPMENT

<i>(\$000s)</i>		Cost	Accumulated Depletion and Depreciation	Net Book Value
September 30, 2009				
Petroleum and natural gas properties	\$	939,224	\$ 525,226	\$ 413,998
Office furniture and equipment		3,994	2,204	1,790
	\$	943,218	\$ 527,430	\$ 415,788
December 31, 2008				
Petroleum and natural gas properties	\$	1,375,331	\$ 679,196	\$ 696,135
Office furniture and equipment		3,955	1,907	2,048
	\$	1,379,286	\$ 681,103	\$ 698,183

The Trust has included \$39.4 million (December 31, 2008: \$62.8 million) for future development costs and excluded \$22.6 million (December 31, 2008: \$31.3 million) for undeveloped land and \$27.8 million (December 31, 2008: \$42.5 million) for estimated salvage from the depletion calculation during the three month period ended September 30, 2009.

For the nine month period ended September 30, 2009, the Trust capitalized \$0.3 million of general and administrative expenses and \$0.1 million of unit-based compensation expense directly related to exploration activities.

Petroleum and Natural Gas Properties Sold

On July 30, 2009, the Trust closed a divestiture for the majority of its petroleum and natural gas properties in Saskatchewan (the “Saskatchewan Divestiture”) for net proceeds of approximately \$85 million, net of closing adjustments and closing costs.

The disposition was accounted for in accordance with Accounting Guideline 16 - “Oil and Gas Accounting - Full Cost”. Under full cost accounting, if crediting the proceeds from disposition to costs results in a change of 20 percent or more to the depletion rate then a gain or loss on disposition should be recognized. When a gain or loss is to be recognized the total net book value of capitalized costs should be allocated between the properties sold and the properties retained. The assets sold were an allocation of the Trust's historical full cost pool based on a pro-rata ratio of future cash flows of proved reserves associated with the assets sold, discounted at 10%, as compared to all oil and gas assets on June 30, 2009. In the second quarter of 2009, the Trust recorded a \$114.2 million loss on the assets sold for the excess of the allocated net book value of the assets, compared to the total estimated net proceeds, after purchase adjustments and closing costs, of approximately \$85 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
6. BANK DEBT

<i>(\$000s)</i>	September 30, 2009	December 31, 2008
Operating facility	\$ 3,672	\$ 7,388
Revolving term facility	22,813	125,000
Balance, end of period	\$ 26,485	\$ 132,388

On August 17, 2009, True finalized new syndicated credit facilities to replace its then existing bank facilities. The new facilities consist of a \$10 million demand operating facility provided by one Canadian bank and a \$75 million extendible revolving term credit facility provided by one Canadian bank and one Canadian financial institution. Amounts borrowed under the credit facilities bear interest at a floating rate based on the applicable Canadian prime rate, U.S. base rate or LIBOR rate, plus between 1.50% and 4.50%, depending on the type of borrowing and the Trust's debt to cash flow ratio. The credit facilities are guaranteed by the Trust and all material subsidiaries by a \$400 million debenture containing a first ranking charge and security interest. 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 of between 0.60% and 1.12% on the undrawn portion of the credit facilities, depending on the Trust's debt to cash flow ratio.

The revolving period for the revolving term credit facility will end on June 29, 2010, unless extended for a further 364-day period. Should the facility not be extended it will convert to a non-revolving term facility with the full amount outstanding due 366 days after the last day of the revolving period of June 29, 2010. The borrowing base will be subject to re-determination on March 31, 2010.

Payment will not be required under the revolving term facility for more than 365 days from September 30, 2009 and as there is sufficient availability under the revolving term credit facility to also cover the operating facility, the entire amounts owing on the credit facilities have been classified as long-term.

Pursuant to True's credit facilities, the Trust was permitted to pay the semi-annual interest payments on the Debentures, cash distributions in connection with redemption of trust units and payments by the Trust to unitholders and debenture holders in relation to the normal course issuer bids approved by the TSX on August 17, 2009 and monthly distributions to unitholders, provided that distributions in a fiscal year did not exceed \$10 million.

In connection with the Reorganization, Bellatrix confirmed its \$85 million facilities with existing lenders on November 1, 2009 on substantially the same terms and conditions. The Company is fully compliant with all of its debt covenants.

7. CONVERTIBLE DEBENTURES

The following table shows the convertible debenture activities for the nine month period ended September 30, 2009 and the year ended December 31, 2008:

	Number of Debentures	Debt Component <i>(\$000s)</i>	Equity Component <i>(\$000s)</i>
Balance, December 31, 2007	86,250	\$ 79,407	\$ 5,119
Accretion	-	1,717	-
Balance, December 31, 2008	86,250	\$ 81,124	\$ 5,119
Accretion	-	1,425	-
Balance, September 30, 2009	86,250	\$ 82,549	\$ 5,119

In November 2008, the Trust received Toronto Stock Exchange approval for its normal course issuer bid program ("NCIB") to repurchase up to 10% of the issued and outstanding 7.50% convertible unsecured subordinated debentures of the Trust from December 1, 2008 to November 30, 2009. As of September 30, 2009 there have been no repurchases of convertible debentures under the NCIB. The 7.5% debentures have a face value of \$1,000 per debenture and have a maturity date of June 2011. Pursuant to True's credit facility, the Trust was permitted to repurchase debentures in relation to the normal course issuer bids approved by the TSX on August 17, 2009.

In connection with the reorganization of the Trust effective November 1, 2009, the convertible debentures have been assumed by Bellatrix. Holders of the debentures will be entitled to receive Bellatrix common shares, rather than Trust units, on conversion of such debentures. On November 1, 2009, Bellatrix had a principal amount of \$85.68 million of convertible debentures outstanding.

8. 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 \$62.4 million which will be incurred between 2009 and 2053. A credit-adjusted risk-free rate of 8 percent and an inflation rate of 2.4 percent were used to calculate the fair value of the asset retirement obligations.

<i>(\$000s)</i>	September 30, 2009	December 31, 2008
Balance, beginning of period	\$ 33,682	\$ 28,373
Liabilities incurred on development activities	263	784
Changes in prior period estimates	1,213	8,302
Liabilities released on dispositions	(10,925)	(3,333)
Liabilities settled during the period	(1,269)	(2,603)
Accretion expense	1,812	2,159
Balance, end of period	\$ 24,776	\$ 33,682

9. EXCHANGEABLE SHARES OF SUBSIDIARY / NON-CONTROLLING INTEREST

	September 30, 2009		December 31, 2008	
	Number	Amount	Number	Amount
Balance, beginning of period	294,026	\$ 2,887	390,276	\$ 3,922
Non-controlling interest recovery	-	(474)	-	(83)
Exchanged for trust units	-	-	(96,250)	(952)
Balance, end of period	294,026	\$ 2,413	294,026	\$ 2,887

The exchange ratio is calculated monthly based on the five day weighted average trust unit trading price preceding the monthly effective date. The exchangeable shares are not eligible for cash distributions; however cash distributions will increase the exchange ratio. As at September 30, 2009, the exchange ratio was 1.06272 (2008: 1.02179).

Effective November 1, 2009, the remaining exchangeable shares were exchanged for 312,458 common shares of Bellatrix.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
10. UNITHOLDERS' CAPITAL
a. Trust Units

	September 30, 2009		December 31, 2008	
	Number	Amount (\$000s)	Number	Amount (\$000s)
Balance, beginning of period	78,496,581	\$ 917,012	79,216,046	\$ 925,573
Repurchased under normal course issuer bid	-	-	(814,300)	(9,513)
Exchangeable shares converted	-	-	94,835	952
Balance, end of period	78,496,581	\$ 917,012	78,496,581	\$ 917,012

In August 2008, the Trust announced approval of the renewal of its normal course issuer bid ("NCIB") program to repurchase up to 7.8 million of its outstanding trust units during the period August 28, 2008 through August 27, 2009, subject to certain restrictions. As of December 31, 2008, the Trust had purchased 615,100 trust units at a weighted average price of \$2.74 per trust unit under the NCIB renewed on August 28, 2008. No repurchases have taken place in the nine month period ended September 30, 2009. Pursuant to True's credit facilities, the Trust was permitted to repurchase trust units in relation to the normal course issuer bids approved by the TSX on August 17, 2009. The NCIB of trust units expired effective August 27, 2009.

In connection with the Reorganization effective November 1, 2009, the trust units of the Trust and the equivalent number of trust units for exchangeable shares of the Trust, based on the current exchange ratio, were exchanged for a total of 78,809,039 new common shares of Bellatrix.

b. Trust Unit Incentive Plan

The following tables summarize information regarding trust unit incentive rights for the nine month period ended September 30, 2009:

Unit Rights Continuity

	Weighted Average Exercise Price (a)	Number
Balance, December 31, 2008	\$ 3.97	2,700,500
Granted	\$ 1.43	2,866,800
Forfeited	\$ 4.24	(1,528,071)
Balance, September 30, 2009	\$ 2.11	4,039,229

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

As of September 30, 2009, a total of 7,880,905 unit incentive rights were reserved, leaving an additional 3,841,676 available for future grants.

TRUE ENERGY TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Unit Rights Outstanding, September 30, 2009

Exercise Price Net of Reductions	Outstanding		Exercisable		
	At Sept. 30, 2009	Weighted Average Exercise Price Net of Price Reductions	Weighted Average Remaining Contractual Life	At Sept. 30, 2009	Exercise Price Net of Price Reductions
\$ 0.65 - \$ 1.50	1,381,274	\$ 1.13	4.5	-	-
\$ 1.64 - \$ 2.47	2,046,624	\$ 2.02	4.2	180,320	\$ 2.47
\$ 2.58 - \$ 4.29	177,833	\$ 3.62	3.6	60,499	\$ 3.66
\$ 4.23 - \$ 5.57	433,498	\$ 5.01	2.6	297,653	\$ 5.02
\$ 0.65 - \$ 5.57	4,039,229	\$ 2.11	4.1	538,472	\$ 4.01

In connection with the Reorganization effective November 1, 2009, a new option plan under Bellatrix was approved. As a result, the existing 4,067,733 incentive unit rights as at November 1, 2009 were exchanged for an equal number of new common share options of Bellatrix with the same terms as to exercise price, vesting and expiry dates.

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 nine month period ended September 30, 2009, the Trust matched \$0.1 million (2008 - \$0.2 million) under the plan. Effective for March 2009, the Trust suspended matching contributions under the plan until further notice.

11. CONTRIBUTED SURPLUS

(\$000s)	September 30, 2009	December 31, 2008
Balance, beginning of period	\$ 28,240	\$ 19,454
Unit-based compensation expense	564	1,869
Incentive units voluntarily surrendered	-	466
Adjustment of prior period unit-based compensation expense for forfeitures of unvested incentive units	(830)	(526)
Adjustment for repurchase of units under NCIB	-	6,977
Balance, end of period	\$ 27,974	\$ 28,240

Unit-based Compensation Expense

During the nine months ended September 30, 2009, the Trust granted 2,866,800 unit incentive rights to employees, directors and officers. Of the unit incentive rights granted during the period, 2,221,258 unit incentive rights have an exercise price that is higher than the Trust's unit market price on the grant date. The unit incentive rights for which the exercise price is higher than the Trust's unit market price on the grant date have a weighted average fair value of \$0.2583 per unit and an average exercise price of \$1.70. The remaining unit incentive rights have a weighted average fair value of \$0.3962 per unit. During the nine month period ended September 30, 2009, the Trust recorded unit-based compensation of \$0.6 million, of which \$0.1 million was capitalized to property, plant and equipment.

TRUE ENERGY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 nine month period ended September 30, 2009 and the assumptions used in their determination are as noted below:

	2009
Assumptions:	
Risk free interest rate (%)	2-3
Expected life (years)	5
Expected volatility (%)	69-84
Results:	
Weighted average fair value of each incentive right granted	\$ 0.2831

12. SUPPLEMENTAL CASH FLOW INFORMATION

Cash Interest and Taxes Paid

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
<i>(\$000s)</i>	2009	2008	2009	2008
Cash paid:				
Interest	\$ 1,416	\$ 1,406	\$ 6,589	\$ 9,491
Taxes (net of refunds)	\$ 1	\$ 811	\$ (272)	\$ 1,342

Change in Non-cash Working Capital

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
<i>(\$000s)</i>	2009	2008	2009	2008
Changes in non-cash working capital items:				
Accounts receivable	\$ 6,112	\$ 14,527	\$ 11,444	\$ 9,705
Deposits and prepaid expenses	(1,181)	(1,422)	443	(357)
Accounts payable and accrued liabilities	(4,069)	(626)	(16,628)	(12,488)
Distribution payable to unitholders	-	(13)	(1,570)	(3,182)
	\$ 862	\$ (12,466)	\$ (6,311)	\$ (6,322)
Changes related to:				
Operating activities	\$ 1,278	\$ 8,808	\$ 853	\$ (3,282)
Financing activities	861	(207)	52	(3,317)
Investing activities	(1,277)	3,865	(7,216)	277
	\$ 862	\$ 12,466	\$ (6,311)	\$ (6,322)

13. 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.

As at September 30, 2009, the total "temporary difference" (tax basis exceeds accounting basis) in the Trust is \$9 million. As at September 30, 2009, the Trust's subsidiaries have a tax basis of approximately \$367 million that is available to shelter future taxable income. Included in this tax basis are estimated non-capital loss carry forwards of approximately \$20 million that expire in years through 2027. In addition, the Trust itself has approximately \$17 million of tax basis.

Subsequent to the conversion from a Trust to a Corporation, Bellatrix is expected to have approximately \$382 million in tax pools that is available to shelter future taxable income. As a result of the conversion, approximately \$1.7 million in tax pools related to unit issue costs were eliminated.

TRUE ENERGY TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. PER TRUST UNIT AMOUNTS

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Basic trust units outstanding	78,496,581	78,862,690	78,496,581	78,862,690
Dilutive effect of:				
Trust unit incentive rights outstanding	4,039,229	2,539,166	4,039,229	2,539,166
Units issuable for exchangeable shares	312,467	340,642	312,467	340,642
Units issuable for convertible debentures	5,390,625	5,390,625	5,390,625	5,390,625
Diluted trust units outstanding	88,238,902	87,133,123	88,238,902	87,133,123
Weighted average trust units outstanding	78,496,581	78,996,154	78,496,581	79,140,544
Dilutive effect of exchangeable shares, trust unit incentive plan and convertible debentures ⁽¹⁾	-	-	-	-
Diluted weighted average trust units outstanding	78,496,581	78,996,154	78,496,581	79,140,544

(1) A total of 4,039,229 (2008: 2,539,166) trust incentive units, 312,467 (2008: 340,642) exchangeable shares and 5,390,625 (2008: 5,390,625) trust units issuable pursuant to the conversion of convertible debentures were excluded from the calculation for the three and nine month period ended September 30, 2009 as they were not dilutive.

15. FINANCIAL RISK MANAGEMENT

a. Credit risk

As at September 30, 2009, accounts receivable was comprised of and estimated to be aged as follows:

Aging (\$000s)	Not past due (less than 90 days)	Past due (90 days or more)	Total
Trade accounts receivable	2,561	3,666	6,227
Accrued and other receivables	7,851	3,667	11,518
Less: allowance for doubtful accounts	-	(1,070)	(1,070)
Total	10,412	6,263	16,675

After considering September 30, 2009 trade accounts payable from the same companies and cash receipts received subsequent to September 30, 2009, the Trust's trade receivables aged 90 or more days of approximately \$3.7 million, before the provision for doubtful accounts, are reduced to a net balance of approximately \$2.3 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
b. Liquidity risk

The following are the contractual maturities of financial liabilities as at September 30, 2009:

Financial Liability (\$000s)	< 1 Year	1-2 Years	2-5 Years	Thereafter
Accounts payable and accrued liabilities ⁽¹⁾	17,500	-	-	-
Commodity contract liability	111			
Bank debt - principal ⁽²⁾	-	26,485	-	-
Convertible debentures- principal	-	86,250		
Convertible debentures- interest ⁽³⁾	4,839	6,469	-	-
Total	22,450	119,204	-	-

(1) As at September 30, 2009, \$1.6 million of accrued coupon interest payable in relation to the convertible debentures is included in Accounts Payable and Accrued Liabilities.

(2) Bank debt is based on a revolving term which is reviewed at least annually and converts to a 366 day non-revolving facility if not renewed. Refer to note 6 for further details.

(3) Convertible debentures outstanding at September 30, 2009 bear interest at a coupon rate of 7.5%, which currently requires total annual interest payments of \$6.5 million.

Interest due on the bank credit facility is calculated based upon floating rates.

c. 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 utilizes both financial derivatives and physical delivery sales contracts to manage commodity price 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 including fixed price contracts, costless collars and the purchase of floor price options, other derivative financial instruments, and physical delivery sales contracts 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 funds flows from operations, as well as, to ensure True realizes positive economic returns from its capital developments and acquisition activities.

As at September 30, 2009, the Trust had entered into commodity price risk management arrangements as follows:

Type	Period	Volume	Price Floor	Price Ceiling	Index
Natural Gas fixed	March 1, 2009 to Dec. 31, 2009	5,000 GJ/day	\$ 5.90 CDN	\$ 5.90 CDN	AECO
Natural Gas fixed	Oct. 1, 2009 to Dec. 31, 2009	5,000 GJ/day	\$ 8.09 CDN	\$ 8.09 CDN	AECO
Natural Gas fixed	Oct. 1, 2009 to Dec. 31, 2009	5,000 GJ/day	\$ 6.26 CDN	\$ 6.26 CDN	AECO
Natural Gas fixed	Jan. 1, 2010 to March 31, 2010	5,000 GJ/day	\$ 7.16 CDN	\$ 7.16 CDN	AECO
Natural Gas fixed	Jan. 1, 2010 to March 31, 2010	5,000 GJ/day	\$ 8.00 CDN	\$ 8.00 CDN	AECO
Natural Gas call option	Jan. 1, 2010 to Dec. 31, 2010	5,000 GJ/day	-	\$ 8.05 CDN	AECO
Natural Gas fixed	April 1, 2010 to June 30, 2010	5,000 GJ/day	\$ 6.59 CDN	\$ 6.59 CDN	AECO
Oil collar	March 1, 2009 to Dec. 31, 2009	500 bbl/d	\$ 52.30 CDN	\$ 80.70 CDN	WTI

The fair value of commodity risk management contracts as at September 30, 2009 is a net asset of \$5.0 million.

TRUE ENERGY TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Subsequent to September 30, 2009, the Trust entered into commodity price risk management arrangements as follows:

Type	Period	Volume	Price Floor	Price Ceiling	Index
Natural Gas fixed	April 1, 2010 to June 30, 2010	5,000 GJ/day	\$ 5.53 CDN	\$ 5.53 CDN	AECO
Natural Gas fixed	July 1, 2010 to Sept. 30, 2010	10,000 GJ/day	\$ 5.66 CDN	\$ 5.66 CDN	AECO
Natural Gas fixed	Oct. 1, 2010 to Dec. 31, 2010	10,000 GJ/day	\$ 6.245 CDN	\$ 6.245 CDN	AECO

For the three and nine months ended September 30, 2009 and 2008, the gain (loss) on commodity contracts was comprised of the following:

(\$000s)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Gain (loss) on commodity contracts				
Realized ⁽¹⁾	\$ 5,572	\$ (11,831)	\$ 13,992	\$ (28,592)
Unrealized ⁽²⁾	(3,851)	(49,911)	1,289	6,674
	\$ 1,721	\$ (38,080)	\$ 15,281	\$ (21,918)

(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.

The Trust has entered into a natural gas physical delivery sales contract to sell 5,275 GJ/day at a fixed price of \$7.90/GJ for the fourth quarter of 2009.

d. Interest rate risk

The Trust had no interest rate swap or financial contracts in place during the three and nine months period ended September 30, 2009.

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 total net debt to annualized funds flow (the "ratio"). This ratio is calculated as total net debt, defined as outstanding bank debt, plus the liability component of convertible debentures, plus or minus working capital (excluding commodity contract assets and liabilities, current portion of long-term debt and future income tax assets or liabilities), divided by funds flow from operations (cash flow from operating activities before changes in non-cash working capital and deductions for asset retirement costs) for the most recent calendar quarter, annualized (multiplied by four). The total net debt to annualized funds flow ratio may increase at certain times as a result of acquisitions, fluctuations in commodity prices, timing of capital expenditures 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Given the continuing uncertain economic conditions, the Trust has suspended unit distributions in order to maintain financial flexibility. The Trust plans to continue to monitor forecasted debt levels to manage its operations within forecasted funds flow. The Trust expects the total net debt to annualized funds flow ratio to reflect the economic burdens experienced as a result of the recent downturn in the global economic environment. The Trust will continue to monitor developments within the global economic environment to consider the impacts on the current or future lending arrangements.

The Trust's long-term strategy, under a more stable economic environment, is to target a total net debt to annualized funds flow ratio of 2.0 times. Focus in 2009 has been to improve the Company's financial flexibility and to build a strong balance sheet. Strategic divestitures completed during the year has contributed to the reduction of the Trust's ratio of total net debt to annualized funds flow based on 2009 third quarter results to 2.4 times compared to 9.2 times at December 31, 2008. True continues to take a balanced approach to the priority use of funds flows. The Debentures have a maturity date of June 30, 2011. Upon maturity, the Company may settle the principal in cash or issuance of additional common shares of Bellatrix effective November 1, 2009. Excluding Debentures, net debt to annualized funds flow based on 2009 third quarter results was 0.5 times.

The calculation of total net debt and total net debt to cash flow is as follows:

(\$000s, except where noted)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Long-term debt	26,485	116,591	26,485	116,591
Convertible debentures (liability component)	82,549	80,693	82,549	80,693
Working capital excess	(4,701)	(3,511)	(4,701)	(3,511)
Total net debt ⁽¹⁾ at year end	104,333	193,773	104,333	193,773
Debt to funds flow from operations ratio (annualized)⁽²⁾				
Funds flow from operations (annualized)	44,360	85,954	37,792	96,037
Total net debt ⁽¹⁾ to periods funds flow from operations ratio (annualized)	2.4x	2.3x	2.8x	2.0x
Net debt ⁽¹⁾ (excluding convertible debentures) at quarter end	21,784	113,080	21,784	113,080
Net debt to periods funds flow from operations ratio (annualized)	0.5x	1.3x	0.6x	1.2x
Debt to funds flow from operations ratio (trailing)⁽³⁾				
Total net debt to periods funds flow from operations ratio (trailing)	2.0x	2.1x	2.0x	2.1x
Net debt to periods funds flow from operations ratio (trailing)	0.4x	2.1x	0.4x	2.1x

(1) Net debt includes the net working capital deficiency (excess) before short-term commodity contract assets and liabilities, current portion of long-term debt and short-term future income tax assets and liabilities. 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 (annualized) is calculated based upon second quarter funds flow from operations annualized.

(3) Trailing periods funds flow from operations is based on the trailing twelve-months period ended September 30, 2009 and 2008.

The Trust's credit facilities are based on petroleum and natural gas reserves (see note 6). The credit facilities outline limitations on percentages of forecasted production, from external reserve engineer data, which may be hedged through financial commodity risk management contracts and limitations on property dispositions without prior consent of the lenders. The Trust also had outstanding normal course issuer bids for its convertible debentures and trust units, as detailed in note 7 and 10, respectively.

TRUE ENERGY TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

f. Fair value of financial instruments

The Trust's financial instruments as at September 30, 2009 include accounts receivable, deposits, 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. The fair value of commodity contracts as at September 30, 2009 was a net asset of \$5.0 million.

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 \$74.4 million is based on exchange traded values.

CORPORATE INFORMATION

BOARD OF DIRECTORS

W.C. (Mickey) Dunn, *Chairman*
Independent Businessman
Edmonton, Alberta

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Partner
Burnet, Duckworth & Palmer LLP
Calgary, Alberta

Murray B. Todd, B. Sc., P. Eng.
President
Canada Hibernia Trading Company
Calgary, Alberta

Raymond G. Smith, P. Eng.
President and CEO
True Energy Trust
Palm Desert, California

Murray L. Cobbe
President and CEO
Trican Well Service Ltd.
Calgary, Alberta

Doug Baker, FCA
Independent Businessman
Calgary, Alberta

Keith E. Macdonald, CA
Independent Businessman
Calgary, Alberta

Melvin M. Hawkrigg, BA, FCA, LL.D (Hon.)
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Orlick Industries Limited
Waterdown, Ontario

Robert A. Johnson, P. Geol.
Independent Businessman
Calgary, Alberta

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Duncan A. Chisholm, B. Sc.
Vice President, Engineering and COO

Russell G. Oicle, P. Geol.
Vice President, Exploration

Ving Y. Woo, P. Eng.
Vice President, Operations

Tim Blair
Vice President, Land

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading symbol: BXE
Debentures: BXE.DB

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP

AUDITORS

KPMG LLP

BANKERS

National Bank of Canada
Alberta Treasury Branches

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GLJ Petroleum Consultants

REGISTRAR AND TRANSFER AGENT

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