

CALGARY, ALBERTA--(Marketwired - Mar 1, 2017) - [Trinidad Drilling Ltd.](#) (TSX:TDG) (Trinidad) announced its fourth quarter and year-end 2016 results today. The impact of improving industry conditions began to be seen in the fourth quarter of 2016; however, year-over-year results were largely lower in 2016 compared to 2015.

Trinidad carefully managed its operations in 2016, responding to weak industry conditions in the first half of the year with lower operating costs and reduced general and administrative expenses. As industry conditions and customer demand began to improve gradually in the second half of the year, Trinidad re-activated rigs and increased activity levels, maintaining close attention to rig re-activation costs and keeping capital expenditures to a minimum.

Trinidad recorded Adjusted EBITDA¹ of \$143.0 million in 2016, down 23.4% from the previous year as the impact of lower activity levels was partly offset by higher early termination and standby revenue than in the previous year. In the fourth quarter of 2016, Adjusted EBITDA was \$23.8 million, down 49.5% from the same quarter last year as a result of lower activity, lower dayrates and less early termination and standby revenue in the current quarter. The impact of these factors was partly offset by lower general and administrative expenses in the fourth quarter of 2016.

Net income² increased to a loss of \$11.8 million in the fourth quarter of 2016 and a loss of \$52.5 million for the full year 2016, compared to a loss of \$141.5 million and a loss of \$218.4 million, respectively, in 2015. Net income improved in the current periods largely as a result of no impairment expense recorded in 2016.

"Since industry conditions began to weaken over two years ago, Trinidad has responded quickly by lowering costs across our business to manage through one of the longest and deepest downturns in the industry," said Lyle Whitmarsh, Trinidad's Chief Executive Officer. "Towards the end of 2016, we began to see an improvement in customer demand, and while these were welcome changes, we were careful to continue to closely manage our costs and monitor the profitability of re-activated rigs. We have successfully re-crewed rigs and maintained our strong safety performance as rigs have gone back to work. We are encouraged by ongoing improvements in industry conditions and believe that Trinidad is well positioned with the right rigs, a reputation for high performing operations, and the financial flexibility to benefit from increasing customer demand in the coming year."

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

2. Net (loss) income is net (loss) income attributable to shareholders of Trinidad.

FOURTH QUARTER 2016 HIGHLIGHTS VERSUS PRIOR-YEAR

- Revenue lowered in the current quarter mainly as a result of lower activity levels in 2016 in each of the Canadian operations and US and international operations. As well, revenue generation was negatively impacted by lower early termination and standby revenue; Trinidad recorded \$2.3 million of early termination and standby revenue in the fourth quarter of 2016 compared to \$8.8 million in the same period in 2015.
- Trinidad recorded fewer operating days in the current quarter in each of its drilling operations, compared to the same quarter last year. Despite improved commodity prices in the fourth quarter, customers were cautious not to increase drilling programs too quickly, causing overall activity levels to improve slowly; but, remain at lower levels compared to the prior year.
- In the Canadian and US and international operations, dayrates lowered in the current quarter as a result of strong competition, a change in the active rig mix and lower early termination and standby revenue recorded in 2016 when compared to the same quarter last year.
- Operating income and operating income - net percentage decreased in the current quarter as a result of lower revenue generation, due to lower activity levels, lower dayrates and less early termination and standby revenue recorded in 2016.
- General and administrative expense lowered in the current quarter due to the Company's ongoing focus on cost control throughout 2016.
- Adjusted EBITDA decreased in the current quarter mainly due to the factors discussed above in operating income.
- Adjusted EBITDA from investment in joint ventures decreased in the current quarter mainly due to lower activity in Trinidad Drilling International's Mexican operations.
- Net income increased in the current quarter mainly due to lower impairment expense recorded in 2016 offset by a lower deferred income tax recovery position in the current quarter compared to the prior year.
- Despite challenging market conditions, Trinidad generated positive funds flow of \$17.6 million in the fourth quarter of 2016 (2015 - \$30.6 million).
- In 2016, Trinidad lowered total long-term debt by \$103.9 million and at December 31, 2016, the credit facility was undrawn.

- Subsequent to year-end, Trinidad announced a refinancing plan to lower its leverage and financing costs, extend its long-term debt maturity and improve its financial flexibility. As part of this plan, Trinidad completed a bought deal equity offering, and refinanced its senior notes. Refer to the Financial Summary section for details.

HIGHLIGHTS

(\$ thousands except share and per share data)	Three months ended December 31,			For the years ended December 31,		
	2016	2015	% Change	2016	2015	% Change
FINANCIAL HIGHLIGHTS						
Revenue	93,058	138,005	(32.6)	) 362,144	551,899	(34.4)
Operating income ⁽¹⁾	28,240	55,979	(49.6)	) 159,577	222,166	(28.2)
Operating income - net percentage ⁽¹⁾	32.3	% 42.5	% (24.0)	) 46.1	% 42.1	% 9.5
Adjusted EBITDA ⁽¹⁾	23,769	47,086	(49.5)	) 143,002	186,746	(23.4)
Per share (diluted) ⁽²⁾	0.11	0.21	(47.6)	) 0.64	1.11	(42.3)
Funds flow ⁽¹⁾	17,596	30,603	(42.5)	) 62,618	108,219	(42.1)
Per share (basic / diluted) ⁽²⁾	0.08	0.14	(42.9)	) 0.28	0.64	(56.3)
Net (loss) Income ⁽³⁾	(11,813)	(141,473)	91.6	(52,546)	(218,350)	75.9
Per share (basic / diluted) ⁽²⁾⁽³⁾	(0.05)	(0.64)	92.2	(0.24)	(1.30)	81.5
Capital expenditures	5,981	26,491	(77.4)	) 44,326	140,047	(68.3)
OPERATING HIGHLIGHTS						
Operating days ⁽¹⁾						
Canada	2,067	2,471	(16.3)	) 6,144	7,303	(15.9)
United States and International	1,761	2,378	(25.9)	) 5,716	9,474	(39.7)
TDI Joint Venture ⁽⁴⁾	284	668	(57.5)	) 1,709	2,189	(21.9)
Rate per operating day ⁽¹⁾						
Canada (CDN\$)	20,118	24,079	(16.5)	) 22,492	24,907	(9.7)
United States and International (US\$)	19,191	21,209	(9.5)	) 26,518	24,917	6.4
TDI Joint Venture (US\$) ⁽⁴⁾	65,529	45,898	42.8	55,594	47,732	16.5
Utilization rate - operating day ⁽¹⁾						
Canada	31	% 31	% -	23	% 31	% (25.8)
United States and International	29	% 36	% (19.4)	) 23	% 45	% (48.9)
TDI Joint Venture ⁽⁴⁾	39	% 97	% (59.8)	) 58	% 96	% (39.6)
Number of drilling rigs at period end						
Canada	72	72	-	72	72	-
United States and International	67	67	-	67	67	-
TDI Joint Venture ⁽⁴⁾	8	8	-	8	8	-

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

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

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

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

A copy of Trinidad's 2016 Management's Discussion and Analysis and the Financial Statements can be found at www.sedar.com and Trinidad's website at www.trinidadrilling.com/investorrelations/reports.aspx

OUTLOOK

To date in 2017, industry conditions have continued to improve in both Canada and the US, and activity levels have increased from the fourth quarter of 2016. In Canada, activity remains focused in the Montney, Deep Basin, Duvernay and in parts of Saskatchewan. In the US, demand is predominantly centered in the Permian Basin, where just over 80% of the Company's active fleet is operating. In addition to the Permian, Trinidad is also seeing growing interest from customers in the Eagle Ford, Haynesville and the SCOOP/STACK plays. Growing customer interest and improving industry conditions are beginning to drive increased dayrates and requests for longer duration contracts across the Company's operations.

To date, Trinidad has successfully crewed rigs as they have returned to work. Since the low in the second quarter of 2016, the Company has increased its employee count by 90% or approximately 850 employees, the majority of which are returning employees. Trinidad remains committed to providing safe, efficient operations for its customers and its crews. The Company's

ongoing industry-leading safety statistics and strong operational performance demonstrate its ability to train and recruit some of the best people in the industry.

Trinidad currently has 35 rigs or 49% of its Canadian fleet working and 29 rigs or 43% of its US and international fleet working. In the Company's Joint Venture operations, three rigs in Saudi Arabia and one rig in Mexico are operating; one rig in Saudi Arabia and one rig in Mexico are receiving standby revenue. In early 2017, the contracts on the two rigs in Mexico were terminated and Trinidad Drilling International (TDI) expects to receive approximately US\$18 million (US\$10.8 million at Trinidad's 60% joint venture ownership) in early termination payments for these rigs. Trinidad is currently pursuing several opportunities to put these and other rigs to work in existing and new international locations, both through the joint venture and independently.

As activity levels increase, Trinidad is continuing to carefully monitor costs in its operations and in its offices, retaining efficiency gains where possible. Other G&A expenses are expected to remain in line with 2016 and total between \$45 million and \$50 million in 2017.

Trinidad expects to spend \$40 million in capital expenditures in 2017, with \$18 million directed to maintenance capital and \$22 million directed to upgrades of existing equipment. Included in this upgrade program are the addition of 7,500 PSI circulating systems, additional mud pumps, high-torque top drives and bi-fuel kits. Trinidad will continue to monitor customer demand and requests for upgraded equipment and may choose to expand its upgrade program if sufficient demand exists and industry conditions support the additional expenditures.

Over the past few months, in response to improving industry conditions, Trinidad has added to its contract base. Trinidad currently has 27 rigs or 18% of its fleet under long-term contracts, with an average term remaining of 1.2 years. There are 12 contracts with expiration dates in 2017; however, if industry conditions continue to improve Trinidad expects to be in a position to renew or add to its contract base over the coming year. The Company is carefully balancing the revenue stability provided by long-term contracts with its exposure to the spot market and improving industry conditions. A number of the Company's long-term contracts provide upside exposure, with the ability to earn higher dayrates through pricing tied to benchmark commodity prices, performance bonuses for specific targets met or exceeded, and pricing that increases as contract terms are extended.

In early 2017, Trinidad completed a number of transactions to improve its financial flexibility and lower its leverage, positioning the Company well to take advantage of improving industry conditions. The Company refinanced its US\$450 million senior notes (7.875%) that were due in 2019 with the proceeds of a \$149.5 million equity offering and a new US\$350 million senior note (6.625%) due in 2025. The effect of these transactions is expected to reduce Trinidad's financing costs by approximately US\$12.3 million per year, lower overall debt levels, and has extended the maturity of the Company's long-term debt.

Trinidad is encouraged by improving customer demand, growing activity levels and slowly increasing dayrates; however, the Company continues to carefully manage its operations. Trinidad is closely monitoring its costs, including repair and maintenance costs, operating costs and administration expenses, to ensure re-activated rigs contribute positively to the Company's profitability. With its improved financial flexibility, high performance fleet and skilled crews, Trinidad is well positioned to benefit from improving industry conditions.

RESULTS FROM OPERATIONS

Canadian Operations

	For the three months ended December 31,			For the years ended December 31,		
(\$ thousands except percentage and operating data)	2016	2015	% Change	2016	2015	% Change
Operating revenue ⁽¹⁾	41,601	61,019	(31.8)	) 139,504	184,431	(24.4)
Operating income ⁽²⁾	15,733	25,284	(37.8)	) 57,657	75,710	(23.8)
Operating income - net percentage ⁽²⁾	37.5%	41.4%		41.1%	41.0%	
Operating days ⁽²⁾	2,067	2,471	(16.3)	) 6,144	7,303	(15.9)
Rate per operating day (CDN\$) ⁽²⁾	20,118	24,079	(16.5)	) 22,492	24,907	(9.7)
Utilization rate - operating day ⁽²⁾	31%	31%	-	23%	31%	(25.8)
Number of drilling rigs at period end	72	72	-	72	72	-

(1) Operating revenue excludes third party recovery.

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

During the fourth quarter of 2016, Trinidad recorded operating revenue and operating income of \$41.6 million and \$15.7 million, respectively, a decrease of 31.8% and 37.8%, respectively, compared to the fourth quarter of 2015. Operating revenue and operating income decreased in the current quarter mainly due to lower activity and lower average dayrates compared to the fourth quarter of 2015. While customer demand increased during the fourth quarter of 2016, conditions did not improve to the extent to drive stronger year-over-year results.

Dayrates in the fourth quarter of 2016 decreased by \$3,961 per day, compared to the fourth quarter of 2015. Dayrates lowered

mainly as result of a change in the active rig mix and increased competition for work. In addition, dayrates in the fourth quarter of 2016 and 2015 were impacted by early termination and standby revenue received to compensate Trinidad for shortfall days. Trinidad received higher early termination and standby revenue in the fourth quarter of 2015, which increased the average dayrate as this revenue is recorded with no operating days.

Trinidad received early termination and standby revenue in the current quarter of \$0.2 million, compared to \$2.8 million recorded in the same quarter of 2015. Excluding early termination and standby revenue, dayrates averaged \$20,011 per day in the fourth quarter of 2016, down \$2,937 per day from the prior comparable adjusted period. The early termination and standby revenue recorded in the current quarter mainly related to one rig with a contract that would have expired by December 31, 2016 (2015 - 3 rigs with contracts that would have expired by December 31, 2015). An overall change in rig mix, combined with increased competition on pricing, caused lower adjusted dayrates in the fourth quarter of 2016, compared to the same quarter last year.

Operating income decreased in the current quarter compared to the prior year largely due to lower activity, lower dayrates, and an increased contribution from lower specification rigs. This was slightly offset by cost mitigation strategies Trinidad had in place. Throughout 2015 and into 2016, Trinidad closely monitored repair and maintenance expenditures, incurring expenses only as rigs return to work. As well, the Company worked with its suppliers to reduce costs in all aspects of its operations.

Operating income - net percentage decreased in the current quarter when compared to the same quarter last year as a result of the factors affecting operating income discussed above. Adjusted for early termination and standby revenues recorded, Trinidad recorded a slightly lower operating income - net percentage of 37.1% compared to 38.6% in 2015.

Fourth quarter of 2016 versus third quarter of 2016

Improving industry conditions drove stronger results in the fourth quarter of 2016 compared to the third quarter of 2016. Operating revenue and operating income increased in the fourth quarter of 2016 by \$15.0 million and \$7.8 million, respectively, due to higher activity in the current quarter. In the third quarter of 2016, after spring break-up, Trinidad's customers were reluctant to ramp up development plans, and activity in Canada remained below historical norms. As commodity prices continued to gain strength into the fourth quarter, activity picked up and Trinidad recorded increased operating days. Utilization averaged 31% in the fourth quarter of 2016 compared to 21% in the third quarter. Dayrates also improved in the fourth quarter of 2016, averaging \$20,118 per day compared to \$18,856 per day in the third quarter due to an increase in seasonal rentals in the current quarter.

United States and International Operations

(\$ thousands except percentage and operating data)	For the three months ended December 31,			For the years ended December 31,		
	2016	2015	% Change	2016	2015	% Change
Operating revenue ⁽¹⁾	44,842	66,967	(33.0)	) 200,588	297,711	(32.6)
Operating income ⁽²⁾	12,349	32,281	(61.7)	) 101,980	144,883	(29.6)
Operating income - net percentage ⁽²⁾	27.5%	48.1%		50.8%	48.6%	
Operating days ⁽²⁾	1,761	2,378	(25.9)	) 5,716	9,474	(39.7)
Rate per operating day (US\$) ⁽²⁾	19,191	21,209	(9.5)	) 26,518	24,917	6.4
Utilization rate - operating day ⁽²⁾	29%	36%	(19.4)	) 23%	45%	(48.9)
Number of drilling rigs at period end	67	67	-	67	67	-

(1) Operating revenue excludes third party recovery.

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

In the fourth quarter of 2016, Trinidad recorded operating revenue and operating income of \$44.8 million and \$12.3 million, respectively, a decrease of 33.0% and 61.7%, respectively, from the fourth quarter of 2015. Revenue declined mainly due to lower activity and lower dayrates recorded in the fourth quarter of 2016. As well, lower early termination and standby revenue recorded in the current quarter negatively impacted overall revenue generation. Profitability was further impacted by costs associated with readying rigs to go back to work in 2017, mainly related to transportation costs to redeploy rigs to new plays.

While customer demand increased during the fourth quarter of 2016, conditions did not improve to the extent to drive stronger year-over-year results. Trinidad recorded 1,761 operating days in the fourth quarter of 2016, compared to 2,378 operating days in the fourth quarter of 2015.

Dayrates lowered in the current quarter compared to the same quarter last year due to lower early termination revenue and an increased number of rigs operating in the spot market. During the current quarter, Trinidad received standby revenue of US\$1.6 million, compared to early termination and standby revenue of US\$4.6 million in the prior year (of which US\$1.0 million related to early termination lump sum payments). Excluding the impact of early termination and standby revenue, dayrates averaged US\$18,290 per day in the current quarter compared to US\$19,289 per day in 2015. The reduction in dayrates was mainly due to a greater percentage of rigs working in the spot market at highly competitive pricing compared to the prior year when more rigs were under long-term contracts.

Operating income - net percentage decreased in the fourth quarter of 2016, compared to the prior year, driven by lower revenue generation, as discussed above. In addition, Trinidad incurred costs of approximately \$3.8 million related to transportation and start-up expenses as rigs were readied to return to work.

Fourth quarter of 2016 versus third quarter of 2016

When compared to the third quarter of 2016, Trinidad's operating revenue increased by \$8.3 million in the fourth quarter of 2016, as a result of higher activity levels. Despite higher operating days in the current quarter, operating income and operating income - net percentage lowered, compared to the third quarter, as a result of rig re-activation costs discussed above. Dayrates in the fourth quarter of 2016 averaged US\$19,191 per day, down from US\$21,557 per day in the third quarter. Dayrates lowered in the fourth quarter compared to the previous quarter, as a result of less early termination and standby revenue received in the current period and a higher number of rigs working in the spot market as additional rigs returned to work.

Joint Venture Operations

Trinidad Drilling International (TDI):

Amounts below 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)	For the three months ended December 31,			For the years ended December 31,		
	2016	2015	% Change	2016	2015	% Change
Operating revenue	25,580	42,122	(39.3)	) 131,823	136,731	(3.6)
Operating income ⁽¹⁾	13,888	16,626	(16.5)	) 62,499	59,059	5.8
Operating income - net percentage ⁽¹⁾	54.3%	39.6%		47.4%	43.1%	
Operating days ⁽¹⁾	284	668	(57.5)	) 1,709	2,189	(21.9)
Rate per operating day (US\$) ⁽¹⁾	65,529	45,898	42.8	55,594	47,732	16.5
Utilization rate - operating day ⁽¹⁾	39%	97%	(59.8)	) 58%	96%	(39.6)
Number of drilling rigs at period end	8	8	-	8	8	-

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

Operating revenue and operating income lowered in the fourth quarter of 2016 compared to the same quarter last year, mainly due to lower activity levels in 2016. Operating days lowered in the current quarter as a result of one idle-but-contracted rig in Saudi Arabia and four in Mexico, compared to all eight rigs active in the fourth quarter of 2015. Dayrates and operating income - net percentage increased in the current quarter over the fourth quarter of 2015 due to more standby revenue recorded in 2016. As this revenue is recorded with minimal operating costs and no operating days, it positively impacts profitability and the dayrate.

Fourth quarter of 2016 versus third quarter of 2016

Compared to the third quarter of 2016, TDI recorded slightly higher operating days and operating income in the fourth quarter as one Mexican rig recorded move days during the fourth quarter in order to relocate to start drilling in 2017. Operating income - net percentage increased in the fourth quarter due to higher profitability in TDI's Mexican operations.

Manufacturing Operations

(\$ thousands except percentage)	For the three months ended December 31,			For the years ended December 31,		
	2016	2015	% Change	2016	2015	% Change
Operating revenue ⁽¹⁾	-	2,995	(100.0)	) 2,917	42,044	(93.1)
Operating income ⁽²⁾	-	(1,767)	(100.0)	) (1,111)	300	(470.3)
Operating income - net percentage ⁽²⁾	-	(59)	)%	(38.1)	0.7)%

(1) Operating revenue excludes third party recovery.

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

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 of June 30, 2016, the restructuring of the manufacturing division was complete; therefore, there were no revenue or cost items recorded in the fourth quarter of 2016.

In the fourth quarter of 2015, Trinidad's manufacturing division completed upgrade work for the TDI joint venture operations.

FINANCIAL SUMMARY

As at (\$ thousands)	December 31, 2016	December 31, 2015	\$ Change
Working capital ⁽¹⁾	48,121	61,372	(13,251)
Total long-term debt	603,016	706,920	(103,904)
Total long-term debt as a percentage of assets	30.4	% 31.6	%
Total long-term liabilities as a percentage of assets	33.2	% 35.0	%

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

Trinidad's total long-term debt balance at December 31, 2016 decreased by \$103.9 million compared to December 31, 2015. This decrease was largely due to no amounts being drawn on the Canadian or US revolving facilities at December 31, 2016 compared to December 31, 2015 where \$65.0 million and US\$18.0 million, respectively, were drawn. Additionally, the value of the Senior Notes decreased as a result of foreign currency fluctuations as the Canadian dollar strengthened in value compared to the US dollar at December 31, 2016, closing at 1.3427 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 the US to Canadian exchange rates.

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.

Subsequent to year end, Trinidad announced a refinancing plan to lower its leverage and financing costs, extend its long-term debt maturity and improve its financial flexibility. Refer to the Debt Reduction Transactions for further details.

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

RATIO	December 31, December 31, THRESHOLD		
	2016	2015	
Senior Debt to Bank EBITDA ⁽¹⁾	(0.07):1	0.21:1	2.50:1 maximum
Bank EBITDA to Cash Interest Expense ⁽¹⁾	2.61:1	3.49:1	1.50:1 minimum

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

At December 31, 2016, Trinidad is in compliance with all of the covenants of the credit facility.

Bank EBITDA does not include adjusted EBITDA from investment in the joint ventures. Dividends and distributions paid to Trinidad from the joint ventures are eligible for inclusion in 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.

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

Debt Reduction Transactions

Subsequent to year-end, Trinidad announced a refinancing plan to lower its leverage and financing costs, extend its long-term debt maturity and improve its financial flexibility. As part of this plan, Trinidad issued a total of 47,460,317 common shares for gross proceeds of approximately \$149.5 million through a bought deal financing agreement. In addition, Trinidad announced a cash tender offer to purchase any and all of the Company's outstanding 7.875% senior unsecured notes due in 2019 (2019 Notes), of which US\$450 million aggregate principal amount was outstanding at December 31, 2016. As well, all remaining notes due in 2019 that were not validly tendered will be redeemed on March 10, 2017, at their principal amount plus any accrued and unpaid interest.

Additionally, as part of the above refinancing plan, Trinidad also completed a private offering of US\$350 million of senior unsecured notes due in 2025(2025 Notes). These notes accrue at a rate of 6.625% per annum payable semi-annually.

2016 Capital Expenditures

For the years ended December 31, (\$ thousands)	2016	2015
New builds	-	61,564
Capital upgrades and enhancements	23,549	29,009

Maintenance and infrastructure	6,288	12,894
Capital spares inventory	14,489	36,580
Total capital expenditures for Trinidad	44,326	140,047
TDI joint venture capital expenditures (Trinidad's 60% share)	5,978	43,010
Total capital expenditures adjusted for non-cash items - Trinidad and TDI joint venture	50,304	183,057

During the year ended December 31, 2016, Trinidad spent \$44.3 million on capital expenditures, compared to \$140.0 million in the prior year. Capital expenditures mainly related to upgrading equipment to get rigs ready to work and costs for additional inventory items.

In addition to the amounts spent on Trinidad's capital, the Company spent \$6.0 million related to its portion of capital spending for the TDI joint venture. The majority of the capital spent in 2016 for the joint venture related to upgrading rigs and investing in capital inventory items.

CONFERENCE CALL

Conference Call: Thursday, March 2, 2017
9:00 a.m. MT (11:00 a.m. ET)
866-393-4306 (toll-free in North America) or 734-385-2616 approximately 10 minutes prior to the conference
Conference ID: 51048348

Archived Recording: 855-859-2056 or 404-537-3406
Conference ID: 51048348

Webcast: <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 and internationally. 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 (\$ thousands)	December 31, 2016	December 31, 2015
Assets		
Current Assets		
Cash and cash equivalents	25,780	63,686
Accounts receivable	91,062	113,870
Inventory	7,907	7,136
Prepaid expenses	4,960	7,423
Assets held for sale	218	2,744
	129,927	194,859
Property and equipment	1,482,897	1,656,268
Intangible assets and goodwill	33,706	35,048
Deferred income taxes	72,873	54,367
Investment in joint ventures	262,673	295,658
	1,982,076	2,236,200
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	79,388	93,795
Dividends payable	-	2,221
Deferred revenue and customer deposits	459	34,862
Current portion of long-term debt	1,959	2,609
	81,806	133,487
Long-term debt	601,057	704,311
Deferred income taxes	49,348	60,495
Non-controlling interest	7,197	18,448
	739,408	916,741

Shareholders' Equity		
Common shares	1,374,656	1,374,656
Contributed surplus	65,087	64,884
Accumulated other comprehensive income	179,499	203,947
Deficit	(376,574)	(324,028)
	1,242,668	1,319,459
	1,982,076	2,236,200

Consolidated Statements of Operations and Comprehensive (Loss) Income

(\$ thousands)	Three months ended		Years ended	
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
Revenue				
Oilfield service revenue	92,454	137,661	359,889	549,772
Other revenue	604	344	2,255	2,127
	93,058	138,005	362,144	551,899
Expenses				
Operating expense	64,818	82,026	202,567	329,733
General and administrative	15,056	18,283	56,820	62,931
Depreciation and amortization	43,703	48,947	171,746	118,900
Foreign exchange	(698)	(2,345)	(3,374)	7,172
(Gain) on sale of assets	(742)	548	(11,317)	(1,571)
Impairment of property and equipment	-	178,691	-	205,628
Impairment of goodwill	-	-	-	111,847
	122,137	326,150	416,442	834,640
(Gain) loss from investment in joint ventures ⁽¹⁾	(19,659)	6,271	(12,929)	1,530
Finance and transaction costs	16,045	13,584	55,824	55,851
Non-controlling interest fair value adjustment	(3,454)	-	(9,398)	-
(Loss) before income taxes	(22,011)	(208,000)	(87,795)	(340,122)
Income taxes				
Current	(1,054)	(614)	(871)	2,757
Deferred	(8,857)	(65,995)	(33,289)	(124,533)
	(9,911)	(66,609)	(34,160)	(121,776)
Net (loss)	(12,100)	(141,391)	(53,635)	(218,346)
Other comprehensive (loss) income				
Foreign currency translation adjustment for foreign operations, net of income tax	16,439	26,607	(24,448)	141,477
Foreign currency translation adjustment for non-controlling interest, net of income tax	109	371	(144)	650
	16,548	26,978	(24,592)	142,127
Total comprehensive income (loss)	4,448	(114,413)	(78,227)	(76,219)
Net (loss) income attributable to:				
Shareholders of Trinidad	(11,813)	(141,473)	(52,546)	(218,350)
Non-controlling interest	(287)	82	(1,089)	4
Total comprehensive income (loss) attributable to:				
Shareholders of Trinidad	4,626	(114,866)	(76,994)	(76,873)
Non-controlling interest	(178)	453	(1,233)	654
Earnings per share				
Net (loss)				
Basic / Diluted	(0.05)	(0.64)	(0.24)	(1.30)

(1) (Gain) loss 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 Statement of Changes in Equity

For the years ended December 31, 2016 and 2015

Accumulated

(\$ thousands)	Common shares	Contributed surplus	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	-	203	-	-	203
Total comprehensive (loss) income	-	-	(24,448)	(52,546)	(76,994)
Balance at December 31, 2016	1,374,656	65,087	179,499	(376,574)	1,242,668
Balance at December 31, 2014	1,093,426	59,005	62,470	(79,010)	1,135,891
Shares repurchased through normal course issuer bid (14,015)	5,665	-	-	-	(8,350)
Share-based payment expense	-	214	-	-	214
Total comprehensive (loss) income	-	-	141,477	(218,350)	(76,873)
Dividends	-	-	-	(26,668)	(26,668)
Share issuance (net)	295,245	-	-	-	295,245
Balance at December 31, 2015	1,374,656	64,884	203,947	(324,028)	1,319,459

(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 the years ended December 31,

(\$ thousands) - unaudited	2016	2015
Cash provided by (used in)		
Operating activities		
Net (loss)	(53,635)	(218,346)
Adjustments for:		
Depreciation and amortization	171,746	118,900
Foreign exchange	(3,374)	7,172
(Gain) on sale of assets	(11,317)	(1,571)
Impairment of property and equipment	-	205,628
Impairment of goodwill	-	111,847
(Gain) loss from investment in joint ventures ⁽¹⁾	(12,929)	1,530
Finance and transaction costs	55,824	55,851
Non-controlling interest fair value adjustment	(9,398)	-
Income taxes	(34,160)	(121,776)
Interest income	(2)	(34)
Other ⁽²⁾	11,811	3,218
Income taxes paid	(2,138)	(10,462)
Income taxes recovered	760	3,151
Interest paid	(50,572)	(46,923)
Interest received	2	34
Funds flow	62,618	108,219
Change in non-cash operating working capital	(32,308)	107,243
Cash flow provided by operating activities	30,310	215,462
Investing activities		
Purchase of property and equipment	(44,326)	(140,047)
Proceeds from disposition of assets	18,894	6,230
Net investment in joint ventures	13,138	(93,094)
Distribution and dividends received from joint venture	21,509	-
Acquisition of CanElson (net)	-	(70,911)
Purchase of intangibles	-	(1,082)
Change in non-cash working capital	14,726	29,317
Cash flow provided (used) by investing activities	23,941	(269,587)
Financing activities		
Proceeds from long-term debt	138,252	205,790
Repayments of long-term debt	(227,346)	(130,917)
Repurchase of shares	-	(8,350)
Dividends paid	(2,221)	(31,205)
Finance costs	(762)	(784)

Cash flow (used) provided by financing activities	(92,077)	34,534
Cash flow from operating, investing and financing activities	(37,826)	(19,591)
Effect of translation of foreign currency cash	(80)	12,215
Decrease in cash for the year	(37,906)	(7,376)
Cash and cash equivalents - beginning of year	63,686	71,062
Cash and cash equivalents - end of year	25,780	63,686

(1) (Gain) loss 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.

(2) Other includes share-based payment expense of \$8.4 million (2015 - (\$0.2) million) and elimination of downstream transactions in the Manufacturing Operations net earnings.

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, operating days, 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, the sale of assets, and fair value adjustments on financial assets and liabilities, as the Company does not deem these to relate to the core drilling business. Adjusted EBITDA also takes into account the Company's portion of the principal activities of the joint venture arrangements by removing the (gain) 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 December 31,		For the years ended December 31,	
	2016	2015	2016	2015
Net (loss) income	(12,100)	(141,391)	(53,635)	(218,346)
Plus:				
Finance and transaction costs	16,045	13,584	55,824	55,851
Depreciation and amortization	43,703	48,947	171,746	118,900
Income taxes	(9,911)	(66,609)	(34,160)	(121,776)
	37,737	(145,469)	139,775	(165,371)
Plus:				
(Gain) on sale of assets	(742)	548	(11,317)	(1,571)
Impairment of property and equipment	-	178,691	-	205,628
Impairment of goodwill	-	-	-	111,847
Share-based payment expense	3,418	265	8,434	(208)
Foreign exchange	(698)	(2,345)	(3,374)	7,172
Non-controlling interest fair value adjustment	(3,454)	-	(9,398)	-
(Gain) loss from investment in joint ventures	(19,659)	6,271	(12,929)	1,530
Adjusted EBITDA from investment in joint ventures	7,167	9,125	31,811	27,719
Adjusted EBITDA	23,769	47,086	143,002	186,746

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 December 31,		For the years ended December 31,	
	2016	2015	2016	2015
Gain (loss) from investment in joint ventures	19,659	(6,271)	12,929	(1,530)
Plus:				
Finance costs	3	222	1,169	630
Depreciation and amortization	6,034	5,114	21,617	16,116
Income taxes	143	(103)	2,901	2,202
	25,839	(1,038)	38,616	17,418
Plus:				
(Gain) loss on sale of property and equipment	-	377	(4)	377
Share-based payment expense	91		91	-
Dividend expense	-	-	14,891	-
Foreign exchange	412	1,021	1,055	1,159
TDI investment - fair value adjustment	(19,494)	(7,517)	(7,353)	(7,517)
Preferred share valuation	319	16,282	(15,485)	16,282
Adjusted EBITDA from investment in joint ventures	7,167	9,125	31,811	27,719

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.

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

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).

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

ADDITIONAL GAAP MEASURES DEFINITIONS

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

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

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

Operating income is used by management and investors to analyze overall and segmented operating performance. Operating income is not intended to represent an alternative to net (loss) 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 - 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 long-term contracts, and Trinidad's ability to sign future long-term contracts;
- future liquidity levels;
- fluctuations in the demand for Trinidad's services;
- the ability for Trinidad to attract and retain qualified personnel, in particular field staff to crew the Company's rigs;
- Trinidad's ability to increase dayrates;
- the existence of competitors, technological changes and developments in the oilfield services industry;
- the existence of operating risks inherent in the oilfield services industry;
- assumptions respecting internal capital expenditure programs and expenditures by oil and gas exploration and production companies;
- assumptions regarding commodity prices, in particular oil and natural gas;
- assumptions respecting supply and demand for commodities, in particular oil and natural gas;
- assumptions regarding future expected cash flows and potential distributions from joint venture partners including Trinidad Drilling International (TDI);
- assumptions regarding foreign currency exchange rates and interest rates;
- assumptions around future Other G&A cost levels;
- the existence of regulatory and legislative uncertainties;
- the possibility of changes in tax laws; and general economic conditions including the capital and credit markets;
- assumptions made about our future banking covenants and liquidity;
- assumptions made about future performance and operations of joint ventures and partnership arrangements.

Trinidad cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Additional information on these and other factors that could affect Trinidad's business, operations or financial results are described in reports filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) including but not limited to Trinidad's annual MD&A, financial statements, Annual Information Form and Management Information Circular. The forward-looking information and statements contained in this document speak only as of the date of this document and Trinidad assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

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