CALGARY, ALBERTA--(Marketwired - Dec. 14, 2015) -

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Trinidad Drilling Ltd. ("Trinidad" or "the Company") (TSX:TDG) announces today that it expects to spend approximately $30 million in capital expenditures in 2016, with an additional $15 million available to be spent on select upgrades, depending on industry conditions. The capital budget is largely comprised of capital maintenance and infrastructure projects necessary to maintain the Company's current operations. Trinidad also announces that it has agreed with its lending group to amend its credit facility and certain of the financial covenants, providing additional flexibility for the Company over the next two years.

"Given current weak market conditions, we have significantly cut back our capital expenditure program for 2016," said Lyle Whitmarsh, Trinidad's Chief Executive Officer. "We closely examined our operations and selected only those projects we felt were necessary to maintain our operations. Our limited visibility into conditions in 2016 makes planning and setting budgets challenging. We have assumed that existing conditions remain in place for 2016 and we have cut back spending and lowered our cost structure in order to manage through this downturn. The amendments to our debt covenants also give us more flexibility to manage our operations through these current market conditions."

2016 Capital Budget

The 2016 capital budget is largely focused on maintenance capital. However, the Company has set aside $15 million that it may spend on upgrading equipment, depending on industry conditions. The upgrades would most likely be done to increase mud pump size and add moving systems to select rigs to meet customer requirements. These changes would improve the rigs' marketability and ability to compete in the current challenging industry conditions. Trinidad also expects to utilize existing capital inventory items to upgrade and maintain its fleet in 2016.

Cost Cutting Measures

In addition to lowering its capital expenditure budget, Trinidad is continuing to look for further efficiencies in its operations and corporate offices. As part of this strategy, all executives and directors have taken an additional reduction in salaries and board fees, and a further company-wide wage roll back has been implemented. Year to date, the Company has lowered executive salaries and directors' board fees by 20% and implemented an average 12% company-wide wage roll back. In addition, the Company has lowered its headcount(1) by approximately 50% since the beginning of the year, with the majority of the reductions coming from the field where positions are directly linked to lower activity levels. General and administrative costs in 2015 are expected to be 30% lower than originally anticipated (1) and to decline a further 10 to 15% in 2016.

Trinidad has reviewed all aspects of its business for savings and, in early November, the Board of Directors lowered the quarterly dividend, reducing the annual dividend cost to approximately $9 million, an annualized cash savings of approximately $36 million.

(1) Adjusted to include amounts for CanElson Drilling Inc. as if the acquisition of CanElson Drilling Inc. had occurred on January 1, 2015.

Amendments to Credit Facility and its Covenants

At the end of the third quarter of 2015, Trinidad was well within the limits of the financial covenants in its credit facility; however, given the weak market conditions and lack of visibility into 2016, Trinidad felt it was prudent to increase the flexibility of these financial covenants. The Company worked with its lending group, and the parties agreed to amend the credit agreement governing its credit facility including reducing the size of the facility and relaxing certain of the financial covenants. Trinidad chose to reduce the size of its credit facility in order to lower standby fees on funds it does not expect to need access to and has not historically utilized. The changes made to the agreement are summarized below:

	Current Credit Agreement	Previous Credit Agreement
Credit Facility Size		
Canadian Tranche	C$150 million	C$200 million
US Tranche	US$150 million	US$200 million
Credit Facility Covenants		

Total Leverage Covenant Total Debt/ Bank EBITDA [2] [3]	Maximum of 6.0x Maximum of 5.5x Maximum of 5.0x Maximum of 4.0x	Jan 01 2016 to Mar 31 2017 Apr 01 2017 to Jun 30 2017 Jul 01 2017 to Dec 31 2017 Jan 01 2018 on	Maximum of 4.0x
Interest Coverage Bank EBITDA[2]/ Cash Interest Expense	Minimum of 2.0x Minimum of 2.5x	Jan 01 2016 to Dec 31 2017 Jan 01 2018 on	Minimum of 2.75x
Dividend Restriction [4]	Maximum of $0.01 per share per quarter if Total Leverage Covenant is greater than 5.0 times		No such restriction

[2] See Non-GAAP disclaimer at the end of this document.

[3] The ability to step the covenant up by 0.5 times for the two quarters following a material acquisition has been removed.

[4] Restricted payments (including dividends) remain unchanged at a maximum of 60% of last 12 months excess cash flow (as defined in the credit agreement).

Note: Senior Debt covenant (as defined in the credit agreement) remains unchanged at a maximum of 3.0 times.

The Company also has the unique ability to repatriate accumulated adjusted EBITDA[2] from its joint venture operations. The adjusted EBITDA generated in the joint venture is excluded from the debt covenant calculation until it is distributed to Trinidad. This feature allows Trinidad to accumulate multiple periods of adjusted EBITDA in the joint venture and then distribute them back to Trinidad, improving the Company's leverage ratios in the period when they are distributed and for the following nine months. In the third quarter of 2015, the joint venture generated approximately $8 million of adjusted EBITDA and had unpaid cumulative adjusted EBITDA of approximately $21 million.

The current industry conditions remain challenging for Trinidad and the oilfield services sector in general. Weak commodity prices continue to limit drilling activity and competition remains high. Trinidad expects weak industry conditions to continue through the remainder of 2015 and in 2016, unless commodity prices improve. The Company has taken the appropriate steps to manage through the downturn; however, it will continue to closely monitor market conditions and respond accordingly.

[2] See Non-GAAP disclaimer at the end of this document.

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.

FORWARD-LOOKING INFORMATION

This press release contains forward-looking statements and forward-looking information (collectively, "forward-looking information") within the meaning of applicable Canadian securities laws. The use of any of the words "expect", "anticipate", "will", "future" and similar expressions are intended to identify forward-looking information. In particular, this press release contains forward-looking information pertaining to Trinidad's plans, strategies, objectives, expectations and intentions including, without limitation: the manufacturing and upgrading of drilling rigs; Trinidad's and the joint venture's growth opportunities; Trinidad's 2016 capital expenditure program and potential upgrading of drilling rigs and the maintenance of Trinidad's fleet; and Trinidad's ability to lower its cost structure and expected reductions in general and administrative costs; anticipated industry conditions; Trinidad's ability to manage through the downturn; and Trinidad's need to access funds in its credit facility.

The forward-looking information included in this press release reflects several factors, expectations and assumptions including, without limitation: oil and gas industry conditions and oil and gas production levels; commodity prices; supply and demand for commodities; anticipated customer demand; that contractual counterparties will generally act in accordance with the terms of their agreements; Trinidad's use of its credit facility; scheduling and timing of certain projects and Trinidad's and the joint venture's strategy for growth; capital expenditure programs, cost structure and other expenditures by oil and gas exploration and production companies; Trinidad's and the joint venture's future operating and financial results; that Trinidad will continue to conduct its operations in a manner consistent with its past performance.

The forward-looking information included in this press release is not a guarantee of future performance and should not be unduly relied upon. Forward-looking information is 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 information including, without limitation: volatility in market prices for oil, natural gas and LNG; liabilities inherent in the drilling and manufacturing industries, including technical problems; competition for skilled personnel; changes in general economic, market and business conditions and the prolonged persistence of weak industry conditions; actions by

governmental or regulatory authorities including changes to tax or environmental laws; the ability of Trinidad's customers to raise capital and to continue with their drilling programs; increases and overruns in construction costs; supply and demand for commodities; and the risks inherent in Trinidad's ability to generate sufficient cash flow from operations to meet its current and future obligations. Should any one of a number of issues arise, Trinidad may find it necessary to alter its current business strategy and/or capital expenditure program and no assurance can be given as to how such strategy will change or funds reallocated. Additional risks that could impact the business and operations of Trinidad are detailed under the heading "Risk Factors" in Trinidad's annual information form for the year ended December 31, 2014. Trinidad cautions that the foregoing list of risks and uncertainties is not exhaustive. The forward-looking information contained in this press release speaks only as of the date of this press release and Trinidad assumes no obligation to publicly update or revise such forward-looking information to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

NON-GAAP MEASURES

This news release contains references to certain financial measures that do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures presented by other companies.

EBITDA is a measure of the Company's operating profitability and is defined as net earnings (loss) before finance costs, depreciation and amortization and income taxes.

Adjusted EBITDA is used by management and investors to analyze the results generated by the Company's principal business activities prior to how these activities are financed; how assets are depreciated, amortized and impaired; the impact of foreign exchange; how the results are taxed in various jurisdictions and effects of share-based payment expense, impairment expense and the sale of assets. 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 earnings (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.

Bank EBITDA is defined as EBITDA 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.

For further information on these measures including reconciliations to the nearest measure calculated in accordance with IFRS, readers are urged to consult the information provided under the heading "Non-GAAP Measures Definitions" in the Company's management's discussion and analysis for the three and nine months ended September 30, 2015.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy the shares in any jurisdiction. The shares offered will not be and have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to a United States person, absent registration, or an applicable exemption therefrom.

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