CALGARY, ALBERTA--(Marketwired - May 1, 2017) -

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Trinidad Drilling Ltd. (TSX:TDG) ("Trinidad" and "the Company") announced today that it has increased its capital expenditure budget for 2017 by $80 million, in response to strong demand from customers, particularly in the Permian Basin in the US. In 2017, Trinidad expects to spend approximately $175 million in capital expenditures, with $155 million directed towards rig upgrades and $20 million towards maintenance capital.

The incremental capital of $135 million over the Company's initial $40 million capital budget is largely backed by customer commitments, including early termination provisions that covers all the committed incremental capital, with additional contracts expected to be signed. Capital associated with the contracts under negotiation will not be spent unless suitable contract terms can be agreed. Of the total 2017 upgrade capital, approximately 75% will be spent in the US and 25% will be spent in Canada, with rig upgrades expected to be completed throughout the first three quarters of 2017. Trinidad expects to recover the upgrade capital invested in 2017 through incremental Adjusted EBITDA[1] (on an annualized basis) within 2.5 years.

"We have seen a strong increase in customer demand in 2017, with recent acceleration in the past two months," said Brent Conway, Trinidad's President and Chief Executive Officer. "This demand is focused on modern, high performance equipment that allows our customers to drill wells quickly and efficiently. Our already high spec fleet is able to be upgraded relatively easily to meet the changing demands of our customers, allowing us to maintain our position as a leading high performance driller and to improve the future marketability of our fleet."

Trinidad's expanded upgrade program includes increasing the pressure capacity of mud circulating systems, adding mud pumps, moving systems, additional generators and AC power conversion. Following the completion of the upgrade program, half of Trinidad's US fleet will be equipped with a moving system and just under half will have 7500 PSI, making these rigs fit the new "ultra, high-spec" category US customers are increasingly requesting.

In the US, Trinidad currently has 32 rigs or 47% of its US fleet operating, including 26 rigs operating in the Permian Basin. Another 11 rigs are expected to start up in the Permian in the coming months, giving Trinidad strong and growing market share in North America's most active play. By the end of the third quarter, Trinidad expects to have approximately 45 rigs operating in the US. In Canada, it is currently spring break-up, a time when rig activity typically lowers due to road bans and wet ground conditions. Trinidad currently has 7 rigs or 10% of its Canadian fleet running, well ahead of the levels running at the same time in the past two years. Trinidad expects activity levels in Canada to rebound quickly once ground conditions allow rigs to return to work.

Customer demand in both Canada and the US has been growing since crude oil prices began to improve towards the end of 2016. During the early stages of the rebound, opportunities existed to upgrade rigs for customers; however, the contract terms available did not meet Trinidad's economic thresholds and the Company initially planned a low capital budget for 2017. As conditions have improved and contract terms changed to exceed Trinidad's thresholds, the Company took the opportunity to lock in increasing dayrates, termination provisions and contract upside. Several of the contracts signed include price escalation clauses tied to crude oil prices, performance incentives and contract duration. These contracts allow Trinidad to lock in a base revenue level, while allowing the Company to share in the benefits of increasing commodity prices and strong operational performance.

Since the beginning of March this year, Trinidad has added 8 new long-term contracts. Including the contracts associated with the current upgrade program, Trinidad has 31 rigs, or 21% of its fleet under long-term contracts, with an average term remaining of 1.6 years. The Company also has a significant number of rigs under contracts with term of less than one year, not included in the long-term contract base.

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

Early in the second quarter of 2017, Trinidad received a distribution from its international joint venture operations of approximately $40 million. These funds, along with cash on hand, funds generated from its operations and where necessary, the Company's revolving credit facility, will be used to fund the capital expenditure program.

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.

NON-GAAP MEASURES DEFINITIONS

This document contains references to Adjusted EBITDA that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Adjusted EBITDA is computed on a consistent basis for each reporting period and is 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.

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; Trinidad's ability to sign contracts for its upgraded rigs; the future utilization and margin levels of upgraded rigs; that the demand for high spec equipment will grow; Trinidad's ability to fund its capital program from cash generated from our operations, Joint Venture distributions, the Company's revolving facility and cash on hand; the rebound in activity in Canada, the number of rigs operating in Trinidad's US division and Trinidad's ability to generate an Adjusted EBITDA to repay capital investment within 2.5 years.

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; 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, 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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