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[Trinidad Drilling Ltd.](#) (TSX:TDG) ("Trinidad" or "the Company") announced today that it expects to spend approximately \$40 million in capital expenditures in 2017. The capital budget is comprised of anticipated maintenance capital of approximately \$18 million and select upgrade projects totaling approximately \$22 million.

"Market conditions have improved over the past few months and we are seeing increased demand and growing activity levels," said Lyle Whitmarsh, Trinidad's Chief Executive Officer. "We are cautiously optimistic that industry conditions will improve in 2017 and beyond; however, we have chosen to maintain a conservative capital budget for 2017. Our capital expenditures will be spent in-line with customer demand and, to the extent that customer demand increases throughout the year, we may choose to be opportunistic in adding to our contract base and our upgrade program."

2017 Capital Budget

Trinidad's 2017 capital budget includes maintenance capital to re-certify existing equipment and replenish drill pipe inventory, as a growing number of rigs return to work. In addition, upgrade projects are planned for eight rigs, four in Canada and four in the US. These projects include increasing the pressure capacity of mud circulating systems, adding mud pumps and high-torque top drives, and making certain bi-fuel upgrades. Trinidad expects that these upgrades will provide increased utilization and margins as demand for high spec equipment grows. Trinidad also expects to utilize existing capital inventory items to upgrade and maintain its fleet in 2017. Although Trinidad continues to evaluate a number of opportunities in its joint venture, at this time, there are no planned capital expenditures in 2017 for joint venture operations.

Operational Update

Since the end of the third quarter of 2016, activity levels have improved in both Canada and the US. Announcements by industry participants to cut oil production, improving commodity prices and winter drilling seasonality have all provided positive momentum for drilling activity. Trinidad is actively pursuing opportunities to move idle equipment from lower demand areas to higher activity areas, both domestically and internationally.

Canada and US

At January 17, 2017, Trinidad had 38 rigs or 53% of its Canadian fleet operating, up from an average of 20% during the third quarter of 2016. Demand remains strongest in the Montney and the Deep Basin, with a growing number of rigs also operating in Saskatchewan. On the same date, in the Company's US and international division, 24 rigs or 36% of the fleet were operating, up from an average of 19% during the third quarter of 2016. The Permian Basin continues to be the strongest area of demand, with 75% of the active US fleet operating in this basin. In addition, the Company currently has rigs operating in the Eagle Ford and Haynesville shales.

Trinidad has successfully crewed its rigs as they have gone back to work, despite a high level of rig reactivations in a short period of time. As part of this rig reactivation process, Trinidad has remained focused on ensuring the training and safety of its crews meets its usual high levels and the Company has continued to record excellent operational and safety performance.

As activity has grown over the past few months, the Company is beginning to see opportunities to increase dayrates, particularly in the US and for specific, high-performance rigs. Trinidad has taken advantage of the improving industry conditions and has added four new long-term contracts to its contract base. These contracts range in term from 18 months to two years and bring the Company's overall contract base to 29 rigs or 19% of the fleet, with an average term remaining of 1.3 years. Of the current contract base, 12 contracts expire during 2017. Given the current industry fundamentals and future outlook, Trinidad expects to be in a position to renew contracts over the coming year.

Joint Venture

Trinidad's joint venture operations continue to contribute positively to the Company. On January 17, 2017, in Saudi Arabia, three rigs were operating with a fourth rig receiving standby revenue. In Mexico, one rig recently returned to work and three rigs continue to receive standby revenue. At September 30, 2016, the joint venture had approximately \$68 million (\$41 million Trinidad's share) of cash on hand. Trinidad and its joint venture partner anticipate that future cash distributions will be made to the partners, depending on working capital and capital expenditure requirements within the joint venture.

Trinidad continues to evaluate international expansion prospects through both its joint venture and independently. Currently, the Company's main areas of focus for potential opportunities are the Middle East and Latin America.

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 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.

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.

Forward looking Information

This document contains certain forward-looking information and statements ("forward-looking statements") within the meaning of applicable Canadian securities laws, relating to Trinidad's plans, strategies, objectives, expectations and intentions for the future. The use of any of the words "expect", "anticipate", "continue", "will", "plans" and similar expressions are intended to identify forward-looking statements. In particular, this document contains forward-looking statements pertaining to, among other things: Trinidad's 2017 capital budget, including the amounts and breakdown of anticipated capital expenditures and the projects that are expected to be undertaken during 2017; the maintenance of Trinidad's rig fleet in 2017; potential opportunities to increase dayrates; Trinidad's ability to re-sign contracts; the future utilization and margin levels of upgraded rigs; that the demand for high spec equipment will grow; future cash distributions from Trinidad's joint venture; and areas of focus for international expansion opportunities.

Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this document. While Trinidad believes that the expectations and material factors and assumptions reflected in its forward-looking statements are reasonable as at the date hereof, there can be no assurance that any of these expectations, factors or assumptions will prove to be correct. In particular, in presenting its forward-looking statements, Trinidad has made assumptions respecting, among other things: that Trinidad's customers will honor their take-or-pay contracts; future liquidity levels; future industry conditions and general economic conditions; oil and gas supply and demand conditions in 2017; internal capital expenditure programs and other expenditures by oil and gas exploration and production companies; areas of industry activity and rig demand (and the spec requirements thereof) in such areas; regulatory and legislative conditions; commodity prices, in particular oil and natural gas; future expected cash flows and potential distributions from joint venture partners including Trinidad Drilling International; foreign currency exchange rates and interest rates; and future performance and operations of joint ventures and partnership arrangements.

The forward-looking statements included in this document are not guarantees of future performance and should not be unduly relied upon. Readers are cautioned that forward-looking statements are based on current expectations, estimates and projections that, by their nature, forward-looking statements involve a number of known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. These known and unknown risks and uncertainties include, but are not limited to: potential changes in the regulatory and legislative environment; political uncertainty and instability in North American and internationally and changes in political leadership in North America and elsewhere; volatility in commodity prices and foreign currency exchange, interest and tax rates; the ability of 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; operating risks inherent in the oilfield services industry; variations in internal capital expenditure programs and other expenditures by oil and gas exploration and production companies; volatility in supply and demand for commodities, in particular oil and natural gas; and changes in general economic conditions including the capital and credit markets.

Trinidad cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Although the Company's current 2017 capital budget is based upon the current expectations of Trinidad's management, should any one of a number of issues arise, Trinidad may find it necessary to alter its business strategy and/or capital spending program and there can be no assurance as at the date of this document as to how those funds may be reallocated or the Company's strategy changed. Additional information on risks and other factors that could affect Trinidad's business, strategy, 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 and quarterly MD&A and financial statements, Annual Information Form and Management Information Circular. The forward-looking statements contained in this document speak only as of the date of this document and Trinidad assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

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