Trinidad Drilling Reports First Quarter 2018 Results; Continued Focus on Shareholder Value and Improving Operational Results

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CALGARY, Alberta, May 07, 2018 (GLOBE NEWSWIRE) -- Trinidad Drilling Ltd. (TSX:TDG) (Trinidad) announced its first quarter 2018 results today.

In the first quarter of 2018, underlying market conditions continued to improve and, excluding the impact of early termination and standby revenue, Adjusted EBITDA[1] and dayrates in all operating segments increased compared to the same quarter last year. Trinidad continued to focus on growing shareholder value by improving fleet utilization in response to improved industry conditions, while also taking a prudent approach to cost management. The Company was able to increase utilization in the US and international and Canadian operations, maintain consistent operating costs on a per day basis and reduce general and administrative expenses compared to the prior year.

As previously disclosed, in February 2018 Trinidad announced the commencement of a strategic review process in order to explore all options to enhance shareholder value. As part of that process, subsequent to quarter end, Trinidad announced the sale of three Saudi Arabian TDI joint venture rigs for gross proceeds of US$91 million. In addition to the above items, the Company continues to evaluate the current business for other drivers that would add value to shareholders.

"During the strategic review process, Trinidad remains committed to executing on our business plan and serving the needs of our customers," said Brent Conway, Trinidad's President and Chief Executive Officer. "In the first quarter of 2018, we made positive strides towards increasing shareholder value by managing our cost structure, with both G&A and operating expenses showing improvements. As well, selling three of our joint venture rigs will provide the Company with positive free cash flow, which can be used to fund our existing capital program or to repay debt outstanding on our credit facility."

"In early 2018, due to growing customer demand, we expanded our upgrade program and relocated rigs to high demand areas such as the Permian Basin. Customer demand has also improved in the international market and we re-activated one rig in Mexico in the first quarter and redeployed a rig to Bahrain for start-up early in the second quarter. Our integrated technology platforms, including RigMinder and Criterion™, continued to be rolled-out with increased demand from our customers. We remain committed to our strategic review process and are assessing all strategic alternatives that will position Trinidad to take advantage of improving market conditions focused on generating strong returns,” added Conway.

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

FIRST QUARTER 2018 HIGHLIGHTS
(Compared to corresponding prior-year period unless otherwise noted)

- In the first quarter of 2018, revenue increased by 15.5% compared to 2017, due to higher dayrates and higher activity levels in Trinidad's US drilling division; partly offset by lower early termination and standby revenue in 2018. In the first quarter, Trinidad recorded 3,439 operating days in the US and international drilling division, compared to 2,465 operating days in 2017.
- Trinidad's US and international operations recorded higher operating revenue and a stronger operating income - net percentage in the first quarter of 2018 compared to 2017. Increased activity combined with lower operating expense on a per day basis improved results in 2018.

- Trinidad's Canadian operations recorded stable activity in the first quarter of 2018 compared to the prior year. Due to lower early termination and standby revenue in the current year, Trinidad recorded lower revenue and operating income. Adjusted for early termination and standby revenue, Trinidad's Canadian operations recorded higher dayrates and higher operating income - net percentage compared to the prior year.
- Trinidad's joint venture operations recorded lower revenue and lower operating income compared to the prior year. Less activity, combined with higher operating expenses related to mobilization and shut down costs, negatively impacted 2018 results.
- Adjusted EBITDA decreased in the first quarter of 2018 largely due to lower early termination and standby revenue in Trinidad's Canadian and joint venture operations and lower activity in the joint venture. Trinidad's operations were positively impacted in the current quarter by higher activity in Trinidad's US drilling division, lower general and administrative costs and savings due to cost management strategies.
- Net (loss) increased in the first quarter of 2018 mainly due to higher depreciation and amortization expense recorded in 2017 due to a change in the useful life estimates in the third quarter of 2017. This was offset by higher operating income due to higher activity in 2018, lower finance costs and lower G&A expenses in 2018.
- For the three months ended March 31, 2018, cash flow provided by operating activities and funds flow increased compared to the same quarter in 2017 mainly due to increased activity in the current period resulting in higher operating income, as well as lower interest paid on long-term debt in 2018.
- In the first quarter of 2018, Trinidad spent $16.0 million on capital expenditures, compared to $23.2 million in 2017. Capital spend in the current period mainly related to upgrades and enhancements on rigs moving to the Permian in Trinidad's US drilling division, as well as maintenance across Trinidad's entire rig fleet.

HIGHLIGHTS

Three months ended March 31,			
($ thousands except share and per share data)	2018	2017	% Change
FINANCIAL HIGHLIGHTS			
Revenue	153,247	132,737	15.5
Operating income [1]	51,558	48,638	6.0
Operating income - net percentage [1]	36.6 %	38.8 %	(5.7)
Adjusted EBITDA [1]	37,860	51,258	(26.1)
Per share (diluted) [2]	0.14	0.21	(33.3)
Funds flow [1]	22,152	237	9,246.8
Per share (basic / diluted) [2]	0.08	0.00	100.0
Net (loss) [3]	(22,462)	(11,936)	(88.2)
Per share (basic/diluted) [2][3]	(0.08)	(0.05)	(60.0)
Capital expenditures	16,014	23,172	(30.9)
Shares outstanding - diluted (weighted average) [2]	273,469,739	249,883,461	9.4
OPERATING HIGHLIGHTS	2018	2017	% Change
Operating days [1]			
United States and International	3,439	2,465	39.5
Canada	2,874	2,888	(0.5)
TDI Joint Venture [4]	85	354	(76.0)
Rate per operating day [1]			
United States and International (US$)	18,613	17,847	4.3
Canada (CDN$)	20,644	22,965	(10.1)
TDI Joint Venture (US$) [4]	72,297	107,057	(32.5)
Operating expense per day [1]			
United States and International (US$)	11,769	11,833	(0.5)
Canada (CDN$)	13,206	12,699	4.0
TDI Joint Venture (US$) [4]	75,626	25,642	194.9
Utilization rate - operating day [1]			
United States and International	57 %	41 %	39.0

Canada	47	% 45	% 4.4	
TDI Joint Venture [4]	12	% 49	% (75.5	)
Number of drilling rigs at period end [5]				
United States and International	66	68	(2.9	)
Canada	68	71	(4.2	)
TDI Joint Venture [4]	8	8	—	

1. See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section 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. Net (loss) is net (loss) attributable to shareholders of Trinidad. Net (loss) per share is calculated as net (loss) attributable to shareholders of Trinidad divided by the weighted average number of common shares outstanding, both adjusted for dilutive factors.
4. Trinidad is party to a joint venture with a wholly-owned subsidiary of Halliburton. These rigs are owned by the joint venture.
5. Refer to the Results from Operations section for details on the changes to the rig count.

A copy of Trinidad’s first quarter 2018 Management’s Discussion and Analysis and the Financial Statements can be found at www.sedar.com and Trinidad’s website at www.trinidaddrilling.com/investorrelations/reports.aspx

OUTLOOK

Crude oil spot prices have increased since the beginning of 2018, driving the US rig count to peak over 1,000 active rigs in early April. Although US crude oil production levels have reached five year highs, storage levels have decreased compared to the same time last year. In Canada, activity has increased compared to the first quarter of 2017, and exploration and production companies are being more creative in order to get Canadian products to market. Differentials have improved dramatically over the last few weeks, enabling customers to restart or continue drilling programs.

Based on these trends, Trinidad expects a slight increase in demand for rigs in the US in the second half of 2018. In the first quarter of 2018, Trinidad announced the move of two underutilized Canadian rigs to the Permian Basin, where customer demand remains strong. The first rig is now in the US, and has spud in the second quarter and the second rig is in transit with startup expected near the end of the second quarter of 2018. Dayrates in the US continue to increase slightly, with more discussion around contract terms. In Canada, recent increases in crude oil prices have strengthened expectations for activity for the third and fourth quarter of 2018. Trinidad expects utilization to ramp up and increase following spring break-up.

In the US, Trinidad is currently operating 40 rigs, or 62% of its fleet. Of these 40 rigs, over 80% are operating in the Permian Basin. In Canada, demand continues to be focused in the Montney, Duvernay and Deep Basin, inquiries for post break-up drilling are increasing and visibility is better than it was this time last year. Currently, Trinidad has 10 rigs or 15% of its Canadian fleet running, in-line with industry activity levels.

In the TDI joint venture, one rig began working in Mexico at the end of the first quarter of 2018 and one rig began working in Bahrain at the beginning of the second quarter of 2018. As previously disclosed, Trinidad also announced the sale of three of the Saudi Arabian rigs for gross proceeds of US$91 million (US$55 million of which is Trinidad's share). Trinidad continues to evaluate a number of tenders in the international market. These opportunities are expected to generate strong returns with long-term contracts, once executed.

Currently, Trinidad has 32 rigs, or 23% of its fleet under long-term contracts, with an average term remaining of 1.0 year; 15 contracts have expiration dates during the remainder of 2018. Trinidad expects additional rig deployments throughout the second quarter and the back half of 2018.

The Company continues to roll-out the Trinidad technology platforms, offering an integrated approach for customers that include Criterion™ and GMXSteering™. GMXSteering™ testing has been completed, and Trinidad is now tendering bids for multi-product platforms.

With additional planned upgrades for Trinidad's US fleet in 2018, the Company increased its capital spending budget to approximately $110 million, as previously disclosed. Trinidad anticipates that approximately $88 million of this spending will be funded by proceeds from the sale of the three Saudi rigs and the sale of unused facilities in 2018. The proceeds from these sales provide Trinidad with positive free cash flow to pay down debt or invest in incremental growth opportunities, depending on market and customer demand.

This activity takes place alongside a continued effort on the part of Trinidad to reduce G&A and operational costs wherever possible. In early 2018, Trinidad undertook a review of its cost structure in order to ensure its practices were aligned with the market. Following the review, Trinidad reduced headcount, rolled back salaries and implemented tighter expense management. Trinidad expects that G&A expenses will be approximately $43 million in 2018, excluding costs related to the strategic review, down 26% from costs incurred in 2017.

Despite the improving industry fundamentals and the recent steps Trinidad has taken to improve shareholder value, the Board continues to believe that the current trading price of Trinidad’s common shares does not reflect the value of the Company. Accordingly, Trinidad is continuing the strategic review process that it announced earlier in 2018 in an effort to enhance shareholder value.

As part of that process, Trinidad’s Board is considering a broad range of alternatives, including a sale of selected assets, a merger, a corporate sale, a strategic partnership or various capital re-deployment opportunities. There is no guarantee that the strategic review process will result in a transaction. To that end, the Company will continue to manage its business carefully and focus on creating value for shareholders. In addition, Trinidad will remain focused on providing customers with the strong performance they have come to expect from it, while also maintaining its commitment to the safety of its crews and the condition of its high performance equipment.

The Company does not intend to periodically or otherwise disclose developments with respect to the strategic review process unless the Board has approved a specific transaction or action plan, or otherwise determines that disclosure is necessary or appropriate.

RESULTS FROM OPERATIONS

United States and International Operations

Three months ended March 31,						
($ thousands except percentage and operating data)	2018		2017		% Change	
Operating revenue [1]	80,664		58,099		38.8	
Operating income [2]	29,778		18,202		63.6	
Operating income - net percentage [2]	36.9	%	31.3	%		
Operating days [2]	3,439		2,465		39.5	
Revenue - rate per operating day (US$) [2]	18,613		17,847		4.3	
Operating expense - rate per operating day (US$) [2]	11,769		11,833		(0.5	)
Utilization rate - operating day [2]	57	%	41	%	39.0	
Number of drilling rigs at period end	66		68		(2.9	)

1. Operating revenue excludes third party recovery.
2. See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section at the end of this document.

For the three months ended March 31, 2018, Trinidad recorded operating revenue and operating income of $80.7 million and $29.8 million, respectively, an increase of 38.8% and 63.6%, respectively, compared to the first quarter of 2017. Profitability in the US and international operations was positively impacted in the current year by higher activity levels, stronger dayrates and increased cost control.

During the three months ended March 31, 2018, Trinidad recorded 3,439 operating days, up from 2,465 days in 2017. Activity increased due to improving commodity prices and growing customer demand. In response to increased customer demand in 2018, Trinidad had more active rigs in the current period compared to the first quarter of 2017, primarily in the Permian Basin.

In the three months ended March 31, 2018, Trinidad recorded average dayrates of US$18,613 per day, an increase of US$766 per day from the comparable period of 2017, due to improving pricing on strengthening market conditions combined with strong execution on performance-based contracts.

For three months ended March 31, 2018, operating income increased by $11.6 million compared to the first quarter of 2017 mainly due to increased activity at higher dayrates. Operating income - net percentage for the first quarter of 2018 increased to 36.9%, compared to 31.3% in the comparable period of 2017. Operating income - net percentage increased mainly as a result of higher dayrates due to improved industry conditions and operational performance on performance-based contracts, combined with consistent operating costs.

Trinidad’s US and international rig count totaled 66 rigs at March 31, 2018 compared to 68 at March 31, 2017. One rig in the second quarter of 2017 and two rigs in the first quarter of 2018 were transferred from the Canadian operations to meet strong demand in the Permian Basin, offset by five low specification rigs being redeployed to inventory in the current period.

First Quarter 2018 versus Fourth Quarter 2017

In the first quarter of 2018, operating revenue increased by $1.5 million while operating income decreased $1.0 million, compared to the fourth quarter of 2017.

Operating days for the first quarter 2018 were 149 days higher than the fourth quarter of 2017.

Dayrates declined by US$557 per day in first quarter 2018 compared to the fourth quarter of 2017, largely due to the decrease in early termination and standby revenue in 2018. Early termination and standby revenue decreased from US$1.4 million in the fourth quarter of 2017 to US$0.2 million in 2018, leading to normalized dayrates of US$18,552 in the current quarter of 2018 compared to US$18,752 in the fourth quarter of 2017.

Operating income decreased as a result of lower early term and standby in the current quarter, offset by higher activity and favourable foreign exchange impact. Operating income - net percentage in the current quarter was 1.9 percentage points lower than the fourth quarter of 2017, consistent with lower dayrates in the current period.

Canadian Operations

Three months ended March 31,						
($ thousands except percentage and operating data)	2018		2017		% Change	
Operating revenue [1]	59,331		66,324		(10.5	)
Operating income [2]	21,670		30,295		(28.5	)
Operating income - net percentage [2]	36.3	%	45.2	%		
Operating days [2]	2,874		2,888		(0.5	)
Revenue - rate per operating day (CDN$) [2]	20,644		22,965		(10.1	)
Operating expense - rate per operating day (CDN$)	13,206		12,699		4.0	
Utilization rate - operating day [2]	47	%	45	%	4.4	
Number of drilling rigs at period end	68		71		(4.2	)

1. Operating revenue excludes third party recovery.

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

Trinidad recorded operating revenue and operating income of $59.3 million and $21.7 million, respectively, in the period ended March 31, 2018, a decrease of 10.5% and 28.5%, respectively, compared to the comparable period in the prior year. Early termination and standby revenue in the first quarter of 2018 was $2.5 million, compared to $11.4 million in the same period of 2017. Normalizing for early termination and standby revenue, revenue and dayrates increased in the current period.

For the quarter ended March 31, 2018, activity was fairly consistent with the prior year. Trinidad recorded 2,874 operating days, compared to 2,888 operating days in the prior year. As well, Trinidad's average utilization in the first quarter of 2018 was two percentage points higher than the industry average utilization and two percentage points above the prior year utilization.

The early termination and standby revenue recognized in 2018 of $2.5 million related to shortfall amounts for contracted days not worked on one rig in the period, whereas the 2017 amount of $11.4 million related to shortfall amounts collected on six rigs. Excluding early termination and standby revenue, dayrates for the period ended March 31, 2018 were $19,786 per day, an increase of $752 per day from the adjusted dayrate of $19,034 per day in 2017.

For the three months ended March 31, 2018, operating income - net percentage was 36.3%, compared to 45.2% in the prior year. Operating income - net percentage decreased in the current year mainly due lower early termination and standby revenue recorded in the current year, and slightly higher operating costs in 2018. Operating costs increased due to the timing of seasonal repairs and maintenance performed, and higher wage costs due to regulatory changes. Adjusted for early termination and standby, operating income - percentage totaled 33.5% in the first quarter of 2018, compared to 33.1% in the first quarter of 2017.

Trinidad’s Canadian rig count totaled 68 rigs at March 31, 2018, compared to 71 rigs at March 31, 2017. During 2017 and the first quarter 2018, the Company transferred three rigs to its US drilling division to meet strong US customer demand.

First Quarter of 2018 versus Fourth Quarter of 2017

In the first quarter of 2018, operating revenue increased by $10.7 million while operating income increased by $4.6 million, compared to the fourth quarter of 2017.

Operating revenue increased due to 377 more operating days in the first quarter of 2018 compared to the fourth quarter of 2017 for Canada's traditionally busy winter drilling season, combined with an increase in dayrates for the first quarter to $20,644 per day compared to $19,478 for the fourth quarter of 2017. This increase in dayrates can be attributed to rig mix, improved spot market pricing and seasonal rentals, offset by $2.0 million in lower early term and standby in the current period.

Operating income increased by $4.6 million in the first quarter of 2018 compared to fourth quarter 2017 as a result of increased activity and stronger dayrates, offset by an increase in operating costs of $462 per day due to seasonal repairs and maintenance, as well as higher wage costs related to regulatory changes.

Joint Venture Operations

Trinidad Drilling International (TDI):

Amounts below are presented at 100% of the value included in the statement of operations and comprehensive (loss) income for Trinidad Drilling International (TDI); Trinidad owns 60% of the shares of TDI and each of the parties has equal voting rights. Trinidad considers the investment to be a financial asset at fair value through profit or loss and recognizes changes in fair value of the investment in the statement of operations and comprehensive income (loss) as a (gain) from investments in joint ventures.

Three months ended March 31,			
($ thousands except percentage and operating data)	2018	2017	% Change
Operating revenue	7,850	51,510	(84.8)
Operating (loss) income [1]	(341)	38,264	(100.9)
Operating income - net percentage [1]	(4.3)%	74.3%	
Operating days [1]	85	354	(76.0)
Revenue - rate per operating day (US$) [1]	72,297	107,057	(32.5)
Operating expense - rate per operating day (US$) [1]	75,626	25,642	194.9
Utilization rate - operating day [1]	12%	49%	(75.5)
Number of drilling rigs at period end	8	8	—

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

For the three months ended March 31, 2018, TDI recorded operating revenue of $7.9 million, a decrease of 84.8% compared to the first quarter of 2017. Operating revenue decreased in 2018 due to lower early termination revenue in the current year and lower activity in both the Saudi Arabian and Mexican divisions, offset slightly by mobilization revenue recognized in 2018 related to one rig moving into Bahrain which began drilling in the second quarter of 2018.

During the three months ended March 31, 2018, TDI recorded 85 operating days compared to 354 operating days in the first quarter of 2017. The decrease was mainly related to Saudi Arabia, where there was one active rig in 2018 compared to three active rigs in 2017. As well, Mexico had very little activity in the first quarter of 2018, compared to one active rig for the entire first quarter of 2017.

Revenue in 2018 was also lower due to less early termination and standby revenue recognized in the current period. In the first quarter of 2018, TDI recorded US$0.2 million of early termination and standby revenue, compared to US$21.5 million of early termination and standby in the first quarter of 2017. The early termination and standby revenue in 2017 mainly related to contract terminations for two rigs in the Mexican division.

Dayrates decreased by US$34,760 per day in the first quarter of 2018 compared to first quarter of 2017 as a result of decreased early termination and standby revenues, as discussed above.

Operating income and operating income - net percentage both decreased in the three months ended March 31, 2018, compared to the same period in 2017, mainly due to lower activity in the current year and lower early termination and standby revenue in 2018. As well, TDI recorded higher operating expenses in the current year due to one-time shut down costs related to TDI's Saudi Arabian division and start-up costs to move one rig into Bahrain.

First Quarter of 2018 versus Fourth Quarter of 2017

In the first quarter of 2018, operating revenue and operating income decreased by $9.2 million and $6.2 million, respectively, compared to the fourth quarter of 2017. The decrease in operating revenue and operating income in 2018 was due to 183 fewer operating days in the current quarter combined with higher operating expenses in each of Saudi Arabia and Bahrain.

FINANCIAL SUMMARY

As at	March 31,	December 31,	
($ thousands)	2018	2017	$ Change
Working capital [1]	84,091	43,205	40,886
Total long-term debt	554,373	511,674	42,699
Total long-term debt as a percentage of assets	28.8%	26.9%	

Total long-term liabilities as a percentage of assets 29.9	% 28.0	%

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

Trinidad’s total long-term debt balance at March 31, 2018 increased by $42.7 million compared to December 31, 2017. This increase was due to an increase on the outstanding revolving facility at quarter end due to increased activity, combined with an increase on the Senior notes due to a strengthening of the US dollar compared to the Canadian dollar at March 31, 2018 versus December 31, 2017. 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 the US to Canadian exchange rates.

Credit Facility and Debt Covenants

Trinidad's credit facility includes a Canadian revolving facility of $100.0 million and a US revolving facility of $100.0 million. Included in the facility are a $10.0 million Canadian dollar bank overdraft and a $10.0 million US dollar bank overdraft. The facility requires quarterly interest payments based on Bankers Acceptance and LIBOR rates. The facility matures on December 12, 2020 and is subject to annual extensions of an additional year on each anniversary date upon consent of the lenders holding two-thirds of the aggregate commitments under the credit facility. The members of the syndicated groups include major Canadian, US and international financial institutions. The debt is secured by a general guarantee over the assets of Trinidad and its subsidiaries.

At March 31, 2018, the following financial covenants were in place:

Senior Debt to Bank EBITDA [(1)]	Max of 2.5x
Bank EBITDA to Cash Interest Expense [(1)]	Min of 2.5x

1. See Non-GAAP Measures Definitions section of this document for further details.

At March 31, 2018, Senior Debt to Bank EBITDA was 0.84 times and Bank EBITDA to Cash Interest Expense was 4.16 times. Trinidad was in compliance with all covenants at March 31, 2018.

Other covenants in effect include, but are not limited to, the following: incurring additional debt and liens on assets; investments, including advances to the TDI joint venture; asset sales; and making restricted payments. The credit facility allows Trinidad to pay dividends provided that Trinidad's Total Debt to Bank EBITDA covenant is less than five times. At March 31, 2018, Trinidad is in compliance with all covenants related to the credit facility.

Capital Expenditures

Three months ended March 31,		
($ thousands)	2018	2017
Capital upgrades and enhancements	9,184	17,827
Maintenance and infrastructure	6,830	5,345
Total capital expenditures for Trinidad	16,014	23,172
TDI joint venture capital expenditures (Trinidad's 60% share)	367	91
Total capital expenditures including TDI joint venture	16,381	23,263

As of March 31, 2018, Trinidad spent $16.0 million on capital expenditures, compared to $23.2 million in 2017. Capital spend in 2018 related to maintenance on rigs in the US and Canada, as well as upgrade projects in the US to move rigs into the Permian.

In 2018, Trinidad expects to spend approximately $108.5 million in capital expenditures, with $51.0 million in maintenance capital and $57.5 million in growth capital. In addition, Trinidad expects to spend $1.5 million (Trinidad's 60% share) in capital expenditures in the joint venture mainly related to the Bahrain project.

CONFERENCE CALL
Tuesday, May 8, 2018
8:00 a.m. MT (10:00 a.m. ET)
866-393-4306 (toll-free in North America) or 734-385-2616 approximately 10 minutes prior to the conference call
Conference ID: 3958738

Archived Recording:
855-859-2056 or 404-537-3406
Conference ID: 3958738

Webcast: https://www.trinidaddrilling.com/investors/events-presentations

About Trinidad

Trinidad is an industry-leading contract driller, providing safe, 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. Trinidad provides contract drilling and related services in the US, Canada, the Middle East and Mexico.

Trinidad is headquartered in Calgary, Alberta, Canada. The Company’s common shares are listed on the Toronto Stock Exchange under the trading symbol TDG. For more information, please visit www.trinidaddrilling.com.

For further information, please contact:

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at ($ thousands) - unaudited	March 31, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	13,582	3,948
Accounts receivable (1)	128,776	117,385
Inventory	6,159	5,971
Prepaid expenses	4,991	3,657
Assets held for sale	18,806	19,583
	172,314	150,544
Property and equipment	1,350,988	1,363,815
Intangible assets and goodwill	90,925	90,339
Deferred income taxes	92,722	82,872
Investments in joint ventures	220,327	214,976
	1,927,276	1,902,546
Liabilities		

Current Liabilities		
Accounts payable and accrued liabilities	87,951	106,694
Deferred revenue and customer deposits	272	645
	88,223	107,339
Long-term debt	554,373	511,674
Contingent consideration	10,903	7,035
Deferred income taxes	2,060	5,474
Non-controlling interests	9,034	8,863
	664,593	640,385
Shareholders' Equity		
Common shares	1,525,633	1,525,633
Contributed surplus	65,336	65,292
Accumulated other comprehensive income	151,595	128,655
Deficit [1]	(479,881)	(457,419)
	1,262,683	1,262,161
	1,927,276	1,902,546

1. Included in accounts receivable and deficit at December 31, 2017 is $1.2 million recorded related to the IFRS 9 implementation.

Consolidated Statements of Operations and Comprehensive Income (Loss)

Three months ended March 31, ($ thousands) - unaudited	2018	2017
Revenue		
Oilfield service revenue	152,752	131,938
Other revenue	495	799
	153,247	132,737
Expenses		
Operating expense	101,689	84,099
General and administrative	15,327	18,082
Depreciation and amortization	58,155	44,561
Foreign exchange	(957)	5,256
(Gain) loss on sale of assets	(1,690)	73
	172,524	152,071
(Gain) from investments in joint ventures [1]	(191)	(8,503)
Finance and transaction costs	9,539	14,113
Fair value adjustments [2]	3,557	—
(Loss) before income taxes	(32,182)	(24,944)
Income taxes		
Current	97	41
Deferred	(9,889)	(12,867)
	(9,792)	(12,826)
Net (loss)	(22,390)	(12,118)
Other comprehensive income (loss)		
Foreign currency translation adjustment for foreign operations, net of income tax	22,940	(5,983)
Foreign currency translation adjustment		

for non-controlling interests, net of income tax	(373)	(111)
	22,567	(6,094)
Total comprehensive income (loss)	177	(18,212)
Net (loss) income attributable to:		
Shareholders of Trinidad	(22,462)	(11,936)
Non-controlling interests	72	(182)
Total comprehensive income (loss) attributable to:		
Shareholders of Trinidad	478	(17,919)
Non-controlling interests	(301)	(293)
Earnings per share		
Basic/Diluted	(0.08)	(0.05)

1. (Gain) from investments in joint ventures includes Trinidad's portion of the net (gain) in all joint ventures as well as the fair value adjustment related to the TDI joint venture as this is held as a financial asset.
2. Fair value adjustments includes the fair value adjustments on the contingent considerations related to the RigMinder business combination, and the fair value of the non-controlling interests liability. For the three months ending March 31, 2018, the fair value on the contingent consideration was $3.6 million (December 31, 2017 - $1.1 million). For the three months ending March 31, 2018, the fair value on the non-controlling interests liability was less than $0.1 million (December 31, 2017 - $3.1 million).

Consolidated Statement of Changes in Equity

Three months ended March 31, 2018 and 2017 ($ thousands) - unaudited	Common shares	Contributed surplus	Accumulated other comprehensive income [1]	(Deficit)	Total equity
Balance at December 31, 2017	1,525,633	65,292	128,655	(457,419)	1,262,161
Share-based payment expense	—	44	—	—	44
Total comprehensive income (loss)	—	—	22,940	(22,462)	478
Balance at March 31, 2018	1,525,633	65,336	151,595	(479,881)	1,262,683
Balance at December 31, 2016	1,374,656	65,087	179,499	(376,574)	1,242,668
Issuance of shares	149,500	—	—	—	149,500
Share issuance costs (net of tax)	(4,805)	—	—	—	(4,805)
Share-based payment expense	—	20	—	—	20
Total comprehensive (loss)	—	—	(5,983)	(11,936)	(17,919)
Balance at March 31, 2017	1,519,351	65,107	173,516	(388,510)	1,369,464

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

Three months ended March 31, ($ thousands) - unaudited	2018	2017
Cash (used in) provided by		
Operating activities		
Net (loss)	(22,390)	(12,118)
Adjustments for:		
Depreciation and amortization	58,155	44,561

Foreign exchange	(957)	5,256
(Gain) loss on sale of assets	(1,690)	73
(Gain) from investments in joint ventures [1]	(191)	(8,503)
Finance and transaction costs	9,539	14,113
Fair value adjustments	3,557	—
Income taxes	(9,792)	(12,826)
Other [2]	2,755	(767)
Income taxes paid	(115)	(298)
Income taxes recovered	158	4
Interest paid	(16,877)	(29,258)
Funds flow	22,152	237
Change in non-cash operating working capital	(13,770)	(27,934)
Cash flow provided by (used in) operating activities	8,382	(27,697)
Investing activities		
Purchase of property and equipment	(16,014)	(23,172)
Proceeds from disposition of assets	3,321	283
Net investments in joint ventures	1,150	7,740
Intangibles additions	(832)	—
Change in non-cash working capital	(14,300)	(742)
Cash flow (used in) investing activities	(26,675)	(15,891)
Financing activities		
Proceeds from long-term debt	93,363	53,248
Repayments of long-term debt	(65,605)	(20,000)
Issuance of shares	—	149,500
Share issuance costs	—	(6,561)
Proceeds from 2025 Senior Notes	—	461,860
Repayments of 2019 Senior Notes	—	(591,670)
Debt issuance costs	(25)	(11,459)
Change in non-cash working capital	—	157
Cash flow provided by financing activities	27,733	35,075
Cash flow from operating, investing and financing activities	9,440	(8,513)
Effect of translation of foreign currency cash	194	(3,799)
Increase (decrease) in cash for the period	9,634	(12,312)
Cash and cash equivalents - beginning of period	3,948	25,780
Cash and cash equivalents - end of period	13,582	13,468

1. (Gain) from investments in joint ventures includes Trinidad's portion of net (loss) income in all joint ventures and the TDI joint venture fair value adjustment as this is held as a financial asset.
2. Other includes share-based payment expense of $2.7 million (2017 - $0.9 million) and elimination of upstream and downstream transactions between Trinidad and the Joint Venture Operations.

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 investments in joint ventures, working capital, Senior Debt to Bank EBITDA, Bank EBITDA to Cash Interest Expense, Total Debt to Bank EBITDA, operating days, utilization rate - operating day, revenue - rate per operating day or dayrate, and operating expense - rate per operating day. 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, the sale of assets, and fair value adjustments on financial assets and liabilities, 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) from investments in joint ventures and including adjusted EBITDA from investments in joint ventures. Adjusted EBITDA is not intended to represent net (loss) 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)	2018	2017
Net (loss)	(22,390)	(12,118)
Plus:		
Finance and transaction costs	9,539	14,113
Depreciation and amortization	58,155	44,561
Income taxes	(9,792)	(12,826)
	35,512	33,730
Plus:		
(Gain) loss on sale of assets	(1,690)	73
Share-based payment expense	2,664	(879)
Foreign exchange (gain) loss	(957)	5,256
Fair value adjustments	3,557	—
(Gain) from investments in joint ventures	(191)	(8,503)
Adjusted EBITDA from investments in joint ventures	(1,035)	21,581
Adjusted EBITDA	37,860	51,258

Adjusted EBITDA from investments 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, dividend expense, dividend re-class, impairment adjustments to property and equipment, as well as preferred share valuation 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 items and unrelated to the operations of the business. Adjusted EBITDA from investments in joint ventures is not intended to represent net (loss) as calculated in accordance with IFRS.

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

Three months ended March 31,		
($ thousands)	2018	2017
Gain from investments in joint ventures	191	8,503
Plus:		
Finance costs	182	(42)
Depreciation and amortization	4,608	6,010
Income taxes	(152)	(131)
	4,829	14,340
Plus:		
Impairment of property and equipment	10,210	—
Foreign exchange	474	664
TDI investment - fair value adjustment	(16,717)	6,059
Preferred share valuation	169	518
Adjusted EBITDA from investments in joint ventures	(1,035)	21,581

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 earnings before interest, taxes, depreciation and amortization, plus impairment expense, loss (gain) on sale of assets, loss (gain) from investments in joint ventures, share-based payment expense, fair value adjustments on financial assets and liabilities 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 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 earnings 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 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 earnings before interest, taxes, depreciation and amortization, plus impairment expense, loss (gain) on sale of assets, loss (gain) from investments in joint ventures, share-based payment expense, fair value adjustments on financial assets and liabilities and unrealized foreign exchange. Bank EBITDA also includes all distributions received from the Company's joint ventures during the period.

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

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

Revenue - 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).

Operating expense - rate per operating day is defined as operating expense (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 this document 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 party costs, Funds flow, Operating income, 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 flow 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 flows from 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 (loss) or other measures of financial performance calculated in accordance with IFRS. Operating income is calculated from the consolidated statements of operations and comprehensive (loss) 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 - 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 (loss). Operating income - net percentage is calculated from the consolidated statements of operations and comprehensive (loss) 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 assumption that Trinidad's customers will honour their long-term contracts, and Trinidad's ability to sign future long-term 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;
- Trinidad's ability to increase dayrates;
- 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 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;
- assumptions around future Other G&A cost levels;
- 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;
- the ability of the Company to continue to execute on its business strategy during the strategic review process, and the various risks and assumptions customarily related thereto; and
- the likelihood that the Company will be able to identify and undertake alternatives which enhance shareholder value.

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.