

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

[Trinidad Drilling Ltd.](#) (TSX:TDG) ("Trinidad" or the "Company") reported second quarter and year-to-date 2016 results today. In the second quarter and first six months of 2016, Trinidad recorded higher adjusted EBITDA⁽¹⁾ than the same periods last year, despite weak commodity prices and reduced customer demand. Higher early termination and standby revenue received in the current periods, combined with the impact of cost control measures, offset weaker industry conditions. As conditions improved slightly with higher commodity prices towards the end of the second quarter, Trinidad began to receive increased customer inquiry and was able to put incremental rigs back to work.

"Trinidad has demonstrated its ability to carefully manage its operations, lower its cost structure and reduce debt levels throughout the downturn," said Lyle Whitmarsh, Trinidad's Chief Executive Officer. "A gradual increase in activity levels so far in the third quarter points to a potential improvement in industry conditions; however, commodity prices remain volatile. While the increasing inquiry and activity levels are promising, we are continuing to closely monitor industry conditions and prepare the Company for both an industry recovery or the potential of a protracted downturn."

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

FINANCIAL HIGHLIGHTS

(\$ thousands except share and per share data)	Three months ended June 30,			Six months ended June 30,		
	2016	2015	% Change	2016	2015	% Change
Revenue	94,476	95,213	(0.8)	202,126	289,609	(30.2)
Revenue, net of third party costs ⁽¹⁾	91,830	89,992	2.0	193,960	276,071	(29.7)
Operating income ⁽¹⁾	61,679	41,896	47.2	108,358	114,178	(5.1)
Operating income percentage ⁽¹⁾	65.3%	44.0%	% 48.4	53.6%	39.4%	36.0
Operating income - net percentage ⁽¹⁾	66.8%	46.3%	44.3	55.5%	41.1%	35.0
Adjusted EBITDA ⁽¹⁾	57,035	34,679	64.5	101,243	94,708	6.9
Per share (diluted) ⁽²⁾	0.26	0.26	-	0.46	0.71	(35.2)
Cash provided by operations	30,157	113,621	(73.5)	46,050	114,549	(59.8)
Per share (basic / diluted) ⁽²⁾	0.14	0.85	(83.5)	0.21	0.86	(75.6)
Funds provided by operations ⁽¹⁾	46,898	25,132	86.6	55,598	61,224	(9.2)
Per share (basic / diluted) ⁽²⁾	0.21	0.19	10.5	0.25	0.46	(45.7)
Net (loss) income ⁽⁴⁾	(16,256)	(1,467)	(1,008.1)	(4,953)	10,663	(146.5)
Per share (basic / diluted) ⁽²⁾⁽⁴⁾	(0.07)	(0.01)	(600.0)	(0.02)	0.08	(125.0)
Capital expenditures	4,499	41,794	(89.2)	24,663	91,928	(73.2)
Dividends declared ⁽³⁾	-	6,671	(100.0)	-	13,343	-
Shares outstanding - diluted (weighted average) ⁽²⁾	222,506,645	133,425,344	66.8	222,087,270	133,559,340	66.3
As at				June 30,	December 31,	
(\$ thousands except percentage data)				2016	2015	% Change
Total assets				1,976,683	2,236,200	(11.6)
Total long-term liabilities				645,431	783,254	(17.6)

(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) No dividend was declared in the three and six months ended June 30, 2016. \$0.05 per share was declared in the three and six months ended June 30, 2015.

(4) Net (loss) 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 June 30,			Six months ended June 30,		
	2016	2015	% Change	2016	2015	% Change

Land Drilling Market

Operating days⁽¹⁾

Canada	665	380	75.0	2,666	2,723	(2.1)
United States and International	915	2,202	(58.4)	2,648	4,897	(45.9)

Rate per operating day ⁽¹⁾

Canada (CDN\$)	31,138	31,731	(1.9)	26,258	26,597	(1.3)
United States and International (CDN\$)	76,220	33,184	129.7	45,004	33,188	35.6
United States and International (US\$)	59,070	26,755	120.8	33,839	27,318	23.9

Utilization rate - operating day ⁽¹⁾

Canada	10	% 8	% 25.0	20	% 29	% (31.0)
United States and International	15	% 50	% (70.0)	22	% 55	% (60.0)

Number of drilling rigs at period end ⁽⁴⁾

Canada	72	54	33.3	72	54	33.3
United States and International	67	49	36.7	67	49	36.7

Barge Drilling Market

Number of barge drilling rigs at period end ⁽⁴⁾ -	2	(100.0)	-	2	(100.0)
--------------------------------------------------------------	---	----------	---	---	----------

TDI Joint Venture Operations ⁽²⁾

Operating days ⁽¹⁾	461	516	(10.7)	1,151	926	24.3
Rate per operating day (CDN\$) ⁽¹⁾	72,773	60,555	20.2	68,051	60,935	11.7
Rate per operating day (US\$) ⁽¹⁾	55,962	48,959	14.3	50,397	49,785	1.2
Utilization rate - operating day ⁽¹⁾	63	% 95	% (33.7)	79	% 94	% (16.0)
Number of drilling rigs at period end ⁽⁴⁾	8	8	-	8	8	-

DCM Joint Venture Operations ⁽³⁾

Number of drilling rigs at period end ⁽⁴⁾	2	-	100.0	2	-	100.0
Number of service rigs at period end ⁽⁴⁾	2	-	100.0	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

During the second quarter and first half of 2016, Trinidad continued to closely manage its business. The Company remained focused on adjusting costs and reviewing operations where possible to improve efficiencies. During the first six months of 2016, Trinidad was also able to improve its financial flexibility by reducing debt levels, relaxing its debt covenants and generating positive funds provided by operations.

In the first six months of 2016, activity levels weakened as customers re-evaluated drilling programs based on lower commodity price levels. These challenging industry conditions led to intense competition that increased pressure on spot dayrates. The impact of these factors was partly offset by early termination and standby revenue recognized in the current period. Early termination payments are an acceleration of income that the Company would have received in future periods and provides cash flows in a period when liquidity is very important. Trinidad believes that early termination payments should be seen as a positive. They provide immediate cash flow, without any associated costs, rather than earning it over a longer period of term with unknown credit or foreign exchange risks. They also provide an opportunity to put terminated rigs back to work and earn incremental revenue.

In the second quarter of 2016, adjusted EBITDA was \$57.0 million, up 64.5% from the same quarter last year. Adjusted EBITDA increased in the current quarter largely as a result of higher early termination and standby revenue received and a larger contribution from the TDI joint venture. In the second quarter of 2016, Trinidad recognized early termination and standby revenue of \$49.5 million, compared to \$14.7 million in the same quarter last year. Year to date in 2016, adjusted EBITDA was \$101.2 million, up 6.9% from the same period in 2015. The increase in 2016 was mainly due to early termination and standby revenue, the impact of cost cutting initiatives and a stronger US/CDN dollar translation in the current period; offset by reduced activity and lower dayrates.

Early termination and standby revenue drove strong operating income - net percentage in the current quarter and year to date. As well, Trinidad's ongoing focus on cost reduction, a higher proportion of high specification rigs operating and less manufacturing revenue, which generates lower margins, also contributed to improved profitability in 2016. Trinidad recorded operating income - net percentage in the current quarter of 66.8% and year to date in 2016 of 55.5%, compared to 46.3% and 41.1%, respectively, in 2015. Excluding the impact of early termination and standby revenue, Trinidad's operating income - net percentage was 27.9% in the current quarter compared to 35.8% in the second quarter of 2015.

Trinidad recorded a net loss of \$16.3 million or \$(0.07) per share (diluted) for the quarter ended June 30, 2016, down \$14.8 million

from the same quarter of 2015. The net loss recorded in the current quarter was mostly a result of higher depreciation and amortization expense of \$22.8 million and a loss recorded on investment in joint venture of \$9.7 million due to a non-cash fair value adjustment. Year to date in 2016, Trinidad recorded a net loss of \$5.0 million or \$(0.02) per share (diluted), down \$15.6 million from the same period last year. Net loss increased year to date as a result of higher depreciation and amortization expense of \$42.4 million and higher finance and transaction costs. The impact of these factors was partly offset by higher operating income, a foreign exchange gain, compared to a loss in the prior year, an increased gain from investment in joint venture and a higher tax recovery.

In the first half of 2016, Trinidad was able to lower its total long-term debt by \$130.9 million. Trinidad's improved liquidity in the current year 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 at June 30, 2016 versus December 31, 2015, which lowered the translated value of US dollar based Senior Notes. In addition, liquidity was improved due to a decrease in the revolving facility of \$89.9 million and the suspension of the Company's dividend. At June 30, 2016, Trinidad had nil outstanding on each of the Canadian and US dollar credit facilities.

On June 24, 2016, Trinidad announced that it had further amended its credit facility, reducing the size of the facility, as well as adjusting the required covenants in order to allow the Company more financial flexibility. As part of this amendment, Trinidad reduced the revolving facilities to \$100.0 million on the Canadian revolver (previously \$150.0 million) and US\$100.0 million (previously US\$150.0 million).

Lastly despite challenging market conditions in the first half of 2016, Trinidad generated positive funds provided by operations of \$55.6 million, compared to \$61.2 million in the first half of 2015.

INDUSTRY STATISTICS

Commodity prices began to increase in the second quarter of 2016, leading to a gradual improvement in sentiment among oil and gas industry participants and a slow increase in the active rig count. Crude oil prices increased during the quarter and reached US\$50.00 per barrel in early June of 2016. On average, WTI crude oil was US\$45.73 per barrel in the second quarter, down 21% from the same quarter last year, but up 35% from the first quarter of 2016. US-based natural gas prices also increased in the second quarter of 2016, with Henry Hub natural gas averaging US\$2.15 per mmBtu, down 21% from the same quarter last year, but up 8% from the first quarter of 2016. Industry activity levels began to increase towards the end of the second quarter. In the US, the active rig count bottomed at 391 active rigs in late April, but had increased to 433 active rigs by the end of the second quarter. In Canada, industry activity averaged 7% in the second quarter of 2016, down from 13% in the same quarter last year and 20% in the first quarter of 2016. Activity in Canada is typically low in the second quarter due to seasonality; however, weak customer demand in 2016 drove levels below historical norms.

	2016		Full Year 2015				Full Year 2014	
	Q2	Q1	2015	Q4	Q3	Q2	Q1	2014
Commodity Prices								
Aeco natural gas price (CDN\$ per gigajoule)	1.43	1.81	2.57	2.35	2.76	2.54	2.60	4.28
Henry Hub natural gas price (US\$ per mmBtu)	2.15	1.99	2.61	2.11	2.75	2.73	2.87	4.36
Western Canada Select crude oil price (CDN\$ per barrel)	42.35	36.79	45.26	37.05	41.22	59.40	43.52	82.00
WTI crude oil price (US\$ per barrel)	45.73	33.78	48.68	42.02	46.48	57.85	48.49	93.06
Canadian / US dollar exchange rate	1.29	1.37	1.28	1.34	1.31	1.23	1.24	1.10
US Activity								
Average industry active land rig count ⁽¹⁾	394	533	983	757	829	935	1,403	1,789
Average Trinidad active land rig count ⁽²⁾	15	19	27	26	26	24	30	50
Canadian Activity								
Average industry utilization ⁽³⁾	7	% 20	% 23	% 21	% 24	% 13	% 35	% 44
Average Trinidad utilization ⁽⁴⁾	10	% 29	% 29	% 28	% 32	% 7	% 46	% 52

(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).

RESULTS FROM OPERATIONS

Canadian Operations

	Three months ended June 30,			Six months ended June 30,		
(\$ thousands except percentage and operating data)	2016	2015	% Change	2016	2015	% Change

Operating revenue ⁽¹⁾	20,942	12,061	73.6	71,300	72,431	(1.6)
Other revenue	125	28	346.4	357	73	389.0
	21,067	12,089	74.3	71,657	72,504	(1.2)
Operating costs ⁽¹⁾	10,964	8,775	24.9	37,653	43,597	(13.6)
Operating income ⁽³⁾	10,103	3,314	204.9	34,004	28,907	17.6
Operating income - net percentage ⁽³⁾	48.0	% 27.4	%	47.5	% 39.9	%
Operating days ⁽³⁾	665	380	75.0	2,666	2,723	(2.1)
Drilling days ⁽³⁾	629	349	80.2	2,504	2,484	0.8
Rate per operating day (CDN\$) ⁽³⁾	31,138	31,731	(1.9)	26,258	26,597	(1.3)
Utilization rate - operating day ⁽³⁾	10	% 8	% 25.0	20	% 29	% (31.0)
Utilization rate - drilling day ⁽³⁾	10	% 7	% 42.9	19	% 26	% (26.9)
CAODC industry average ⁽²⁾	7	% 13	% (46.2)	14	% 24	% (41.7)
Number of drilling rigs at period end	72	54	33.3	72	54	33.3

(1) Operating revenue and operating costs for the three months ended June 30, 2016 and 2015 exclude third party recovery and third party costs of \$1.4 million and \$1.3 million, respectively. Operating revenue and operating costs for the six months ended June 30, 2016 and 2015 exclude third party recovery and third party costs of \$5.2 million and \$7.9 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.

Despite weak industry conditions, Trinidad recorded strong results in the second quarter and year to date in 2016. For the three and six months ended June 30, 2016, operating income increased by 204.9% and 17.6%, respectively, compared to the prior year periods. More early termination and standby revenue recorded in 2016, than the prior year, positively impacted profitability in the Canadian operations in 2016. In the current quarter, operating days were also positively impacted by the rigs acquired through the CanElsion acquisition.

Dayrates for the three and six months ended June 30, 2016 decreased by \$593 per day and \$339 per day, respectively, compared to the prior year. Dayrates in the current year declined mainly due to weak customer demand and strong industry competition, as well as a change in the active rig mix in 2016. This was offset by an increase in early termination and standby revenue recorded in 2016. For the three and six months ended June 30, 2016, total early termination and standby revenue was \$4.9 million and \$9.5 million, respectively, compared to nil and \$0.3 million, respectively, in the prior year. Adjusting for the early termination and standby revenue recorded, dayrates for the three and six months ended June 30, 2016 were \$23,738 per day in the current quarter and \$22,697 per day year to date, a decline of \$7,993 per day and \$3,777 per day, respectively, compared to the adjusted 2015 dayrates. The early termination and standby revenue recorded in 2016 mainly related to lump sum shortfall amounts collected for three rigs in the first quarter and one rig in the second quarter. Contracts on these rigs all expired by June 30, 2016.

A decline in commodity prices throughout 2015 and into 2016 significantly affected utilization rates for the drilling industry as a whole. Despite this weakness in commodity prices, Trinidad was able to record higher utilization and operating days in the current quarter compared to the same period last year. Higher activity in the current quarter was partly driven by utilization on the rigs acquired through the CanElsion acquisition and partly due to the development plans of Trinidad's targeted customer base. On a year-to-date basis, operating days were down slightly compared to the prior year and utilization was down nine percentage points.

Operating income - net percentage increased in the current quarter to 48.0% compared to 27.4% in the prior year. Year to date in 2016, operating income - net percentage increased to 47.5% compared to 39.9% in the prior year. Operating income - net percentage was positively impacted by early termination and standby revenue in the current periods as this revenue is recorded with no associated operating costs. Trinidad's ongoing focus on lowering costs throughout the downturn also had a positive impact on profitability in the current periods. Excluding the impact of early termination and standby revenue, operating income - net percentage remained strong at 32.1% in the current quarter, compared to 27.4% in second quarter of 2015. Year to date, operating income - net percentage adjusted for early termination and standby revenue was 39.4%, in line with 39.6% recorded in the same period last year. 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.

Trinidad's Canadian rig count totaled 72 rigs at June 30, 2016, an increase of 18 rigs compared to the second quarter of 2015. The rig count increased as a result of the CanElsion 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.

Second quarter of 2016 versus first quarter of 2016

Operating revenue and operating income decreased by \$29.4 million and \$13.8 million, respectively, in the second quarter of 2016 compared to the first quarter of 2016. Typically the first quarter is the most active period in the Canadian drilling industry and the second quarter is impacted by spring break-up as weather conditions and road bans restrict movement of the rigs. As such, due to

seasonal factors, Trinidad recorded 1,336 less operating days in the second quarter of 2016 compared to the first quarter, significantly affecting revenue generation.

Although overall operating income decreased, Trinidad recorded increased profitability in the second quarter of 2016. Operating income - net percentage was 48.0% in the second quarter, compared to 47.2% in the first quarter of 2016. A change in the active rig mix and increased early termination and standby recorded in the second quarter of 2016 positively affected the profitability of the Canadian operations.

United States and International Operations

(\$ thousands except percentage and operating data)	Three months ended June 30,			Six months ended June 30,		
	2016	2015	% Change	2016	2015	% Change
Operating revenue ⁽¹⁾	69,725	73,102	(4.6)	119,175	164,291	(27.5)
Other revenue	203	108	88.0	210	383	(45.2)
	69,928	73,210	(4.5)	119,385	164,674	(27.5)
Operating costs ⁽¹⁾	18,255	35,082	(48.0)	44,602	83,088	(46.3)
Operating income ⁽¹⁾	51,673	38,128	35.5	74,783	81,586	(8.3)
Operating income - net percentage ⁽²⁾	73.9	% 52.1	%	62.6	% 49.5	%
Land Drilling Rigs						
Operating days ⁽²⁾	915	2,202	(58.4)	2,648	4,897	(45.9)
Drilling days ⁽²⁾	775	1,938	(60.0)	2,245	4,204	(46.6)
Rate per operating day (CDN\$) ⁽²⁾	76,220	33,184	129.7	45,004	33,188	35.6
Rate per operating day (US\$) ⁽²⁾	59,070	26,755	120.8	33,839	27,318	23.9
Utilization rate - operating day ⁽²⁾	15	% 50	% (70.0)	22	% 55	% (60.0)
Utilization rate - drilling day ⁽²⁾	13	% 44	% (70.5)	19	% 47	% (59.6)
Number of drilling rigs at period end	67	49	36.7	67	49	36.7
Barge Drilling Rigs						
Number of barge drilling rigs at period end	-	2	(100.0)	-	2	(100.0)

(1) Operating revenue and operating costs for the three months ended June 30, 2016 and 2015 exclude third party recovery and third party costs of \$0.9 million and \$3.7 million, respectively. Operating revenue and operating costs for the six months ended June 30, 2016 and 2015 exclude third party recovery and third party costs of \$2.3 million and \$4.9 million, respectively.

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

Trinidad's US and international operations recorded solid operating income and strong operating income - net percentage in the three and six months ended June 30, 2016, despite weak market conditions. The Company achieved this result mainly due to increased early termination and standby revenue recorded in 2016. Through the first six months of 2016, Trinidad continued to feel the effects of weaker customer demand with lower operating days directly impacting revenue generation, resulting in lower operating revenue in 2016.

For the three and six months ended June 30, 2016, operating days and utilization decreased as weakening commodity prices in 2015 and into the beginning of 2016 caused a significant reduction in demand for land drilling rigs.

Although overall utilization and operating days significantly declined in 2016, Trinidad was able to record improved dayrates and operating income - net percentage, mainly due to higher early termination and standby revenue recorded in the current year. Trinidad recorded US\$34.7 million of early termination and standby in the second quarter of 2016 and US\$38.4 million in the first six months of 2016. Early termination and standby recorded in the second quarter and year to date mainly related to three rigs that were terminated at the end of 2015, one rig in early 2016 and one rig in the current quarter, as well as various standby revenue recorded. For the early termination revenue recorded, the contracts had an average remaining period of 12 months at June 30, 2016. Trinidad recorded early termination and standby revenue of US\$11.8 million in the second quarter of 2015 mainly related to eight rigs with an average remaining term of two months, and US\$27.9 million in the first six months of 2015 related to 14 rigs with an average remaining term of one month.

Of the total early termination and standby revenue recorded for the three and six months ended June 30, 2016, US\$4.5 million and US\$5.4 million, respectively, related to standby revenue recorded on idle but contracted rigs. Of the total early termination and standby revenue recorded for the three and six months ended June 30, 2015, US\$0.2 million and US\$2.1 million, respectively, related to standby revenue recorded on idle but contracted rigs.

Dayrates in the current quarter and first six months of 2016 increased by US\$32,315 and US\$6,521, respectively, compared to the prior year due to the early termination and standby revenue discussed above. Adjusted for early termination and standby revenue, dayrates were US\$21,120 per day in the second quarter and US\$19,329 per day for the year to date, respectively, down US\$295 per day and US\$2,299 per day, respectively, from the adjusted prior year comparable periods. Competitive industry conditions and

pressure on spot pricing drove the decline in the dayrates in 2016; partly offset by a higher concentration of contracted, high performance rigs operating in the current period.

Operating income - net percentage increased for the three and six months ended June 30, 2016, driven partly by higher early termination and standby revenue received in 2016. For the three months ended June 30, 2016, Trinidad recorded operating income - net percentage of 73.9%, compared to 52.1% for the second quarter of 2015, and 62.6% for the first half of 2016, compared to 49.5% in the first half of 2015. After adjusting for early termination and standby revenue, operating income - net percentage was 27.9% in the second quarter of 2016, compared to 40.1% in the second quarter of 2015, and 35.9% in the first half of 2016, compared to 36.5% in the first half of 2015. On a year to date basis, cost cutting measures undertaken by the Company, including lower wages, a reduced headcount and lower repairs and maintenance, have allowed the Company to reduce operating costs in 2016 and continue to record reasonable operating margins.

During the second quarter of 2016, Trinidad's rig in the United Arab Emirates began drilling, recording 45 operating days in the current period.

At June 30, 2016, Trinidad's US and international rig count totaled 67 rigs, an increase of 18 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 the third quarter of 2015, one contracted new build rig was delivered by Trinidad's manufacturing division to the US and international operations and one new rig was added in the United Arab Emirates. 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. By December 31, 2015, all barge rigs had been removed from Trinidad's active rig count with no operations in 2016.

Second quarter of 2016 versus first quarter of 2016

Operating revenue and operating income increased by \$20.3 million and \$28.6 million, respectively, in the second quarter of 2016 compared to the first quarter of 2016. Although activity levels in Trinidad's US and international operations continued to decline into 2016 as commodity prices remained weak, Trinidad recorded higher early termination and standby revenues in the current period increasing profitability.

Trinidad recorded early termination and standby revenue of US\$34.7 million in the second quarter of 2016, compared to US\$3.7 million in the first quarter of 2016. Adjusted for early termination and standby revenue, dayrates increased to US\$21,120 per day, compared to US\$18,299 per day in the first quarter. Trinidad was also positively impacted by the additional operating days in the current period from the rig located in the United Arab Emirates.

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.

(\$ thousands except percentage and operating data)	Three months ended June 30,			Six months ended June 30,		
	2016	2015	% Change	2016	2015	% Change
Operating revenue	34,704	31,812	9.1	80,776	57,844	39.6
Other revenue	-	274	(100.0)	-	255	(100.0)
	34,704	32,086	8.2	80,776	58,099	39.0
Operating costs	18,200	17,125	6.3	44,960	32,594	37.9
Operating income ⁽¹⁾	16,504	14,961	10.3	35,816	25,505	40.4
Operating income - net percentage ⁽¹⁾	47.6	% 46.6	%	44.3	% 43.9	%
Operating days ⁽¹⁾	461	516	(10.7)	1,151	926	24.3
Rate per operating day (CDN\$) ⁽¹⁾	72,773	60,555	20.2	68,051	60,935	11.7
Rate per operating day (US\$) ⁽¹⁾	55,962	48,959	14.3	50,397	49,785	1.2
Utilization rate - operating day ⁽¹⁾	63	% 95	% (33.7)	79	% 94	% (16.0)
Number of drilling rigs at period end	8	8	-	8	8	-
Number of active drilling rigs at period end	8	6	33.3	8	6	33.3

(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 for the three and six months ended June 30, 2016 increased by 9.1%

and 39.6%, respectively, compared to the prior year. As well, for the three and six months ended June 30, 2016, operating income increased by 10.3% and 40.4%, respectively, compared to 2015.

For the three months ended June 30, 2016, Trinidad recorded lower operating days and lower utilization compared to 2015 mainly due to one rig in Saudi Arabia being under repair for the entire quarter, compared to this rig being fully operational in the second quarter of 2015. This was slightly offset by higher operating days in Mexico due to a higher active rig count in 2016.

For the six months ended June 30, 2016, Trinidad recorded 24.3% higher operating days compared to the prior year mainly due to a higher active rig count during the period. This was slightly offset by the one Saudi rig under repair during the second quarter and recording no operating days.

For the three and six months ended June 30, 2016, dayrates increased compared to the prior year by US\$7,003 per day and US\$612 per day, respectively. Dayrates increased in the current periods mainly as a result of higher moving revenue recorded. Additionally, the stronger US to CDN dollar exchange rate positively impacted the translated dayrate.

Operating income - net percentage increased in each of the three and six months ended June 30, 2016. Trinidad recorded operating income - net percentage of 47.6% in the quarter, compared to 46.6% in the second quarter of 2015, and 44.3% for the first six months of 2016, compared to 43.9% in the first six months of 2015. The increase in profitability was mainly due to increased operating days in Mexico and a stronger US to CDN dollar exchange rate in 2016, compared to the prior year.

Second quarter 2016 versus first quarter 2016

Operating revenue and operating income decreased in the second quarter of 2016 compared to the first quarter of 2016 by \$11.4 million and \$2.8 million, respectively. The decrease in the current quarter was mainly due to lower utilization in the current period. Trinidad recorded utilization of 63% in the second quarter of 2016 compared to 95% in the first quarter, mainly due to one rig under repair in Saudi Arabia during the quarter and lower operating days in Mexico due to rigs being on standby during the quarter. As of June 30, 2016, all four rigs located in Mexico were currently receiving standby revenue.

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

As part of the CanElson acquisition, 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 three and six months ended June 30, 2016, Trinidad's portion of DCM's net loss was \$0.6 million and \$0.6 million, respectively.

Manufacturing Operations

(\$ thousands except percentage)	Three months ended June 30,			Six months ended June 30,		
	2016	2015	% Change	2016	2015	% Change
Operating revenue ⁽¹⁾	835	4,692	(82.2)	2,917	38,888	(92.5)
Other revenue	-	2	(100.0)	1	6	(83.3)
	835	4,694	(82.2)	2,918	38,894	(92.5)
Operating costs ⁽¹⁾	1,291	4,473	(71.1)	4,029	36,009	(88.8)
Operating income ⁽²⁾	(456)	221	(306.3)	(1,111)	2,885	(138.5)
Operating income - net percentage ⁽²⁾	(54.6)%	4.7 %		(38.1)%	7.4 %	

(1) For the three months ended June 30, 2016, excluded from operating revenue and operating costs are downstream elimination entries of \$1.3 million and \$0.9 million, respectively (2015 - \$2.4 million and \$2.3 million, respectively). For the six months ended June 30, 2016, excluded from operating revenue and operating costs are downstream elimination entries of \$4.4 million and \$4.0 million, respectively (2015 - \$51.4 million and \$49.0 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, Trinidad 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 three and six months ended June 30, 2016, Trinidad recognized revenue and expenses related to an upgrade project and various repairs and maintenance type work for the TDI joint venture rigs. In the first half 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.

As of June 30, 2016, the restructuring of the manufacturing division has been completed. Costs incurred in relation to the re-organization of this segment negatively impacted profitability in the current year.

Number of barge drilling rigs at period end (4) -	-	-	-	-	2	2	2	2
Number of barge drilling rigs under Bareboat Charter Agreements at period end (4) -	-	-	-	-	-	3	3	3
TDI Joint Venture Operations (2)								
Operating days (1)	461	690	668	595	516	410		
Rate per operating day (CDN\$) (1)	72,773	64,894	60,619	59,609	60,555	61,412		
Rate per operating day (US\$) (1)	55,962	46,676	45,898	46,591	48,959	50,825		
Utilization rate - operating day (1)	63	% 95	% 97	% 99	% 95	% 94	%	
Number of drilling rigs at period end (4)	8	8	8	8	8	8	6	4
DCM Joint Venture Operations (3)								
Number of drilling rigs at period end (4)	2	2	2	2				
Number of service rigs at period end (4)	2	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

(\$ thousands except percentage)	Three months ended June 30,			Six months ended June 30,		
	2016	2015	% Change	2016	2015	% Change
General and administrative (1)	12,566	13,665	(8.0)	25,220	29,641	(14.9)
% of revenue	13.3	% 14.4	%	12.5	% 10.2	%
Share-based payment expense	4,077	1,302	213.1	4,751	1,729	174.8
Third party recoverable costs	359	233	54.1	682	800	(14.8)
Total general and administrative	17,002	15,200	11.9	30,653	32,170	(4.7)
% of revenue	18.0	% 16.0	%	15.2	% 11.1	%

(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 and six months ended June 30, 2016, total general and administrative (G&A) expenses were \$17.0 million and \$30.7 million, an increase of 11.9% and a decrease of 4.7%, respectively, over the previous comparable periods.

For the three and six months ended June 30, 2016, Trinidad recorded Other G&A of \$12.6 million and \$25.2 million, a decrease of 8.0% and 14.9%, respectively, compared to the prior year. Towards the end of 2015 and into 2016, 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. These changes and an ongoing focus on cost control have allowed the Company to lower its Other G&A expenses. This was slightly offset by the increase to Other G&A associated with managing an increased rig fleet due to the CanElson acquisition; such as an increase to professional fees, insurance and rent expenses.

Trinidad has significantly reduced expenditures in non-core business activities in 2016; including the Company's barge and manufacturing operations. In order to restructure these divisions, Trinidad did incur one-time costs of approximately \$1.1 million in the second quarter and \$1.7 million in the first six months of 2016. As well, in the second quarter of 2016, Trinidad recorded a bad debt expense of \$0.5 million which was included in Other G&A expense (2015 - \$0.5 million). Trinidad continues to closely monitor its receivables and does not expect any additional bad debt expenses. Other G&A costs were also impacted by an increase in professional fees in 2016.

For the three and six months ended June 30, 2016, share-based payment expense was \$4.1 million and \$4.8 million, respectively, an increase of 213.1% and 174.8%, respectively, from the prior year. The increase in expense in the current year is related to the share price which increased by 56.8% in the second quarter and 18.7% year to date 2016. As well, increased PSU and DSU units outstanding in 2016, due to the annual grants of each in the first quarter of 2016, caused an increased expense in the current periods.

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 and six months ended June 30, 2016, G&A as a percentage of revenue increased in each period mainly due to lower revenue generation year over year and higher share-based payment expenses in 2016.

FINANCIAL SUMMARY

As at (\$ thousands)	June 30, 2016	December 31, 2015	\$ Change
Working capital ⁽¹⁾	43,623	61,372	(17,749)
Limited partnership loans	2,237	2,609	(372)
Senior Notes	579,560	620,661	(41,101)
Credit facility	-	89,873	(89,873)
	581,797	713,143	(131,346)
Less: unamortized debt issue costs	(5,776)	(6,223)	447
Total long-term debt	576,021	706,920	(130,899)
Total long-term debt as a percentage of assets	29.1	% 31.6	%

Total assets	1,976,683	2,236,200	(259,517)
Total long-term liabilities	645,431	783,254	(137,823)
Total long-term liabilities as a percentage of assets	32.7	% 35.0	%

Six months ended June 30,	2016	2015	\$ Change
Cash provided by operations	46,050	114,549	(68,499)
Cash provided (used) by investing	27,299	(107,692)	134,991
Cash (used) provided by financing	(91,665)	32,935	(124,600)

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

For the six months ended June 30, 2016, working capital decreased by \$17.7 million when compared to December 31, 2015, due to a decrease in current assets of \$82.8 million offset by a decrease in current liabilities of \$65.0 million.

Current assets decreased in the quarter mainly due to a reduction in accounts receivable as a result of lower activity in 2016 compared to the prior year. As well, prepaid assets decreased mainly due to the recognition of prepaid insurance expense during the period. Cash decreased as a result of lower activity and repayments of long-term debt, partly offset by a distribution from the TDI joint venture. Assets held for sale decreased due to the disposal of the property classified as assets held for sale at year end. These were slightly offset by an increase in inventory due to parts received during the period.

Current liabilities decreased in the period mainly due to a reduction in accounts payable and accrued liabilities and deferred revenue. The reduction in accounts payable and accrued liabilities was a result of lower activity across Canada and the US and international operations and lower activity in Trinidad's manufacturing division. The decrease in deferred revenue was due to this balance being fully recognized to revenue during the second quarter of 2016. The revenue recorded related to deferred early termination revenue for contracts in the US and international operations. In addition, dividends payable decreased due to the suspension of the dividend in 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.

Trinidad's total long-term debt balance at June 30, 2016 decreased by \$130.9 million compared to December 31, 2015. This decrease was largely due to no amounts being drawn on the Canadian revolving facility or US revolving facility at June 30, 2016 compared to December 31, 2015 where \$65.0 million and US\$18.0 million were drawn, respectively. Additionally, the value of the Senior Notes decreased as a result of the foreign currency fluctuations in the second quarter as the Canadian dollar strengthened in value compared to the US dollar closing at 1.2917 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 net investment 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.

On June 24, 2016, Trinidad announced that it had further amended its credit facility, reducing the size of the facility, as well as adjusting the required covenants in order to allow the Company more financial flexibility. As part of this amendment, Trinidad reduced the revolving facilities to \$100.0 million on the Canadian revolver (previously \$150.0 million) and US\$100.0 million (previously US\$150.0 million).

The changes to the Company's credit agreement are included in the amending agreement, a copy of which is filed on SEDAR.

2016 Capital Expenditures

In December of 2015, Trinidad's announced its 2016 capital budget which consisted of \$30.0 million in capital expenditures, and an additional \$15.0 million available to be spent on select upgrades based on management discretion and industry conditions. The budget is comprised mostly of capital for maintenance and infrastructure projects necessary to maintain the Company's current operations. In addition, Trinidad expects to utilize existing capital inventory items to upgrade and maintain its fleet.

Six months ended June 30,

(\$ thousands)	2016	2015
New builds	-	45,312
Capital upgrades and enhancements	12,066	12,341
Maintenance and infrastructure	2,092	6,317
Capital spares inventory	10,505	27,958
Total capital expenditures for Trinidad	24,663	91,928
Less: non-cash working capital allocated to investing activities	16,192	29,221
Total capital expenditures adjusted for non-cash items - Trinidad	8,471	62,707
TDI joint venture capital expenditures (Trinidad's 60% share)	4,880	25,780
Total capital expenditures adjusted for non-cash items - Trinidad and TDI joint venture	13,351	88,487

In the first six months ended June 30, 2016, a total of \$24.7 million was spent on capital expenditures in Trinidad, compared to \$91.9 million in the prior year. Of the \$24.7 million, \$16.2 million related to non-cash changes for deposits and payables with no actual cash outflow in 2016. The additional \$8.5 million of capital expenditures mainly related to upgrading assets that are expected to work in 2016 and additional inventory expenditures.

In addition to the amounts spent on Trinidad's capital, the Company spent \$4.9 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	June 30, December 31,		THRESHOLD
	2016	2015	
Senior Debt to Bank EBITDA ⁽¹⁾	(0.16):1	0.21:1	2.50:1 maximum
Bank EBITDA to Cash Interest Expense ⁽¹⁾	3.20:1	3.49:1	1.50:1 minimum

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

At June 30, 2016, Trinidad was onside with each of the Senior Debt to Bank EBITDA and Bank EBITDA to Cash Interest Expense covenants noted above.

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. The TDI joint venture expects to continue to distribute cash back to Trinidad in future periods. The amount and timing of these distributions will depend on the profitability of the joint venture and the working capital and capital expenditure needs within the joint venture.

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 June 30, 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 earnings 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 June 30, 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 third quarter of 2016, industry conditions have shown some signs of gradual improvement; however, commodity prices remain volatile. Activity is slowly increasing and the number of customer inquiries is also growing, with demand appearing slightly stronger in the US than Canada. Despite the increase in activity, competition continues to be high and dayrates remain at low levels.

Trinidad currently has 15 rigs or 21% of its Canadian fleet working. In its US and international operations there are 13 rigs or 19% working and an additional two rigs idle but contracted. In the Company's Joint Venture operations, there are currently three rigs in Saudi Arabia operating, with repair work on the fourth rig almost complete. The four rigs in Mexico are currently receiving standby revenue while the rigs in the Joint Venture wait on direction from Petroleos Mexicanos for new locations.

During the past two years, Trinidad has demonstrated the flexibility of its cost structure and the Company's commitment to finding efficiencies in its operations. As conditions improve, Trinidad will remain focused on maintaining these improvements and continue to operate safe, efficient and high-performance operations. The Company's expectation for Other G&A expenses for the full year of 2016 remains unchanged at \$45 million.

With limited visibility into the remainder of 2016 and into 2017, Trinidad continues to manage a careful balance between preparing the Company for a rebound while also managing for the potential of a protracted downturn. As part of this process, Trinidad is considering upgrades to select rigs in response to customer demand. In addition to the \$30 million of capital expenditures Trinidad had budgeted for 2016, the Company also has \$15 million of discretionary capital expenditure that it may consider spending if appropriate projects are identified and customer demand warrants the upgrades.

Trinidad currently has 27 rigs or 18% of its fleet under long-term contracts, with an average term remaining of 1.6 years. Contracts on two of these rigs expire throughout the remainder of 2016. Trinidad has not received any additional early termination payments to date in the third quarter of 2016.

Oil and gas producers are increasingly turning to modern, high-performance equipment to drill their wells. As a result of these changes, Trinidad believes that the number of active rigs required to drive higher dayrates is lower than in previous cycles. As idle, high-performance rigs and experienced crews are put back to work, Trinidad believes that pricing power will return more quickly to this style of equipment. With a largely high-performance fleet, Trinidad is well positioned to benefit from this new industry dynamic. Current oil and natural gas prices have improved from earlier in 2016; however, Trinidad believes these price levels are not sufficient and that sustained, higher commodity pricing is required to drive significant incremental investment in the oil and gas sector.

CONFERENCE CALL

Conference Call: Wednesday, August 3, 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
Conference ID: 23993990

Archived Recording: Available from approximately 12:00 p.m. MT on August 3, 2016 until midnight August 18, 2016. The dial-in number is 800-585-8367 or 416-621-4642
Conference ID: 23993990

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 currently operate in the drilling sector of the oil and natural gas industry, with operations in Canada, the United States (US) and the United Arab Emirates. In addition, through joint venture arrangements, Trinidad operates drilling rigs in Saudi Arabia and Mexico, and is currently assessing operations in other international markets. 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	June 30,	December 31,
(\$ thousands) - unaudited	2016	2015

Assets		
Current Assets		
Cash and cash equivalents	44,265	63,686
Accounts receivable	55,610	113,870
Inventory	8,087	7,136
Prepaid expenses	4,145	7,423
Assets held for sale	-	2,744
	112,107	194,859
Property and equipment	1,514,920	1,656,268
Intangible assets and goodwill	33,671	35,048
Deferred income taxes	55,967	54,367
Investment in joint ventures	260,018	295,658
	1,976,683	2,236,200
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	65,764	93,795
Dividends payable	-	2,221
Deferred revenue and customer deposits	483	34,862
Current portion of long-term debt	2,237	2,609
	68,484	133,487
Long-term debt	573,784	704,311
Deferred income taxes	54,881	60,495
Non-controlling interest	16,766	18,448
	713,915	916,741
Shareholders' Equity		
Common shares	1,374,656	1,374,656
Contributed surplus	64,959	64,884
Accumulated other comprehensive income	152,134	203,947
Deficit	(328,981)	(324,028)
	1,262,768	1,319,459
	1,976,683	2,236,200

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME AND LOSS

(\$ thousands) - unaudited	Three months ended		Six months ended	
	June 30, 2016	2015	June 30, 2016	2015
Revenue				
Oilfield service revenue	93,788	94,842	200,875	288,345
Other revenue	688	371	1,251	1,264
	94,476	95,213	202,126	289,609
Expenses				
Operating expense	32,797	53,317	93,768	175,431
General and administrative	17,002	15,200	30,653	32,170
Depreciation and amortization	42,479	19,693	85,726	43,305
Foreign exchange	114	40	(2,336)	6,199
Gain on sale of assets ⁽¹⁾	(691)	(384)	(1,928)	(1,484)
	91,701	87,866	205,883	255,621
Loss (gain) from investment in joint ventures ⁽²⁾	9,665	(646)	(11,767)	(1,917)
Finance and transaction costs	13,267	12,894	27,399	24,320
(Loss) income before income taxes	(20,157)	(4,901)	(19,389)	11,585

Income taxes				
Current	870	591	1,156	3,237
Deferred	(4,404)	(4,025)	(15,063)	(2,315)
	(3,534)	(3,434)	(13,907)	922
Net (loss) income	(16,623)	(1,467)	(5,482)	10,663

Other comprehensive loss

Foreign currency translation adjustment for foreign operations, net of income tax	(3,493)	(8,688)	(51,813)	55,890
Foreign currency translation adjustment for non-controlling interest, net of income tax	(25)	-	(323)	-
	(3,518)	(8,688)	(52,136)	55,890
Total comprehensive (loss) income	(20,141)	(10,155)	(57,618)	66,553

Net (loss) income attributable to:

Shareholders of Trinidad	(16,256)	(1,467)	(4,953)	10,663
Non-controlling interest	(367)	-	(529)	-

Total comprehensive (loss) income attributable to:

Shareholders of Trinidad	(19,749)	(10,155)	(56,766)	66,553
Non-controlling interest	(392)	-	(852)	-

Earnings per share

Net (loss) income

Basic / Diluted	(0.07)	(0.01)	(0.02)	0.08
-----------------	---------	---------	---------	------

(1) Gain on sale of assets in 2016 includes the loss of \$0.2 million related to the disposition of a non-drilling division.

(2) Loss (gain) from investment in joint ventures includes Trinidad's portion of the net income 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.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For six months ended June 30, 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	-	75	-	-	75
Total comprehensive loss	-	-	(51,813)	(4,953)	(56,766)
Balance at June 30, 2016	1,374,656	64,959	152,134	(328,981)	1,262,768
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)	(14,015)	5,665	-	-	(8,350)
Share-based payment expense	-	88	-	-	88
Total comprehensive income	-	-	55,890	10,663	66,553
Dividends	-	-	-	(13,343)	(13,343)
Balance at June 30, 2015	1,079,411	64,758	118,360	(81,690)	1,180,839

(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 six months ended June 30,

(\$ thousands) - unaudited	2016	2015
Cash provided by (used in)		
Operating activities		
Net (loss) income	(5,482)	10,663
Adjustments for:		
Depreciation and amortization	85,726	43,305
Foreign exchange	(2,336)	6,199
Gain on sale of assets ⁽¹⁾	(1,928)	(1,484)

Gain from investment in joint ventures ⁽²⁾	(11,767)	(1,917)
Finance and transaction costs	27,399	24,320
Income taxes	(13,907)	922
Interest income	(1)	(27)
Other ⁽³⁾	5,508	4,333
Income taxes paid	(1,818)	(3,618)
Income taxes recovered	119	286
Interest paid	(25,916)	(21,785)
Interest received	1	27
Funds provided by operations	55,598	61,224
Change in non-cash operating working capital	(9,548)	53,325
Cash provided by operations	46,050	114,549

Investing activities

Purchase of property and equipment	(24,663)	(91,928)
Proceeds from disposition of assets ⁽¹⁾	8,900	3,987
Net investment in joint ventures	5,361	(48,162)
Distribution and dividends received from joint venture	21,509	-
Purchase of intangibles	-	(810)
Change in non-cash working capital	16,192	29,221
Cash provided (used) by investing	27,299	(107,692)

Financing activities

Proceeds from long-term debt	130,188	54,925
Repayments of long-term debt	(218,971)	-
Repurchase of shares	-	(8,350)
Dividends paid	(2,221)	(13,429)
Finance costs	(661)	(211)
Cash (used) provided by financing	(91,665)	32,935

Cash flow from operating, investing and financing activities	(18,316)	39,792
Effect of translation of foreign currency cash	(1,105)	4,715
(Decrease) increase in cash for the period	(19,421)	44,507

Cash and cash equivalents - beginning of period	63,686	71,062
Cash and cash equivalents - end of period	44,265	115,569

(1) Gain on sale of assets in 2016 includes the loss of \$0.2 million related to the sale of a non-drilling division. Proceeds from disposition of property and equipment in 2016 includes \$2.8 million related to the disposition of a non-drilling division.

(2) Gain from investment in joint ventures includes Trinidad's portion of the net income 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.

(3) Other includes share-based payment expense and elimination of downstream transactions in the Manufacturing Operations net earnings.

SEGMENTED INFORMATION

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

For three months ended June 30, 2016 (\$ thousands)	United States /					
	Canadian Operations	International Operations	Manufacturing Operations	Joint Venture Operations ⁽¹⁾	Inter-segment Eliminations	Corporate
Operating revenue	20,942	69,725	2,091	-	-	-
Other revenue	223	283	-	-	-	-
Third party recovery	1,420	867	-	-	-	-
General and administrative - third party recovery	-	-	-	-	-	359
Inter-segment revenue	-	-	52,499	-	(52,499)	-
Elimination of downstream transactions	(98)	(80)	(1,256)	-	-	-
	22,487	70,795	53,334	-	(52,499)	359
Operating costs	10,964	18,255	2,224	-	-	-

Third party costs	1,420	867	-	-	-	-
Inter-segment operating	-	-	52,499	-	(52,499) -
Elimination of downstream transactions	-	-	(933) -	-	-
Operating income	10,103	51,673	(456	) -	-	359
Depreciation and amortization	17,536	24,526	417	-	-	-
Gain on sale of assets	(94	) (597) -	-	-	-
	17,442	23,929	417	-	-	-
Segmented (loss) income	(7,339	) 27,744	(873	) -	-	359
Loss from investment in joint ventures	-	-	-	9,665	-	-
General and administrative	-	-	-	-	-	16,643
General and administrative - third party costs	-	-	-	-	-	359
Foreign exchange	-	-	-	-	-	114
Finance and transaction costs	-	-	-	-	-	13,267
Income taxes	-	-	-	-	-	(3,534
Net (loss) income	(7,339	) 27,744	(873	) (9,665	) -	(26,490
Purchase of property and equipment	2,301	2,198	-	-	-	-

(1) The loss 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 June 30, 2015 (\$ thousands)	United States /					
	Canadian Operations	International Operations	Manufacturing Operations	Joint Venture Operations ⁽¹⁾	Inter-segment Eliminations	Corporate
Operating revenue	12,061	73,102	7,074	-	-	-
Other revenue	28	183	2	-	-	-
Third party recovery	1,310	3,677	-	-	-	-
General and administrative - third party recovery	-	-	-	-	-	233
Inter-segment revenue	-	-	30,254	-	(30,254) -
Elimination of downstream transactions	-	(75	) (2,382) -	-	-
	13,399	76,887	34,948	-	(30,254	) 233
Operating costs	8,775	35,082	6,782	-	-	-
Third party costs	1,310	3,677	-	-	-	-
Inter-segment operating	-	-	30,254	-	(30,254) -
Elimination of downstream transactions	-	-	(2,309) -	-	-
Operating income	3,314	38,128	221	-	-	233
Depreciation and amortization	6,241	12,862	590	-	-	-
Loss (gain) on sale of assets	1,156	(1,041	) (499) -	-	-
	7,397	11,821	91	-	-	-
Segmented (loss) income	(4,083	) 26,307	130	-	-	233
Gain from investment in joint venture	-	-	-	(646) -	-
General and administrative	-	-	-	-	-	14,967
General and administrative - third party costs	-	-	-	-	-	233
Foreign exchange	-	-	-	-	-	40
Finance and transaction costs	-	-	-	-	-	12,894
Income taxes	-	-	-	-	-	(3,434
Net (loss) income	(4,083	) 26,307	130	646	-	(24,476
Purchase of property and equipment	4,678	37,097	18	-	-	-

(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 six months ended June 30, 2016 (\$ thousands)	United States /					
	Canadian Operations	International Operations	Manufacturing Operations	Joint Venture Operations ⁽¹⁾	Inter-segment Eliminations	Corporate
Operating revenue	71,300	119,175	7,284	-	-	-
Other revenue	584	387	1	-	-	-
Third party recovery	5,150	2,334	-	-	-	-

General and administrative - third party recovery	-	-	-	-	-	682
Inter-segment revenue	-	-	53,205	-	(53,205)	-
Elimination of downstream transactions	(227)	(177)	(4,367)	-	-	-
	76,807	121,719	56,123	-	(53,205)	682
Operating costs	37,653	44,602	8,042	-	-	-
Third party costs	5,150	2,334	-	-	-	-
Inter-segment operating	-	-	53,205	-	(53,205)	-
Elimination of downstream transactions	-	-	(4,013)	-	-	-
Operating income	34,004	74,783	(1,111)	-	-	682
Depreciation and amortization	35,244	49,444	1,038	-	-	-
Gain on sale of assets	(83)	(1,818)	(27)	-	-	-
	35,161	47,626	1,011	-	-	-
Segmented income	(1,157)	27,157	(2,122)	-	-	682
Gain from investment in joint ventures	-	-	-	(11,767)	-	-
General and administrative	-	-	-	-	-	29,971
General and administrative - third party costs	-	-	-	-	-	682
Foreign exchange	-	-	-	-	-	(2,336)
Finance and transaction costs	-	-	-	-	-	27,399
Income taxes	-	-	-	-	-	(13,907)
Net (loss) income	(1,157)	27,157	(2,122)	11,767	-	(41,127)

Purchase of property and equipment 13,226 11,229 208 - - -

(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 six months ended June 30, 2015 (\$ thousands)	United States /					
	Canadian Operations	International Operations	Manufacturing Operations	Joint Venture Operations ⁽¹⁾	Inter-segment Eliminations	Corporate
Operating revenue	72,431	164,291	90,326	-	-	-
Other revenue	73	520	6	-	-	-
Third party recovery	7,861	4,876	-	-	-	-
General and administrative - third party recovery	-	-	-	-	-	800
Inter-segment revenue	-	-	71,656	-	(71,656)	-
Elimination of downstream transactions	-	(137)	(51,438)	-	-	-
	80,365	169,550	110,550	-	(71,656)	800
Operating costs	43,597	83,088	84,980	-	-	-
Third party costs	7,861	4,876	-	-	-	-
Inter-segment operating	-	-	71,656	-	(71,656)	-
Elimination of downstream transactions	-	-	(48,971)	-	-	-
Operating income	28,907	81,586	2,885	-	-	800
Depreciation and amortization	15,372	26,756	1,177	-	-	-
Loss (gain) on sale of assets	1,198	(2,183)	(499)	-	-	-
	16,570	24,573	678	-	-	-
Segmented income	12,337	57,013	2,207	-	-	800
Gain from investment in joint venture	-	-	-	(1,917)	-	-
General and administrative	-	-	-	-	-	31,370
General and administrative - third party costs	-	-	-	-	-	800
Foreign exchange	-	-	-	-	-	6,199
Finance and transaction costs	-	-	-	-	-	24,320
Income taxes	-	-	-	-	-	922
Net income (loss)	12,337	57,013	2,207	1,917	-	(62,811)
Purchase of property and equipment	19,401	72,319	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.

As at June 30, 2016 (\$ thousands)	Canadian Operations	United States / International Operations	Manufacturing Operations	Joint Venture Operations ⁽¹⁾	Inter-segment Eliminations	Corporate	Total
Property and equipment	585,295	908,848	20,777	-	-	-	1,514,920
Intangible assets and goodwill	19,397	13,459	815	-	-	-	33,671
Total assets less deferred tax asset	628,306	953,444	78,948	260,018	-	-	1,920,716
Deferred income tax (asset) liability	(52,628)	51,545	(3)	-	-	-	(1,086)

As at June 30, 2015(\$ thousands)	Canadian Operations	United States / International Operations	Manufacturing Operations	Joint Venture Operations ⁽¹⁾	Inter-segment Eliminations	Corporate	Total
Property and equipment	542,085	826,851	34,986	-	-	-	1,403,922
Intangible assets and goodwill	-	106,290	1,287	-	-	-	107,577
Total assets less deferred tax asset	603,844	987,921	176,004	226,780	-	-	1,994,549
Deferred income tax (asset) liability	(29,751)	113,954	1,410	-	-	-	85,613

(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.

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, 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 (loss) 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:

(\$ thousands)	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2,016	2015
Net (loss) income	(16,623)	(1,467)	(5,482)	10,663
Plus:				
Finance and transaction costs	13,267	12,894	27,399	24,320
Depreciation and amortization	42,479	19,693	85,726	43,305
Income taxes	(3,534)	(3,434)	(13,907)	922
	35,589	27,686	93,736	79,210
Plus:				
Gain on sale of property and equipment	(691)	(384)	(1,928)	(1,484)
Share-based payment expense	4,077	1,302	4,751	1,729
Foreign exchange	114	40	(2,336)	6,199
Loss (gain) from investment in joint venture	9,665	(646)	(11,767)	(1,917)
Plus:				
Adjusted EBITDA from investment in joint ventures	8,281	6,681	18,787	10,971
Adjusted EBITDA	57,035	34,679	101,243	94,708

"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 (loss) income as calculated in accordance with IFRS.

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

(\$ thousands)	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
(Loss) gain from investment in joint ventures	(9,665	) 646	11,767	1,917
Plus:				
Finance costs	368	122	820	220
Depreciation and amortization	3,425	4,444	9,681	6,860
Income taxes	1,579	1,249	3,250	1,555
	(4,293	) 6,461	25,518	10,552
Plus:				
Dividend expense	-	-	14,891	-
Foreign exchange	275	220	385	419
TDI investment - fair value adjustment	12,991	-	(7,407) -
Preferred share valuation	(692	) -	(14,600) -
Adjusted EBITDA from investment in joint ventures	8,281	6,681	18,787	10,971

"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 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.

"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 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.

"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 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 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 (loss) earnings 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 (loss) earnings. 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 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.

Contact

Lyle Whitmarsh
Chief Executive Officer

Brent Conway
President

Lisa Ottmann
Vice President, Investor Relations
(403) 294-4401
email: investors@trinidaddrilling.com