CALGARY, ALBERTA--(Marketwired - May 9, 2016) -

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Trinidad Drilling Ltd. ("Trinidad" or the "Company") (TSX:TDG) reported first quarter 2016 results today. In the first three months of 2016, Trinidad remained focused on managing its operations through the downturn. Commodity prices remained weak in the first quarter, driving lower activity levels and resulting in lower adjusted EBITDA(1) and net income compared to the same periods in 2015. The negative impact of these challenging conditions was partly offset by cost control measures implemented throughout the period, a strong contribution from the joint venture operations and Trinidad's contract base, which provided revenue stability on contracted rigs, as well as lump sum and standby revenue on rigs that were terminated early.

"Trinidad has proactively adapted its business to the current industry conditions," said Lyle Whitmarsh, Trinidad's Chief Executive Officer. "We have cut costs across our operations, lowered capital expenditures, relaxed our debt covenants and suspended our dividend in reaction to reduced customer demand and limited future visibility. In addition, during the quarter we recorded positive funds from operations and improved our financial flexibility by lowering debt levels and distributing funds from our joint venture. We have positioned the Company well to withstand the current downturn and are actively preparing for the rebound."

(1) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section of this document for further details.

FINANCIAL HIGHLIGHTS

Three months ended March 31,			
($ thousands except share and per share data)	2016	2015	% Change
Revenue	107,650	194,396	(44.6)
Revenue, net of third party costs [1]	102,130	186,079	(45.1)
Operating income [1]	46,679	72,282	(35.4)
Operating income percentage [1]	43.4 %	37.2 %	16.7
Operating income - net percentage [1]	45.4 %	38.5 %	17.9
Adjusted EBITDA [1]	44,207	60,031	(26.4)
Per share (diluted) [2]	0.20	0.45	(55.6)
Cash provided by operations	15,893	928	1,612.6
Per share (basic / diluted) [2]	0.07	0.01	600.0
Funds provided by operations [1]	8,700	36,092	(75.9)
Per share (basic / diluted) [2]	0.04	0.27	(85.2)
Net income [4]	11,303	12,130	(6.8)
Per share (basic / diluted) [2][4]	0.05	0.09	(44.4)
Capital expenditures	20,164	50,134	(59.8)
Dividends declared [3]	-	6,671	(100.0)
Shares outstanding - diluted (weighted average) [2]	222,087,270	133,694,825	66.1
As at	March 31,	December 31,	
($ thousands except percentage data)	2016	2015	% Change
Total assets	2,073,537	2,236,200	(7.3)
Total long-term liabilities	685,632	783,254	(12.5)

(1) Readers are cautioned that Operating income, Operating income percentage, Operating income - net percentage, Revenue, net of third party costs, adjusted EBITDA, Funds provided by operations, and the related per share information do not have standardized meanings prescribed by IFRS - see Non-GAAP Measures Definitions and Additional GAAP Measures Definitions at the end of this document.

(2) Basic shares include the weighted average number of shares outstanding over the period. Diluted shares include the weighted average number of shares outstanding over the period and the dilutive impact, if any, of the number of shares issuable pursuant to the Incentive Option Plan.

(3) $0.00 per share declared in the first quarter of 2016. $0.05 per share declared in the first quarter of 2015.

(4) Net income is net income attributable to shareholders of Trinidad. Net income per share is calculated as net income attributable to shareholders of Trinidad divided by the weighted average number of common shares outstanding, both adjusted for dilutive factors.

OPERATING HIGHLIGHTS

Three months ended March 31,	2016	2015	% Change

Land Drilling Market			
Operating days[(1)]			
Canada	2,001	2,343	(14.6)
United States and International	1,733	2,695	(35.7)
Rate per operating day [(1)]			
Canada (CDN$)	24,635	25,764	(4.4)
United States and International (CDN$)	28,529	33,194	(14.1)
United States and International (US$)	20,438	27,778	(26.4)
Utilization rate - operating day [(1)]			
Canada	31 %	50 %	(38.0)
United States and International	29 %	61 %	(52.5)
Number of drilling rigs at period end [(4)]			
Canada	72	54	33.3
United States and International	67	47	42.6
Barge Drilling Market			
Number of barge drilling rigs at period end [(4)]	-	2	(100.0)
Number of barge drilling rigs under Bareboat Charter Agreements at period end [(4)]	-	3	(100.0)
TDI Joint Venture Operations [(2)]			
Operating days [(1)]	690	410	68.3
Rate per operating day (CDN$) [(1)]	64,894	61,412	5.7
Rate per operating day (US$) [(1)]	46,676	50,825	(8.2)
Utilization rate - operating day [(1)]	95 %	94 %	1.1
Number of drilling rigs at period end [(4)]	8	8	-
DCM Joint Venture Operations [(3)]			
Number of drilling rigs at period end [(4)]	2	-	100.0
Number of service rigs at period end [(4)]	2	-	100.0

(1) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

(2) Trinidad is party to a joint venture with a wholly-owned subsidiary of Halliburton. These rigs are owned by the joint venture.

(3) As part of the CanElson acquisition, effective August 11, 2015, Trinidad acquired a 50% ownership of a joint venture operating under the name Diavaz CanElson de Mexico, S.A. de C.V. (DCM).

(4) Refer to the Results from Operations section for details on the changes to the rig count.

OVERVIEW

In the first quarter of 2016, Trinidad continued to manage its operations through challenging industry conditions, adjusting costs and operations where possible to improve efficiencies. In addition, the Company improved its liquidity by suspending its dividend, reducing debt levels and receiving a distribution from its joint venture operations in the quarter.

Weak commodity prices and slowing customer demand in the first three months of the year led to lower activity levels and reduced profitability compared to the same quarter last year. The impact of these challenging conditions was partly offset by the addition of CanElson rigs, acquired in the third quarter of 2015, and the continued strong performance from the Company's international joint venture operations. In addition, early termination and standby revenue recorded in the current quarter positively impacted revenue and operating income - net percentage.

In the first quarter of 2016, adjusted EBITDA was $44.2 million, down 26.4% from the same period in 2015. Adjusted EBITDA was lower in the current quarter as weaker market conditions reduced the number of operating days and continued to put downward pressure on dayrates. In the first quarter of 2016, Trinidad's Canadian operations received more early termination and standby revenue, while the US and international operations received less, when compared to the same quarter last year. On a consolidated basis, early termination and standby revenue was lower in the current period at $9.7 million, compared to $19.5 million in the same quarter last year.

Despite weak market conditions, Trinidad was able to maintain a solid operating income - net percentage in the current quarter of 45.4%, compared to 38.5% for the same quarter last year. An ongoing focus on cost reduction, a higher proportion of high specification rigs operating and less manufacturing revenue, which typically generates a lower margin, contributed to improved operating income - net percentage in the current quarter. Excluding the impact of early termination and standby revenue, Trinidad's operating income - net percentage still remained strong at 39.6% compared to 31.4% in the first quarter of 2015.

Trinidad recorded net income of $11.3 million or $0.05 per share (diluted) for the quarter ended March 31, 2016, down $0.8 million from net income of $12.1 million in the same quarter of 2015. The reduction in net income was mostly a result of lower adjusted EBITDA, higher depreciation and amortization expense, higher finance and transaction costs; offset partly by a foreign exchange gain, an increased gain from investment in joint venture and a deferred tax recovery in 2016.

During the quarter, Trinidad was able to lower its total long-term debt by $88.4 million. Trinidad's improved liquidity in the current quarter was driven by a $21.5 million distribution paid by the TDI joint venture in the first quarter, a weaker US dollar compared to the Canadian dollar which lowered the translated value of US dollar based Senior Notes, a decrease in the revolving facility of $50.5 million and the suspension of the Company's dividend.

INDUSTRY STATISTICS

Commodity prices continued to weaken in the first quarter of 2016, leading to a further pull back in capital spending by oil and gas producers and sharp reductions in drilling activity. Crude oil prices dropped below US$30.00 per barrel towards the middle of the first quarter, partially recovering in second half of the quarter to end at US$38.34 per barrel. On average, WTI crude oil was US$33.78 per barrel in the first quarter, down 30% from the same quarter last year and 20% from the fourth quarter of 2015. Natural gas prices also lowered in the first quarter of 2016, with Henry Hub natural gas averaging US$1.99 per mmBtu, down 31% from the same quarter last year and 6% from the fourth quarter of 2015. Industry activity levels in the first quarter were directly impacted by the reduction in capital spending as activity levels across North America lowered, largely in tandem with decreasing commodity prices.

	2016	Full Year	2015				Full Year	20
	Q1	2015	Q4	Q3	Q2	Q1	2014	Q4
Commodity Prices								
Aeco natural gas price (CDN$ per gigajoule)	1.81	2.57	2.35	2.76	2.54	2.60	4.28	3.4
Henry Hub natural gas price (US$ per mmBtu)	1.99	2.61	2.11	2.75	2.73	2.87	4.36	3.7
Western Canada Select crude oil price (CDN$ per barrel)	36.79	45.26	37.05	41.22	59.40	43.52	82.00	65.
WTI crude oil price (US$ per barrel)	33.78	48.68	42.02	46.48	57.85	48.49	93.06	73.
Canadian / US dollar exchange rate	1.37	1.28	1.34	1.31	1.23	1.24	1.10	1.1
US Activity								
Average industry active land rig count [1]	533	983	757	829	935	1,403	1,789	1,8
Average Trinidad active land rig count [2]	19	27	26	26	24	30	50	52
Canadian Activity								
Average industry utilization [3]	20 %	23 %	21 %	24 %	13 %	35 %	44 %	45
Average Trinidad utilization [4]	29 %	29 %	28 %	32 %	7 %	46 %	52 %	57

[1] Baker Hughes rig counts (information obtained from Tudor, Pickering, Holt & Co. weekly rig roundup report).
[2] Includes US and international rigs.
[3] Canadian Association of Oilwell Drilling Contractors (CAODC) utilization.
[4] Based on drilling days (spud to rig release dates).

FIRST QUARTER 2016 HIGHLIGHTS

- Adjusted EBITDA in the first quarter was $44.2 million, down 26.4% from the same period last year. Adjusted EBITDA declined in the current period largely as a result of lower activity in the Canadian and US operations driven by weakening commodity prices and less early termination and standby revenue. The impact of lower activity was slightly offset by the addition of the CanElson rigs in August of 2015, cost cutting initiatives and a stronger US/CDN dollar translation in the first quarter of 2016 compared to the same quarter of 2015.

- Operating income - net percentage was 45.4% in the first quarter of 2016, up from 38.5% for the same period last year. Operating income - net percentage increased as a result of cost cutting initiatives, a higher proportion of high specification rigs working and less activity in the manufacturing division. The manufacturing division typically generates lower margins than Trinidad's drilling operations as the external new builds are constructed for Trinidad's joint venture company and joint venture partner, Halliburton, at cost plus a small margin.

- Net income was $11.3 million in the first quarter of 2016, down from net income of $12.1 million in the same quarter last year. The decrease in net income from the prior comparative quarter was largely driven by lower adjusted EBITDA, higher depreciation and amortization expense, higher finance and transaction costs; offset by a foreign exchange gain, an increased gain from investment in joint venture and a deferred tax recovery recorded in 2016.

- During the first quarter of 2016, Trinidad lowered its total long-term debt by $88.4 million mainly due to a decrease in the Senior Notes as the US dollar foreign exchange rates lowered compared to the Canadian dollar at March 31, 2016 compared to December 31, 2015. As well, Trinidad was able to pay down the revolving facility showing a decrease of $50.5 million during the quarter.

- In the first quarter of 2016, Trinidad's Joint Venture paid a distribution of $21.5 million to Trinidad. This payment increased cash on hand and is eligible to be included as Bank EBITDA in the Company's debt covenant calculations.

- On March 2, 2016, Trinidad's board of directors voted to suspend the dividend in 2016. Trinidad chose to suspend the dividend in order to manage cash flows and add further financial flexibility.

RESULTS FROM OPERATIONS

Canadian Operations

Three months ended March 31, ($ thousands except percentage and operating data)	2016	2015	% Change
Operating revenue [1]	50,358	60,370	(16.6)
Other revenue	232	45	415.6
	50,590	60,415	(16.3)
Operating costs [1]	26,689	34,822	(23.4)
Operating income [3]	23,901	25,593	(6.6)
Operating income - net percentage [3]	47.2 %	42.4 %	
Operating days [3]	2,001	2,343	(14.6)
Drilling days [3]	1,875	2,135	(12.2)
Rate per operating day (CDN$) [3]	24,635	25,764	(4.4)
Utilization rate - operating day [3]	31 %	50 %	(38.0)
Utilization rate - drilling day [3]	29 %	46 %	(37.0)
CAODC industry average [2]	20 %	35 %	(42.9)
Number of drilling rigs at period end	72	54	33.3

(1) Operating revenue and operating costs for the three months ended March 31, 2016 and 2015 exclude third party recovery and third party costs of $3.7 million and $6.6 million, respectively.

(2) CAODC industry average is based on drilling days divided by total days available.

(3) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

For the quarter ended March 31, 2016, operating revenue and operating income was $50.4 million and $23.9 million, respectively, down 16.6% and 6.6%, respectively, from the prior year. Operating revenue and operating income lowered in the current quarter largely as a result of fewer operating days in 2016, which decreased by 14.6% or 342 operating days. The impact of weak demand on operating revenue and operating income was partly offset by higher early termination and standby revenue in the current quarter. Additionally, overall revenue generation was positively impacted by increased operating days from the rigs acquired as part of the CanElson acquisition.

Dayrates in the current year decreased by $1,129 per day compared to the prior period, mainly due to weak customer demand and strong industry competition. The impact of lower dayrates was partly offset by an increase in early termination and standby revenue recorded in 2016. Total early termination and standby revenue recorded in 2016 was $4.6 million, or $2,284 per operating day, compared to $0.3 million, or $142 per operating day, in 2015. The early termination and standby revenue recorded in 2016 mainly related to lump sum amounts collected for three rigs with contracts that had all expired by March 31, 2016. Trinidad's contract base helped to offset the decline in revenue generation caused by lower utilization in the first quarter of 2016.

A decline in commodity prices throughout 2015 and into 2016 significantly affected utilization rates for the drilling industry as a whole. Trinidad's utilization decreased by 19 percentage points in the first quarter compared to the same quarter last year. However, despite current depressed market conditions, Trinidad was able to achieve utilization of nine percentage points above the industry average.

Operating income - net percentage increased in the current quarter to 47.2% compared to 42.4% in the prior year. The Canadian operations was able to record increased operating income - net percentage as a result of higher early termination and standby revenues and cost cutting initiatives. Removing all early termination and standby revenue, operating income - net percentage in the first quarter of 2016 was 42.0%, in-line with the prior year's adjusted operating income - net percentage of 42.0%, mainly due to cost cutting initiatives and the current rig mix. Throughout 2015 and into 2016, Trinidad has closely monitored repair and maintenance expenditures, incurring expenses only as rigs return to work. As well, the Company has worked with its suppliers to reduce costs in all aspects of its operations. As fewer rigs are working in 2016, these rigs tend to be higher specification rigs with higher margins; therefore, causing an increase in profitability.

Trinidad's Canadian rig count totaled 72 rigs at March 31, 2016, an increase of 18 rigs compared to the first quarter of 2015. The rig count increased as a result of the CanElson acquisition which closed in August of 2015 and added 28 rigs to the Canadian rig fleet in the third quarter of 2015. This was offset by the reduction of 10 rigs removed at December 31, 2015, as Trinidad reviewed the existing rig fleet and chose to decommission low specification rigs.

First quarter of 2016 versus fourth quarter of 2015

Operating revenue and operating income decreased by $10.7 million and $1.4 million, respectively, in the first quarter of 2016 compared to the fourth quarter of 2015. Typically the first quarter is the most active period in the Canadian drilling industry; however, lower commodity prices in the current period caused exploration and development companies to cut back capital spending programs for 2016. Operating days were significantly depressed when compared to prior years. As such, increased competition caused a decline in spot market pricing and revenue generation.

Although overall operating income decreased, Trinidad recorded increased profitability in the first quarter of 2016 with operating income - net percentage of 47.2% compared to 41.4% in the fourth quarter of 2015. Trinidad's strong contract base helped to mitigate the decline in revenue generation caused by lower utilization in 2016. As such, the Company recorded early termination and standby revenue of $4.6 million in the first quarter of 2016 compared to $2.8 million in the fourth quarter of 2015, positively impacting profitability.

United States and International Operations

Three months ended March 31,			
($ thousands except percentage and operating data)	2016	2015	% Change
Operating revenue [1]	49,450	91,189	(45.8)
Other revenue	7	275	(97.5)
	49,457	91,464	(45.9)
Operating costs [1]	26,347	48,006	(45.1)
Operating income [1]	23,110	43,458	(46.8)
Operating income - net percentage [2]	46.7%	47.5%	
Land Drilling Rigs			
Operating days [2]	1,733	2,695	(35.7)
Drilling days [2]	1,470	2,266	(35.1)
Rate per operating day (CDN$) [2]	28,529	33,194	(14.1)
Rate per operating day (US$) [2]	20,438	27,778	(26.4)
Utilization rate - operating day [2]	29%	61%	(52.5)
Utilization rate - drilling day [2]	24%	51%	(52.9)
Number of drilling rigs at period end	67	47	42.6
Barge Drilling Rigs			
Number of barge drilling rigs at period end	-	2	(100.0)
Number of barge drilling rigs under Bareboat Charter Agreements at period end	-	3	(100.0)

[1] Operating revenue and operating costs for the three months ended March 31, 2016 and 2015 exclude third party recovery and third party costs of $1.5 million and $1.2 million, respectively.

[2] See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

For the quarter ended March 31, 2016, operating revenue and operating income was $49.5 million and $23.1 million, respectively, down 45.8% and 46.8%, respectively, from the prior year. Weakening commodity prices in 2015 and into 2016 caused a significant reduction in demand for land drilling rigs which led to lower activity. Utilization decreased to 29% from 61% in 2015, and operating days declined to 1,733 days compared to 2,695 days in the prior year. Additionally, profitability showed a decline year over year, mainly due to less early termination and standby revenue recorded in 2016. The decrease in overall revenue generation was slightly offset by the additional rigs acquired as part of the CanElson acquisition in the third quarter of 2015.

Dayrates in the current quarter decreased by US$7,340 per day compared to the same quarter in the prior year. The decrease in the current period was a result of lower early termination and standby revenue recorded in 2016 as well as downward pressure on spot market pricing in 2016. Trinidad recorded early termination and standby revenue of US$3.7 million in the first quarter of 2016, compared to US$16.1 million in the first quarter of 2015. Excluding early termination and standby revenue, dayrates in the current period were US$18,299, compared to US$21,802 per day in the same period of 2015. Early termination and standby revenue for 2016 mainly relates to three rigs that were terminated at the end of 2015 and one in early 2016, with an average remaining contract period of 18 months. Early termination and standby revenue recorded in the first quarter of 2015 mainly relates to lump sum amounts on 10 rigs with an average remaining contract period of two months. Lastly, as commodity prices continued to lower in the first quarter of 2016, pressure to reduce dayrates increased. As a result, dayrates on the drilling rigs operating in 2016 were lower than 2015.

Operating income - net percentage decreased slightly to 46.7% in the first quarter of 2016 compared to 47.5% in the same quarter of 2015. Lower early termination and standby revenue recorded in 2016 caused a decline in overall profitability year over year. Excluding early termination and standby revenue, operating income - net percentage increased to 40.5% in the first quarter of 2016, compared to 33.6% in the first quarter of 2015, mainly as a result of cost cutting measures undertaken by the Company. In addition to lower wages and reduced headcount, the Company has reduced supply costs and scaled back repairs and maintenance to only those rigs expected to work in the near term.

At March 31, 2016, Trinidad's US and international rig count totaled 67 rigs, an increase of 20 rigs compared to the same period last year. In the third quarter of 2015, Trinidad's US and international rig fleet increased by 21 rigs as a result of the CanElson acquisition. Additionally in 2015, three contracted new build rigs were delivered by Trinidad's manufacturing division to the US and international operations and one new rig was added in the Middle East. This was offset by the reduction of five low specification rigs decommissioned at December 31, 2015.

Due to the downturn, Trinidad has chosen to discontinue marketing its barge rigs in order to focus on its core land drilling business. Therefore, as of September 30, 2015, all barge rigs were removed from Trinidad's active rig count with no operations in 2016.

First quarter of 2016 versus fourth quarter of 2015

Operating revenue and operating income decreased by $17.5 million and $9.2 million, respectively, in the first quarter of 2016 compared to the fourth quarter of 2015. Activity levels in Trinidad's US and international operations continued to decline into 2016 as commodity prices further weakened. Trinidad recorded 645 less operating days in the first quarter of 2016 compared to the fourth quarter of 2015.

Profitability was also negatively impacted in 2016 by lower overall revenue generation as well as less early termination and standby revenue recorded in 2016. Trinidad recorded early termination and standby revenue of US$3.7 million in the first quarter of 2016 related to three rigs that were terminated at the end of 2015 and one in early 2016, with an average remaining contract period of 18 months. In the fourth quarter of 2015, Trinidad recorded US$4.6 million of early termination and standby of which US$1.0 million related to early termination lump sum payments for one rig with contract terms expiring in 2016.

Joint Venture Operations

Trinidad Drilling International (TDI):

Amounts are presented at 100% of the value included in the statement of operations and comprehensive income for Trinidad Drilling International (TDI); Trinidad owns 60% of the shares of TDI.

Three months ended March 31,			
($ thousands except percentage and operating data)	2016	2015	% Change
Operating revenue	46,072	26,032	77.0
Other revenue	-	(19)	(100.0)
	46,072	26,013	77.1
Operating costs	26,760	15,469	73.0
Operating income [(1)]	19,312	10,544	83.2
Operating income - net percentage [(1)]	41.9%	40.5%	
Operating days [(1)]	690	410	68.3
Rate per operating day (CDN$) [(1)]	64,894	61,412	5.7
Rate per operating day (US$) [(1)]	46,676	50,825	(8.2)
Utilization rate - operating day [(1)]	95%	94%	1.1
Number of drilling rigs at period end	8	8	-
Number of active drilling rigs at period end	8	5	60.0

[(1)] See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

In Trinidad's TDI joint venture operations, operating revenue and operating income for the first quarter of 2016 was $46.1 million and $19.3 million, respectively, up 77.0% and 83.2%, respectively, from the prior year. Expanding operations and an increased active rig count in the first quarter of 2016 drove improved results in the current year. During the first quarter of 2016, TDI had a total of eight drilling rigs actively working, four rigs in Saudi Arabia and four rigs in Mexico. In the first quarter of 2015, TDI had four rigs operating in Saudi Arabia and one rig operating in Mexico.

For the quarter ended March 31, 2016, dayrates declined slightly due to less mobilization and standby revenue recorded on TDI's Mexico rigs. In the first quarter of 2015, Trinidad recorded mobilization and standby revenue on three rigs in Mexico as they were waiting on location. As mobilization and standby revenue is recorded with no associated operating days or operating costs, it increases the overall average dayrate.

Operating income - net percentage remained strong in the current quarter at 41.9%, up slightly from 40.5% in the same quarter last year.

Diavaz CanElson de Mexico, S.A. de C.V. (DCM):

As part of the CanElson acquisition, which closed effective August 11, 2015, Trinidad acquired a 50% ownership in Diavaz CanElson de Mexico, S.A. de C.V., a joint venture which operates drilling and service rigs in Mexico. DCM currently has two drilling rigs and two service rigs in Mexico. For the period ended March 31, 2016, Trinidad's portion of DCM's income was less than $0.1 million.

Manufacturing Operations

Three months ended March 31, ($ thousands except percentage)	2016	2015	% Change
Operating revenue (1)	2,082	34,196	(93.9)
Other revenue	1	4	(75.0)
	2,083	34,200	(93.9)
Operating costs (1)	2,738	31,536	(91.3)
Operating income (2)	(655)	2,664	(124.6)
Operating income - net percentage (2)	(31.4)%	7.8%	

(1) For the three months ended March 31, 2016, excluded from operating revenue and operating costs are downstream elimination entries of $3.1 million and $3.1 million, respectively (2015 - $49.1 million and $46.7 million, respectively). These entries remove Trinidad's percentage of profits related to the manufacturing of rigs for the TDI joint venture.

(2) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

Towards the end of 2015, due to lower demand for new and upgraded equipment, the Company chose to restructure its manufacturing operations, resizing its cost base to better reflect the lower activity levels. As such, the manufacturing operations recorded reduced revenue generation and profitability in the current year compared to 2015.

For the period ended March 31, 2016, Trinidad recognized revenue and expenses related to one upgrade project and various repairs and maintenance type work performed on the TDI joint venture rigs located in Mexico and Saudi Arabia. In the first quarter of 2015, Trinidad recognized revenue and expenses related to the rigs it was building for the Mexico joint venture operations and for the training rig it was building for the Company's joint venture partner, Halliburton.

By reducing the cost base of the manufacturing operations, the Company expects to reduce operating costs in future periods.

FINANCIAL HIGHLIGHTS - QUARTERLY ANALYSIS

	2016	2015				2014		
($ millions except per share data and operating data)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	107.7	138.0	124.3	95.2	194.4	276.4	244.5	168.9
Operating income (1)	46.7	56.0	52.0	41.9	72.3	93.9	80.5	45.6
Operating income percentage (1)	43.4%	40.6%	41.8%	44.0%	37.2%	34.0%	32.9%	27.0%
Operating income - net percentage (1)	45.4%	42.5%	43.9%	46.3%	38.5%	35.6%	34.7%	28.3%
Net income (loss) (4)	11.1	(141.3)	(87.6)	(1.5)	12.1	(13.5)	19.2	(24.8)
Adjustments for:								
Depreciation and amortization	43.2	49.0	26.6	19.7	23.6	34.0	33.4	27.3
Foreign exchange	(2.4)	(2.3)	3.3	-	6.2	(0.1)	0.5	1.5
(Gain) loss on sale of property and equipment	(1.2)	0.5	(0.6)	(0.4)	(1.1)	3.5	0.1	(1.3)
Impairment of property and equipment	-	178.7	26.9	-	-	56.9	-	20.6
Impairment of goodwill	-	-	111.8	-	-	-	-	-
(Gain) loss from investment in joint ventures	(21.4)	6.2	(2.8)	(0.6)	(1.3)	(1.3)	1.6	(0.4)
Finance and transaction costs	14.1	13.7	17.9	12.9	11.4	9.8	9.7	10.0
Income taxes	(10.4)	(66.7)	(56.1)	(3.4)	4.4	(8.9)	4.9	(7.2)
Interest income	-	-	-	-	-	-	(0.1)	(0.1)
Other expense	0.9	0.8	(1.9)	1.4	2.9	0.6	(4.0)	5.3
Income taxes paid	(0.9)	(5.8)	(1.1)	(2.0)	(1.6)	(0.3)	(0.7)	(0.7)
Income taxes recovered	0.1	-	2.9	0.1	0.2	0.4	1.3	0.2

Interest paid	(24.4)	(2.2)	(22.9)	(1.1)	(20.7)	(1.4)	(19.5)	(0.5)
Interest received	-	-	-	-	-	-	0.1	0.1
Funds provided by operations [1]	8.7	30.6	16.4	25.1	36.1	79.7	46.5	30.0
Per share (diluted) [2]	0.04	0.14	0.09	0.19	0.27	0.58	0.34	0.22
Adjusted EBITDA [1]	44.2	47.0	45.0	34.7	60.0	77.3	64.6	30.6
Per share (diluted) [2]	0.20	0.21	0.25	0.26	0.45	0.56	0.47	0.22
Net income (loss) attributable to Trinidad [3]	11.3	(141.5)	(87.5)	(1.5)	12.1	(13.5)	19.2	(24.8)
Per share (diluted) [2] [3]	0.05	(0.64)	(0.48)	(0.01)	0.09	(0.10)	0.14	(0.18)

[1] See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

[2] Diluted shares include the weighted average number of shares outstanding over the period and the dilutive impact, if any, of the number of shares issuable pursuant to the Incentive Option Plan.

[3] Net income (loss) is net income attributable to shareholders of Trinidad. Net income per share is calculated as net income attributable to shareholders of Trinidad divided by the weighted average number of common shares outstanding. Both are adjusted for dilutive factors.

[4] Net income (loss) used in the consolidated statement of cash flows in total net income (loss) before adjustments for non-controlling interest amounts.

OPERATING HIGHLIGHTS - QUARTERLY ANALYSIS

	2016	2015				2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Land Drilling Market								
Operating days [1]								
Canada	2,001	2,471	2,109	380	2,343	3,271	3,424	1,430
United States and International	1,733	2,378	2,199	2,202	2,695	4,820	4,906	4,441
Rate per operating day [1]								
Canada (CDN$)	24,635	24,079	23,695	31,731	25,764	26,624	24,669	26,338
United States and International (CDN$)	28,529	28,171	30,223	33,184	33,194	25,150	22,842	22,890
United States and International (US$)	20,438	21,209	23,582	26,755	27,778	22,476	21,092	20,819
Utilization rate - operating day [1]								
Canada	31 %	31 %	34 %	8 %	50 %	62 %	66 %	26 %
United States and International	29 %	36 %	40 %	50 %	61 %	97 %	96 %	80 %
Number of drilling rigs at period end [4]								
Canada	72	72	82	54	54	53	61	59
United States and International	67	67	72	49	47	47	54	56
Barge Drilling Market								
Number of barge drilling rigs at period end [4]	-	-	-	2	2	2	2	2
Number of barge drilling rigs under Bareboat Charter Agreements at period end [4]	-	-	-	-	3	3	3	3
TDI Joint Venture Operations [2]								
Operating days [1]	690	668	595	516	410			
Rate per operating day (CDN$) [1]	64,894	60,619	59,609	60,555	61,412			
Rate per operating day (US$) [1]	46,676	45,898	46,591	48,959	50,825			
Utilization rate - operating day [1]	95 %	97 %	99 %	95 %	94 %			
Number of drilling rigs at period end [4]	8	8	8	8	8	6	4	4
DCM Joint Venture Operations [3]								
Number of drilling rigs at period end [4]	2	2	2					
Number of service rigs at period end [4]	2	2	2					

[1] See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

[2] Trinidad is party to a joint venture with a wholly owned subsidiary of Halliburton (TDI). These rigs are owned by the joint venture.

[3] As part of the CanElson acquisition, effective August 11, 2015, Trinidad acquired 50% ownership of a joint venture operating under the name Diavaz CanElson de Mexico, S.A. de C.V. (DCM).

[4] Refer to the Results from Operations section for details on changes to the rig count.

GENERAL AND ADMINISTRATIVE

Three months ended March 31,			
($ thousands except percentage)	2016	2015	% Change
General and administrative [1]	12,654	15,976	(20.8)
% of revenue	11.8 %	8.2 %	

Share-based payment expense	674	427	57.8
Third party recoverable costs	323	567	(43.0)
Total general and administrative	13,651	16,970	(19.6)
% of revenue	12.7 %	8.7 %	

(1) General and administrative expenses excluding share-based payment expense and third party recoverable costs. This number is discussed as "Other G&A" per the below analysis.

For the three months ended March 31, 2016, total general and administrative (G&A) expenses were $13.7 million, down $3.3 million or 19.6%, when compared to the first quarter of 2015, mainly due to a reduction in Other G&A in the current year. In light of weak industry conditions in 2015, Trinidad implemented several measures to lower costs including a headcount reduction, a reduction in salaries and board fees for all executives and directors of approximately 20% and a company-wide average wage rollback of 12% for salaried employees. As such, the Company was able to reduce costs incurred related to salary expenses in 2016. The Company also recorded lower expenses related to rent, insurance, and travel and entertainment in 2016, compared to the first quarter of 2015.

Additionally, Trinidad has significantly reduced expenditures in non-core business activities, such as the Company's barge and manufacturing operations. Based on these initiatives, each of the barge and manufacturing operations recorded lower other G&A expenses in the first quarter of 2016 compared to the first quarter of 2015. Trinidad will continue to monitor operations in order to identify further efficiencies across all operations.

For the three months ended March 31, 2016, share-based payment expense increased by $0.2 million compared to the same period in 2015. This increase was mainly due to increased PSU and DSU units outstanding in 2016 due to the annual grants of each in the first quarter of 2016. This was slightly offset by a lower stock price in 2016 versus 2015.

Third party recoverable costs relate to costs incurred by Trinidad on behalf of the TDI joint venture. As these costs are fully recoverable, Trinidad records a related revenue entry for this same amount, causing a nil net income effect.

For the three months ended March 31, 2016, G&A as a percentage of revenue increased to 12.7% compared to 8.7% in the prior year due to lower revenue generation year over year.

FINANCIAL SUMMARY

As at ($ thousands)	March 31, 2016	December 31, 2015	$ Change
Working capital (1)	48,758	61,372	(12,614)
Limited partnership loans	2,237	2,609	(372)
Senior notes	582,553	620,661	(38,108)
Credit facility	39,352	89,873	(50,521)
	624,142	713,143	(89,001)
Less: unamortized debt issue costs	(5,663)	(6,223)	560
Total long-term debt	618,479	706,920	(88,441)
Total long-term debt as a percentage of assets	29.8 %	31.6 %	
Total assets	2,073,537	2,236,200	(162,663)
Total long-term liabilities	685,632	783,254	(97,622)
Total long-term liabilities as a percentage of assets	33.1 %	35.0 %	
Three months ended March 31,	2016	2015	$ Change
Cash provided by operations	15,893	928	14,965
Cash provided (used) by investing	21,693	(42,453)	64,146
Cash (used) provided by financing	(51,771)	34,653	(86,424)

(1) See Non-GAAP Measures Definitions section at the end of this document.

For the three months ended March 31, 2016, working capital decreased by $12.6 million when compared to December 31, 2015, due to a decrease in current assets of $40.7 million partly offset by a decrease in current liabilities of $28.1 million.

Current assets decreased in the current quarter mainly due to a reduction in accounts receivable as a result of lower activity in 2016 compared to the prior year across each of the Canadian and US and international operations. As well, prepaid expenses decreased mainly due to a reduction in prepaid insurance expenses. Cash decreased as a result of lower revenue generation partly offset by a distribution from the TDI joint venture. These were slightly offset by the increase in assets held for sale due to the addition of a non-drilling disposal group held for sale at March 31, 2016.

Current liabilities decreased in the current period mainly as a result of a decrease in accounts payable and accrued liabilities due to lower activity across Canada and the US and international operations. Additionally, dividends payable decreased following the suspension of the dividend in the first quarter of 2016 compared to a $0.01 per share dividend declared at December 31, 2015. Lastly, there was a slight decrease in the current portion of long-term debt due to a payment made in the first quarter of 2016. These decreases were slightly offset by an increase in deferred revenue related to the termination of one drilling contract with an average remaining contract period of 18 months. The majority of the amount included in deferred revenue at March 31, 2016 will be recognized in the second quarter of 2016.

Trinidad's total long-term debt balance at March 31, 2016 decreased by $88.4 million compared to December 31, 2015. This decrease was largely due to a decrease in the translated value of the Senior Notes and the amount drawn on the credit facility in the first quarter of 2016 compared to December 31, 2015. The Senior Notes decreased entirely as a result of the foreign currency fluctuations in the first quarter as the Canadian dollar strengthened in value compared to the US dollar closing at 1.2987 compared to 1.3840 at December 31, 2015. As these notes are held in US funds, the Senior Notes are translated at each period end, and, as such, their aggregate value fluctuates with US to Canadian exchange rates.

The Senior Notes are due on January 15, 2019 and interest is payable semi-annually in arrears on January 15 and July 15. Trinidad has designated the Senior Notes as a hedge of the US and international operations. As a result, unrealized gains and losses on the US dollar Senior Notes are offset against foreign exchange gains and losses arising from the translation of the foreign subsidiaries and included in the cumulative translation account in other comprehensive income.

Trinidad's total long-term debt balance also decreased due to a lower balance outstanding on the credit facility at March 31, 2016. At March 31, 2016, $16.0 million and US$18.0 million was drawn in Trinidad's Canadian and US dollar revolving facilities, respectively. Compared to December 31, 2015, where $65.0 million and US$18.0 million was drawn, respectively.

At March 31, 2016, the Company has available capacity of $134.0 million on its $150.0 million Canadian revolving facility and US$132.0 million on its US$150.0 million US revolving facility. In addition, Trinidad had $48.4 million in cash on hand at quarter end. The Canadian and US revolving facilities require quarterly interest payments that are based on Bankers Acceptance and LIBOR rates and incorporate a tiered interest rate, which varies depending on the results of the Total Debt to Bank EBITDA ratio.

2016 Capital Expenditures

In 2016, Trinidad expects to spend approximately $30.0 million in capital expenditures, comprised mostly of capital for maintenance and infrastructure projects necessary to maintain the Company's current operations. Trinidad expects to utilize existing capital inventory items to upgrade and maintain its fleet.

Three months ended March 31,		
($ thousands)	2016	2015
New builds	-	24,608
Capital upgrades and enhancements	9,471	7,936
Maintenance and infrastructure	2,090	4,213
Capital spares inventory	8,603	13,377
Total capital expenditures for Trinidad	20,164	50,134
Non-cash working capital allocated to investing activities	13,437	(15,291)
Total capital expenditures adjusted for non-cash items - Trinidad	6,727	65,425
TDI joint venture capital expenditures (Trinidad's 60% share)	2,249	23,700
Total capital expenditures adjusted for non-cash items - Trinidad and TDI joint venture	8,976	89,125

During the quarter ended March 31, 2016, a total of $20.2 million was spent on capital expenditures in Trinidad, compared to $50.1 million in the prior year. Of the $20.2 million, $13.4 million related to non-cash changes for deposits and payables with no actual cash outflow in 2016. The additional $6.7 million of capital expenditures mainly related to upgrading assets that are expected to work in 2016.

In addition to the amounts spent on Trinidad's capital, the Company spent $2.2 million related to its portion of capital spending for the TDI joint venture. The majority of the capital spend in 2016 for the joint venture related to upgrading the rigs and investing in capital inventory items.

Capital Resources

Trinidad expects cash provided by operations and the Company's various sources of financing to be sufficient to meet its debt repayments, future obligations and to fund planned capital expenditures.

Current financial performance is within the financial ratio covenants under the revolving credit facility as reflected in the table below:

RATIO	March 31, 2016	December 31, 2015	THRESHOLD
Senior Debt to Bank EBITDA [1]	0.04:1	0.21:1	3.00:1 maximum
Total Debt to Bank EBITDA [1]	3.54:1	3.45:1	6.00:1 maximum [2]
Bank EBITDA to Cash Interest Expense [1]	2.95:1	3.49:1	2.00:1 minimum [2]

[1] Please see the Non-GAAP Measures Definitions section at the end of this document.

[2] Refer below to the covenant threshold requirements for future periods.

At March 31, 2016, Total Debt to Bank EBITDA was 3.54 times, compared to 3.45 times at December 31, 2015. Total Debt to Bank EBITDA increased in the current year due to lower adjusted EBITDA, as a result of weaker activity in the first quarter of 2016 compared to the first quarter of 2015; offset by a lower debt balance at March 31, 2016, mainly due to a stronger CAD dollar translation as well as a lower revolving debt balance. The closing USD/CAD exchange rates fluctuated to 1.2987 at March 31, 2016, from 1.3840 at December 31, 2015, significantly affecting the Canadian equivalent of all US dollar debt held by Trinidad.

The Bank EBITDA does not include the adjusted EBITDA from investment in the joint ventures. Dividends and distributions paid to Trinidad from the joint ventures are eligible for inclusion in the Bank EBITDA in the period that payment occurs. In the first quarter of 2016, the TDI joint venture distributed approximately $36.0 million, of which $21.5 million was paid to Trinidad. At March 31, 2016, the TDI joint venture has approximately $4.7 million available for distribution.

Credit Facility and Debt Covenants

On December 14, 2015, Trinidad announced that it had amended its credit facility, choosing to reduce the size of its credit facility in order to lower standby fees on funds it does not expect to access and has not historically utilized as well as adjust required covenants in order to allow the Company financial flexibility over the next two years.

The amended credit facility includes a Canadian revolving facility of $150.0 million (previously $200.0 million) and a US revolving facility of US$150.0 million (previously US$200.0 million) which matures in December 2018. The Company's syndicated loan facility is subject to three covenants, with increased focus on the Total Debt to Bank EBITDA. Based on the amended credit facility, this covenant was adjusted to the following:

Credit Facility Covenants		
Total Leverage Covenant	Maximum of 6.00:1	January 1, 2016 - March 31, 2017
Total Debt to Bank EBITDA [1]	Maximum of 5.50:1	April 1, 2017 - June 30, 2017
	Maximum of 5.00:1	July 1, 2017 - December 31, 2017
	Maximum of 4.00:1	January 1, 2018 - forward
Interest Coverage	Minimum of 2.00:1	January 1, 2016 - December 31, 2017
Bank EBITDA[1]/ Cash Interest Expense	Minimum of 2.50:1	January 1, 2018 - forward

[1] Please see the Non-GAAP Measures Definitions section at the end of this document.

In addition to the financial covenants, the credit facility contains other covenants with threshold limitations on various day to day events, including the following: incurring additional debt and liens on assets; investments, including advances to the TDI joint venture; asset sales; repurchase of Senior Notes; and making restricted payments. At March 31, 2016, Trinidad is in compliance with all of the covenants of the credit facility.

Senior Notes

The Senior Notes are unsecured and have no financial covenant compliance reporting requirements. There are other covenant limitations, including the following; incurring additional debt; investments, including advances to the TDI joint venture; asset sales; and restricted payments. Restricted payments are allowed within a basket, calculated as the accumulated net income from October 1, 2010 to the current period at 50% of net income or 100% of net loss, plus equity issued for cash and the net fair market value of other restricted assets added for equity. As at March 31, 2016, Trinidad has a significant positive restricted payment basket available.

Readers are cautioned that the ratios noted above do not have standardized meanings under IFRS.

OUTLOOK

To date in the second quarter of 2016, utilization rates and demand for drilling equipment have remained low. Competition for available work continues to be high; however, the ongoing reduction in dayrates appears to have slowed. In response to strong pressure from oil and gas producers to reduce dayrates over the past 12 to 18 months, the oilfield services industry has worked hard to lower its cost structure. With limited ability for additional cost reductions, Trinidad does not expect to see further material reductions in spot market dayrates, unless current market conditions change significantly.

Activity levels in the Canadian operations are typically low at this time of year as a result of spring break-up and are currently at 6%. The US and international operations currently have 8 rigs or 12% of the fleet working, with an additional three rigs idle but contracted. In the Company's Joint Venture operations, Trinidad currently has five rigs operating, with repair work being completed on one rig in Saudi Arabia and two rigs in Mexico currently on standby.

Oil prices have improved over the past month, holding above $40 per barrel. This level remains below the price needed for a significant number of oil and gas developments to be economic; however, the relative improvement from earlier in 2016 and lowering production levels in North America are causing some optimism from industry experts. Trinidad expects that activity levels will remain weak in the second quarter of 2016, with improvement possible towards the end of 2016 or in 2017, dependent on further improvement in commodity prices.

Long-term contracts continue to play an important part in Trinidad's operations. The Company expects to record approximately $38 million in early termination revenue in the second quarter as a result of contracts on three US-based rigs canceled at the end of 2015 and one US-based rig in early 2016. To date in the second quarter, Trinidad has not received any additional early termination revenue. Trinidad currently has 33 rigs or 22% of its fleet under long-term contract, with an average term remaining of 1.4 years. Contracts on eight of these rigs expire throughout the remainder of 2016.

In light of ongoing weak industry conditions, Trinidad is continuing to review its operations for opportunities to reduce costs and improve efficiencies. In the second quarter of 2016, the Company expects to further lower overhead costs by centralizing administrative and support functions to its head office and significantly scaling back its manufacturing operations. Trinidad's operating divisions will each manage their own future repair and maintenance work and select engineering and design personnel have been retained to assist where needed. In 2016, Trinidad expects Other G&A expenses to be approximately $45 million, down 27% from the previous year.

In late 2015, Trinidad amended its debt covenants, providing additional financial flexibility through till late 2017; under current industry conditions and expectations, Trinidad believes it will be able to operate within these covenants. Given the lack of visibility into the second half of 2016 and into 2017, Trinidad continues to closely monitor its position and its covenants.

Trinidad is well positioned to withstand the downturn with its lower cost structure, reduced cash outflows and improved financial flexibility; however, the Company is also ready for the rebound. Trinidad's modern, high performance fleet will compete strongly in future opportunities both in North America and internationally. The Company's growing diversity and international exposure is opening new areas of growth and adding new opportunities to put idle equipment to work. Trinidad has retained its best performing and most experienced people, and when the market rebounds, the Company will be ready to respond.

CONFERENCE CALL

Conference Call:	Tuesday, May 10, 2016 9:00 a.m. MT (11:00 a.m. ET) 877-291-4570 (toll-free in North America) or 647-788-4922 approximately 10 minutes prior to the conference c Conference ID: 67526212
Archived Recording:	Available from approximately 12:30 p.m. MT on May 10, 2016 until midnight May 24, 2016. The dial-in number is 800-585-8367 or 416-621-4642 Conference ID: 67526212
Webcast:	Available at https://www.trinidaddrilling.com/investors/events-presentations

Trinidad is a corporation focused on sustainable growth that trades on the Toronto Stock Exchange under the symbol TDG. Trinidad's divisions operate in the drilling sector of the North American oil and natural gas industry with operations in Canada and the United States. In addition, through joint ventures, Trinidad operates drilling rigs in other international markets such as Saudi Arabia and Mexico. Trinidad is focused on providing modern, reliable, expertly designed equipment operated by well-trained and experienced personnel. Trinidad's drilling fleet is one of the most adaptable, technologically advanced and competitive in the industry.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at ($ thousands) - unaudited	March 31, 2016	December 31, 2015
Assets		
Current Assets		
Cash and cash equivalents	48,393	63,686
Accounts receivable	90,031	113,870
Inventory	6,992	7,136
Prepaid expenses	5,278	7,423
Assets held for sale	3,482	2,744
	154,176	194,859
Property and equipment	1,561,215	1,656,268
Intangible assets and goodwill	33,992	35,048
Deferred income taxes	49,587	54,367
Investment in joint ventures	274,567	295,658
	2,073,537	2,236,200
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	63,655	93,795
Dividends payable	-	2,221
Deferred revenue and customer deposits	38,837	34,862
Current portion of long-term debt	2,237	2,609
Liabilities held for sale	689	-
	105,418	133,487
Long-term debt	616,242	704,311
Deferred income taxes	52,170	60,495
Non-controlling interest	17,220	18,448
	791,050	916,741
Shareholders' Equity		
Common shares	1,374,656	1,374,656
Contributed surplus	64,929	64,884
Accumulated other comprehensive income	155,627	203,947
Deficit	(312,725)	(324,028)
	1,282,487	1,319,459
	2,073,537	2,236,200

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

Three months ended March 31, ($ thousands) - unaudited	2016	2015
Revenue		
Oilfield service revenue	107,087	193,503
Other revenue	563	893
	107,650	194,396
Expenses		
Operating expense	60,971	122,114
General and administrative	13,651	16,970
Depreciation and amortization	43,247	23,612
Foreign exchange	(2,450)	6,159
(Gain) on sale of property and equipment	(1,237)	(1,100)
	114,182	167,755

(Gain) from investment in joint ventures	(21,432)	(1,271)
Finance and transaction costs	14,132	11,426
Income before income taxes	768	16,486
Income taxes		
Current	286	2,646
Deferred	(10,659)	1,710
	(10,373)	4,356
Net income	11,141	12,130
Other comprehensive (loss) income		
Foreign currency translation adjustment for foreign operations, net of income tax	(48,320)	64,578
Foreign currency translation adjustment for non-controlling interest, net of income tax	(298)	-
	(48,618)	64,578
Total comprehensive (loss) income	(37,477)	76,708
Net income (loss) attributable to:		
Shareholders of Trinidad	11,303	12,130
Non-controlling interest	(162)	-
Total comprehensive (loss) income attributable to:		
Shareholders of Trinidad	(37,017)	76,708
Non-controlling interest	(460)	-
Earnings per share		
Net income		
Basic / Diluted	0.05	0.09

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For three months ended March 31, 2016 and 2015 ($ thousands) - unaudited	Common shares	Contributed surplus	Accumulated other comprehensive income [1]	(Deficit)	Total equity
Balance at December 31, 2015	1,374,656	64,884	203,947	(324,028)	1,319,459
Share-based payment expense	-	45	-	-	45
Total comprehensive (loss) income	-	-	(48,320)	11,303	(37,017)
Balance at March 31, 2016	1,374,656	64,929	155,627	(312,725)	1,282,487
Balance at December 31, 2014	1,093,426	59,005	62,470	(79,010)	1,135,891
Shares repurchased through normal course issuer bid	(14,015)	5,665	-	-	(8,350)
Share-based payment expense	-	13	-	-	13
Total comprehensive (loss) income	-	-	64,578	12,130	76,708
Dividends	-	-	-	(6,671)	(6,671)
Balance at March 31, 2015	1,079,411	64,683	127,048	(73,551)	1,197,591

[1] Accumulated other comprehensive income consists of the foreign currency translation adjustment. All amounts will be reclassified to profit or loss when specific conditions are met.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For three months ended March 31, ($ thousands) - unaudited	2016	2015
Cash provided by (used in)		
Operating activities		
Net income	11,141	12,130
Adjustments for:		
Depreciation and amortization	43,247	23,612
Foreign exchange	(2,450)	6,159
(Gain) on sale of property and equipment	(1,237)	(1,100)
(Gain) from investment in joint ventures	(21,432)	(1,271)

Finance and transaction costs	14,132	11,426
Income taxes	(10,373)	4,356
Interest income	(1)	(18)
Other [1]	930	2,884
Income taxes paid	(953)	(1,638)
Income taxes recovered	87	210
Interest paid	(24,392)	(20,676)
Interest received	1	18
Funds provided by operations	8,700	36,092
Change in non-cash operating working capital	7,193	(35,164)
Cash provided by operations	15,893	928
Investing activities		
Purchase of property and equipment	(20,164)	(50,134)
Proceeds from disposition of property and equipment	4,469	1,584
Net investment in joint ventures	2,442	(9,194)
Distribution and dividends received from joint venture	21,509	-
Change in non-cash working capital	13,437	15,291
Cash provided (used) by investing	21,693	(42,453)
Financing activities		
Proceeds from long-term debt	130,188	49,948
Repayments of long-term debt	(179,714)	-
Repurchase of shares	-	(8,350)
Dividends paid	(2,221)	(6,758)
Finance costs	(24)	(187)
Cash (used) provided by financing	(51,771)	34,653
Cash flow from operating, investing and financing activities	(14,185)	(6,872)
Effect of translation of foreign currency cash	(1,108)	5,079
Decrease in cash for the period	(15,293)	(1,793)
Cash and cash equivalents - beginning of period	63,686	71,062
Cash and cash equivalents - end of period	48,393	69,269

[1] Other includes share-based payment expense and elimination of downstream transactions in the Manufacturing Operations net income.

SEGMENTED INFORMATION

The following presents the result of Trinidad's operating segments:

For three months ended March 31, 2016 ($ thousands)	Canadian Operations	United States / International Operations	Manufacturing Operations	Joint Venture Operations [1]	Inter-segment Eliminations	Co
Operating revenue	50,358	49,450	5,193	-	-	-
Other revenue	361	104	1	-	-	-
Third party recovery	3,730	1,467	-	-	-	-
General and administrative - third party recovery	-	-	-	-	-	323
Inter-segment revenue	-	-	706	-	(706)	-
Elimination of downstream transactions	(129)	(97)	(3,111)	-	-	-
	54,320	50,924	2,789	-	(706)	323
Operating costs	26,689	26,347	5,818	-	-	-
Third party costs	3,730	1,467	-	-	-	-
Inter-segment operating	-	-	706	-	(706)	-
Elimination of downstream transactions	-	-	(3,080)	-	-	-
Operating income	23,901	23,110	(655)	-	-	323
Depreciation and amortization	17,708	24,918	621	-	-	-
(Gain) loss on sale of assets	11	(1,221)	(27)	-	-	-

	17,719	23,697	594	-	-	-
Segmented income	6,182	(587)	(1,249)	-	-	323
(Gain) from investment in joint ventures	-	-	-	(21,432)	-	-
General and administrative	-	-	-	-	-	13,3
General and administrative - third party costs	-	-	-	-	-	323
Foreign exchange	-	-	-	-	-	(2,4
Finance and transaction costs	-	-	-	-	-	14,
Income taxes	-	-	-	-	-	(10
Net income	6,182	(587)	(1,249)	21,432	-	(14
Purchase of property and equipment	10,925	9,031	208	-	-	-

[1] The gain from investment in joint ventures reflects the Company's share of the financial performance of TDI and DCM during the period. The Company's share of individual assets and liabilities are recognized as an investment on the consolidated statements of financial position.

For three months ended March 31, 2015 ($ thousands)	Canadian Operations	United States / International Operations	Manufacturing Operations	Joint Venture Operations [1]	Inter-segment Eliminations	Cor
Operating revenue	60,370	91,189	83,252	-	-	-
Other revenue	45	337	4	-	-	-
Third party recovery	6,551	1,199	-	-	-	-
General and administrative - third party recovery	-	-	-	-	-	567
Inter-segment revenue	-	-	41,402	-	(41,402)	-
Elimination of downstream transactions	-	(62)	(49,056)	-	-	-
	66,966	92,663	75,602	-	(41,402)	567
Operating costs	34,822	48,006	78,198	-	-	-
Third party costs	6,551	1,199	-	-	-	-
Inter-segment operating	-	-	41,402	-	(41,402)	-
Elimination of downstream transactions	-	-	(46,662)	-	-	-
Operating income	25,593	43,458	2,664	-	-	567
Depreciation and amortization	9,131	13,894	587	-	-	-
(Gain) loss on sale of assets	42	(1,142)	-	-	-	-
Elimination of downstream transactions	-	-	-	-	-	-
Impairment of capital assets	-	-	-	-	-	-
	9,173	12,752	587	-	-	-
Segmented income	16,420	30,706	2,077	-	-	567
(Gain) from investment in joint venture	-	-	-	(1,271)	-	-
General and administrative	-	-	-	-	-	16,4
General and administrative - third party costs	-	-	-	-	-	567
Foreign exchange	-	-	-	-	-	6,15
Finance and transaction costs	-	-	-	-	-	11,4
Income taxes	-	-	-	-	-	4,35
Net income	16,420	30,706	2,077	1,271	-	(38
Purchase of property and equipment	14,723	35,247	164	-	-	-

[1] The gain from investment in joint ventures reflects the Company's share of the financial performance of TDI and DCM during the period. The Company's share of individual assets and liabilities are recognized as an investment on the consolidated statements of financial position.

As at March 31, 2016 ($ thousands)	Canadian Operations	United States / International Operations	Manufacturing Operations	Joint Venture Operations [1]	Inter-segment Eliminations	Corporate	Tota
Property and equipment	629,566	895,671	35,978	-	-	-	1,56
Intangible assets and goodwill	19,510	13,532	950	-	-	-	33,9
Total assets less deferred tax asset	681,244	961,930	106,209	274,567	-	-	2,02
Deferred income tax (asset) liability	(45,559)	47,742	400	-	-	-	2,58

As at March 31, 2015 ($ thousands)	Canadian Operations	United States / International Operations	Manufacturing Operations	Joint Venture Operations [1]	Inter-segment Eliminations	Corporate	To
Property and equipment	545,132	852,276	24,842	-	-	-	1,4

Intangible assets and goodwill	-	107,788	715	-	-	-	108
Total assets less deferred tax asset	502,537	1,248,771	112,891	189,297	-	-	2,0
Deferred income tax (asset) liability	(23,815)	113,231	1,386	-	-	-	90

(1) The gain from investment in joint ventures reflects the Company's share of the financial performance of TDI and DCM during the period. The Company's share of individual assets and liabilities are recognized as an investment on the consolidated statements of financial position.

ADVISORY

NON-GAAP MEASURES DEFINITIONS

This document contains references to certain financial measures and associated per share data that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. These financial measures are computed on a consistent basis for each reporting period and include, adjusted EBITDA, adjusted EBITDA from investment in joint ventures, working capital, Senior Debt to Bank EBITDA, Total Debt to Bank EBITDA, Bank EBITDA to Cash Interest Expense, drilling days, operating days, utilization rate - drilling day, utilization rate - operating day, and rate per operating day or dayrate. These non-GAAP measures are identified and defined as follows:

"Adjusted EBITDA" is used by management and investors to analyze the Company's profitability based on the Company's principal business activities prior to how these activities are financed, how assets are depreciated and amortized and how the results are taxed in various jurisdictions. Additionally, in order to focus on the core business alone, amounts are removed related to foreign exchange, share-based payment expense, impairment expenses and the sale of assets, as the Company does not deem these to relate to the core drilling business. Adjusted EBITDA also takes into account the Company's portion of the principal activities of the joint venture arrangements by removing the (gain) loss from investment in joint ventures and including adjusted EBITDA from investment in joint ventures. Adjusted EBITDA is not intended to represent net income as calculated in accordance with IFRS. Adjusted EBITDA is calculated using 100% of the related amounts from all entities controlled by Trinidad where Trinidad may not hold 100% of the outstanding shares.

Adjusted EBITDA is calculated as follows:

Three months ended March 31,		
($ thousands)	2,016	2015
Net income	11,141	12,130
Plus:		
Finance and transaction costs	14,132	11,426
Depreciation and amortization	43,247	23,612
Income taxes	(10,373)	4,356
	58,147	51,524
Plus:		
Gain on sale of property and equipment	(1,237)	(1,100)
Share-based payment expense	674	427
Foreign exchange	(2,450)	6,159
(Gain) from investment in joint ventures	(21,432)	(1,271)
Plus:		
Adjusted EBITDA from investment in joint ventures	10,505	4,292
Adjusted EBITDA	44,207	60,031

"Adjusted EBITDA from investment in joint ventures" is used by management and investors to analyze the results generated by the Company's joint venture operations prior to how these activities are financed, how assets are depreciated and amortized and how the results are taxed in various jurisdictions. Additionally, in order to focus on the core drilling business, amounts related to foreign exchange, share-based payment expense, impairment adjustments to property and equipment as well as preferred shares and the sale of assets are removed. Lastly, amounts recorded for the revaluation on the investment of the TDI joint venture are removed as these are non-cash entries and unrelated to the operations of the business. Adjusted EBITDA from investment in joint ventures is not intended to represent net income as calculated in accordance with IFRS.

Adjusted EBITDA from investment in joint ventures is calculated as follows:

Three months ended March 31,		
($ thousands)	2016	2015
Gain from investment in joint ventures	21,432	1,271
Plus:		
Finance costs	452	99

Depreciation and amortization	6,256	2,416
Income taxes	1,670	306
	29,810	4,092
Plus:		
TDI investment - fair value adjustment	(20,398)	-
Dividend expense	14,891	-
Foreign exchange	110	200
Preferred share valuation	(13,908)	-
Adjusted EBITDA from investment in joint ventures	10,505	4,292

"Working capital" is used by management and the investment community to analyze the operating liquidity available to the Company.

"Senior Debt to Bank EBITDA" is defined as the consolidated balance of the revolving facility and other debt secured by a lien at quarter end to consolidated Bank EBITDA for the trailing 12 months (TTM). Bank EBITDA used in this financial ratio is calculated as net income before interest, taxes, depreciation and amortization, plus impairment expense, loss (gain) on sale of property and equipment, loss (gain) from investment in joint ventures, share-based payment expense and unrealized foreign exchange.

"Total Debt to Bank EBITDA" is defined as the consolidated balance of long-term debt, which includes the Senior Debt, Senior Notes Payable and dividends payable at quarter end less unrestricted cash in excess of $10.0 million, to consolidated Bank EBITDA for the TTM. Bank EBITDA used in this financial ratio is calculated as net income before interest, taxes, depreciation and amortization, plus impairment expense, loss (gain) on sale of property and equipment, loss (gain) from investment in joint ventures, share-based payment expense and unrealized foreign exchange. Bank EBITDA also includes all distributions received from the Company's joint ventures during the period.

Total Debt to Bank EBITDA is calculated as follows:

As At ($ thousands)	March 31, 2016	December 31, 2015
Total Debt:		
Senior Notes, principal (US$450.0 million)	584,415	622,800
Other debt	2,237	2,609
Draw on credit facility [(1)]	39,377	89,873
Letters of credit	454	499
Dividends payable	-	2,221
Cash (less amounts held in Bermuda) in excess of $10.0 million	(35,287)	(52,700)
	591,196	665,302
Bank EBITDA (TTM):		
Net income	(219,335)	(218,346)
Income taxes	(136,505)	(121,776)
Finance and transaction costs	58,557	55,851
Depreciation and amortization	138,535	118,900
Impairment	317,475	317,475
(Gain) from investment in joint ventures	(18,631)	1,530
(Gain) on sale of property and equipment	(1,708)	(1,571)
Unrealized foreign exchange	(4,305)	7,915
Share-based payment expense	38	(208)
Non-controlling interest	158	(4)
Cash distributions (TDI joint venture)	21,509	-
CanElson Pro-forma inclusion (TTM)	11,346	33,354
	167,134	193,120
Total Debt to Bank EBITDA	3.54	3.45

[(1)] For the period ended March 31, 2016, draw on credit facility included US$18.0 million and $16.0 million.

"Bank EBITDA to Cash Interest Expense" is defined as the consolidated Bank EBITDA for TTM to the cash interest expense on all debt balances for TTM. Bank EBITDA used in this financial ratio is calculated as net income before interest, taxes, depreciation and amortization, plus impairment expense, loss (gain) on sale of property and equipment, loss (gain) from investment in joint ventures, share-based payment expense and unrealized foreign exchange.

"Drilling days" is defined as rig days between spud to rig release.

"Operating days" is defined as moving days (move in, rig up and tear out) plus drilling days (spud to rig release).

"Utilization rate - drilling day" is defined as drilling days divided by total available rig days.

"Utilization rate - operating day" is defined as operating days divided by total available rig days.

"Rate per operating day" or "Dayrate" is defined as operating revenue (net of third party costs) divided by operating days (drilling days plus moving days).

ADDITIONAL GAAP MEASURES DEFINITIONS

To assess performance, the Company uses certain additional GAAP financial measures within the financial statements and MD&A that are not defined terms under IFRS. Management believes that these measures provide useful supplemental information to investors, and provide the reader a more accurate reflection of our industry. These financial measures are computed on a consistent basis for each reporting period and include Operating revenue or revenue net of third parties, Funds provided by operations, Operating income, Operating income percentage and Operating income - net percentage. These additional GAAP measures are defined as follows:

"Operating revenue" or "Revenue, net of third party costs" is defined as revenue earned for drilling activities excluding all third party revenues. Third party revenues mainly consist of rental activities and other services provided by third parties for which Trinidad does not earn a mark-up on. This metric is used by analysts and investors to assess the operations of each segment based on the core drilling business alone and more accurately reflects the health of those operations. The operating revenue for each reportable segment is disclosed in the segmented information included in the consolidated financial statements.

"Funds provided by operations" is used by management and investors to analyze the funds generated by Trinidad's principal business activities prior to consideration of working capital, which is primarily made up of highly liquid balances. This balance is reported in the consolidated statements of cash flows included in the cash provided by operating activities section.

"Operating income" is used by management and investors to analyze overall and segmented operating performance. Operating income is not intended to represent an alternative to net income or other measures of financial performance calculated in accordance with IFRS. Operating income is calculated from the consolidated statements of operations and comprehensive income and from the segmented information contained in the notes to the consolidated financial statements. Operating income is defined as revenue less operating expenses.

"Operating income percentage" is used by management and investors to analyze overall and segmented operating performance, including third party recovery and third party costs, as well as inter-segment revenue and inter-segment operating costs. Operating income percentage is calculated from the consolidated statements of operations and comprehensive income and from the segmented information in the notes to the consolidated financial statements. Operating income percentage is defined as operating income divided by revenue.

"Operating income - net percentage" is used by management and investors to analyze overall and segmented operating performance excluding third party recovery and third party costs, as well as inter-segment revenue and inter-segment operating costs, as these revenue and expenses do not have an effect on consolidated net income. Operating income - net percentage is calculated from the consolidated statements of operations and comprehensive income and from the segmented information in the notes to the consolidated financial statements. Operating income - net percentage is defined as operating income less third party G&A expenses divided by revenue net of operating and G&A third party costs.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements relating to Trinidad's plans, strategies, objectives, expectations and intentions. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "confident", "might" and similar expressions are intended to identify forward-looking information or statements. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this document. The forward-looking information and statements included in this document are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. In particular, but without limiting the foregoing, this document may contain forward-looking information and statements pertaining to the completion of announced rig construction programs on a timely basis and economical terms; the assumption that Trinidad's customers will honor their take-or-pay contracts; future liquidity levels; fluctuations in the demand for Trinidad's services; the ability for Trinidad to attract and retain qualified personnel, in particular field staff to crew the Company's rigs; the existence of competitors, technological changes and developments in the oilfield services industry; the existence of operating risks inherent in the oilfield services industry; assumptions respecting internal capital expenditure programs and other expenditures by oil and

gas exploration and production companies; assumptions regarding commodity prices, in particular oil and natural gas; assumptions respecting supply and demand for commodities, in particular oil and natural gas; assumptions regarding future expected cash flows and potential distributions from joint venture partners including Trinidad Drilling International (TDI); assumptions regarding foreign currency exchange rates and interest rates; the existence of regulatory and legislative uncertainties; the possibility of changes in tax laws; and general economic conditions including the capital and credit markets; assumptions made about our future banking covenants and liquidity; assumptions made about future performance and operations of joint ventures and partnership arrangements; assumptions made about the business combination with CanElson Drilling Inc. completed in the third quarter of 2015 ("CanElson" or the "CanElson acquisition").
Trinidad cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Additional information on these and other factors that could affect Trinidad's business, operations or financial results are described in reports filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) including but not limited to Trinidad's annual MD&A, financial statements, Annual Information Form and Management Information Circular. The forward-looking information and statements contained in this document speak only as of the date of this document and Trinidad assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

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