LEVERAGING INNOVATION

2018 First Quarter Report

TABLE OF **CONTENTS**

Management's Discussion and Analysis

The following management's discussion and analysis (MD&A) of the financial condition and results of operations is intended to help the reader understand the current and prospective financial position and operating results of Trinidad Drilling Ltd. ("Trinidad" or the "Company"). The MD&A discusses the operating and financial results for the three months ended March 31, 2018, is dated May 7, 2018, and takes into consideration information available up to that date. The MD&A is based on the unaudited interim consolidated financial statements of Trinidad for the three months ended March 31, 2018. The MD&A should be read in conjunction with the audited annual consolidated financial statements and related notes for the year ended December 31, 2017, prepared in accordance with International Financial Reporting Standards (IFRS), and the unaudited consolidated interim financial statements for the three months ended March 31, 2018, prepared in accordance with IFRS applicable to preparation of interim financial statements, including International Accounting Standard (IAS) 34 - Interim Financial Reporting.

Additional information is available on Trinidad's website (**www.trinidaddrilling.com**) and all previous public filings, including the most recently filed Annual Report and Annual Information Form, are available through SEDAR (**www.sedar.com**).

All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified. All amounts are stated in thousands unless otherwise identified.

Financial Highlights

Three months ended March 31, ($ thousands except share and per share data)	2018	2017	% Change
Revenue	**153,247**	132,737	15.5
Revenue, net of third party costs (1)	**140,380**	125,081	12.2
Operating income (1)	**51,558**	48,638	6.0
Operating income percentage (1)	**33.6%**	36.6%	(8.2)
Operating income - net percentage (1)	**36.6%**	38.8%	(5.7)
Adjusted EBITDA (1)	**37,860**	51,258	(26.1)
Per share (diluted) (2)	**0.14**	0.21	(33.3)
Cash flow provided by operating activities	**8,382**	(27,697)	130.3
Per share (basic / diluted) (2)	**0.03**	(0.11)	127.3
Funds flow (1)	**22,152**	237	9,246.8
Per share (basic / diluted) (2)	**0.08**	0.00	100.0
Net (loss) (3)	**(22,462)**	(11,936)	(88.2)
Per share (basic / diluted) (2)(3)	**(0.08)**	(0.05)	(60.0)
Capital expenditures	**16,014**	23,172	(30.9)
Shares outstanding - diluted (weighted average) (2)	**273,469,739**	249,883,461	9.4

As at ($ thousands)	March 31, 2018	December 31, 2017	% Change
Total assets	**1,927,276**	1,902,546	1.3
Total long-term liabilities	**576,370**	533,046	8.1

(1) Readers are cautioned that Revenue, net of third party costs, Operating income, Operating income percentage, Operating income - net percentage, Adjusted EBITDA, Funds flow, and the related per share information do not have standardized meanings prescribed by IFRS – see Non-GAAP Measures Definitions and Additional GAAP Measures Definitions (beginning on page 26).

(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) is net (loss) attributable to shareholders of Trinidad. Net (loss) per share is calculated as net (loss) 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 March 31,	2018	2017	% Change
Operating days (1)			
United States and International	**3,439**	2,465	39.5
Canada	**2,874**	2,888	(0.5)
Revenue - rate per operating day (1)			
United States and International (US$)	**18,613**	17,847	4.3
United States and International (CDN$)	**23,454**	23,570	(0.5)
Canada (CDN$)	**20,644**	22,965	(10.1)
Operating expense - rate per operating day (1)			
United States and International (US$)	**11,769**	11,833	(0.5)
United States and International (CDN$)	**14,822**	15,640	(5.2)
Canada (CDN$)	**13,206**	12,699	4.0
Utilization rate - operating day (1)			
United States and International	**57%**	41%	39.0
Canada	**47%**	45%	4.4
Number of drilling rigs at period end (2)			
United States and International	**66**	68	(2.9)
Canada	**68**	71	(4.2)
TDI Joint Venture Operations (3)			
Operating days (1)	**85**	354	(76.0)
Revenue - rate per operating day (US$) (1)	**72,297**	107,057	(32.5)
Revenue - rate per operating day (CDN$) (1)	**91,076**	142,143	(35.9)
Operating expense - rate per operating day (US$) (1)	**75,626**	25,642	194.9
Operating expense - rate per operating day (CDN$) (1)	**95,300**	33,874	181.3
Utilization rate - operating day (1)	**12%**	49%	(75.5)
Number of drilling rigs at period end (3)	**8**	8	-

(1) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section of this MD&A for further details (beginning on page 26).
(2) Refer to the Results from Operations section for details on the changes to the rig count.
(3) Trinidad is party to a joint venture with a wholly-owned subsidiary of Halliburton. These rigs are owned by the joint venture.

Forward-Looking Statements

The MD&A 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 MD&A. The forward-looking information and statements included in this MD&A 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 MD&A may contain forward-looking information and statements pertaining to:

- the assumption that Trinidad's customers will honour 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;
- the ability of the Company to continue to execute on its business strategy during the strategic review process, and the various risks and assumptions customarily related thereto; and
- the likelihood that the Company will be able to identify and undertake alternatives which enhance shareholder value.

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 MD&A speak only as of the date of this MD&A 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.

Non-GAAP Measures and Additional GAAP Measures

This MD&A 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 Operating income, Operating income percentage, operating income - net percentage, Adjusted EBITDA, Adjusted EBITDA from investments in joint ventures, Funds flow, working capital, senior debt to Bank EBITDA, Bank EBITDA to cash interest expense, operating revenue or revenue, net of third party costs, drilling days, operating days, utilization rate - drilling day, utilization rate - operating day, revenue - rate per operating day or dayrate, and Operating expense - rate per operating day or operating expense per day. Please see the Non-GAAP Measures Definitions and Additional GAAP Measures Definitions sections of this MD&A (beginning on page 26) for details with respect to definitions of these measures.

Responsibility of Management and the Board of Directors

Management is responsible for the information disclosed in this MD&A and the accompanying condensed interim consolidated financial statements, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, Trinidad's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by the Company, and has reviewed and approved this MD&A and the accompanying unaudited condensed consolidated interim financial statements.

Profile

Trinidad is an industry-leading contract driller, providing safe, 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. Trinidad provides contract drilling and related services in the US, Canada, the Middle East and Mexico.

Trinidad is headquartered in Calgary, Alberta, Canada. The Company's common shares are listed on the Toronto Stock Exchange under the trading symbol TDG. For more information, please visit **www.trinidaddrilling.com.**

Overview

In the first quarter of 2018, underlying market conditions continued to improve and, excluding the impact of early termination and standby revenue, Adjusted EBITDA[1] and dayrates in all operating segments increased compared to the same quarter last year. Trinidad continued to focus on growing shareholder value by improving fleet utilization in response to improved industry conditions, while also taking a prudent approach to cost management. The Company was able to increase utilization in the US and international and Canadian operations, maintain consistent operating costs on a per day basis and reduce general and administrative expenses compared to the prior year.

As previously disclosed, in February 2018 Trinidad announced the commencement of a strategic review process in order to explore all options to enhance shareholder value. As part of that process, subsequent to quarter end, Trinidad announced the sale of three Saudi Arabian TDI joint venture rigs for gross proceeds of US$91 million. In addition to the above items, the Company continues to evaluate the current business for other drivers that would add value to shareholders.

"During the strategic review process, Trinidad remains committed to executing on our business plan and serving the needs of our customers," said Brent Conway, Trinidad's President and Chief Executive Officer. "In the first quarter of 2018, we made positive strides towards increasing shareholder value by managing our cost structure, with both G&A and operating expenses showing improvements. As well, selling three of our joint venture rigs will provide the Company with positive free cash flow, which can be used to fund our existing capital program or to repay debt outstanding on our credit facility."

"In early 2018, due to growing customer demand, we expanded our upgrade program and relocated rigs to high demand areas such as the Permian Basin. Customer demand has also improved in the international market and we re-activated one rig in Mexico in the first quarter and redeployed a rig to Bahrain for start-up early in the second quarter. Our integrated technology platforms, including RigMinder and Criterion™, continued to be rolled-out with increased demand from our customers. We remain committed to our strategic review process and are assessing all strategic alternatives that will position Trinidad to take advantage of improving market conditions focused on generating strong returns," added Conway.

(1) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section of this MD&A for further details (beginning on page 26).

Industry Statistics

In the first quarter of 2018, crude oil prices averaged US$62.85 per barrel and finished the quarter at US$64.94. On average, WTI crude oil was up 21% from the same quarter last year and up 13% from the fourth quarter of 2017. Henry Hub natural gas averaged US$3.12 per million British thermal unit (mmBtu) in the first quarter of 2018, up 4% from the same period last year. Infrastructure challenges continue to dampen the Canadian pricing environment when compared to the US.

US activity levels remain strong and the active rig count averaged 951 active rigs in Q1, up 28% or 209 active rigs from the first quarter of 2017. Canadian activity levels also increased in 2017, with industry average utilization at 41% in the first quarter, up from an average of 28% in the fourth quarter of 2017.

	2018	Full Year	2017				Full Year	2016		
	Q1	2017	Q4	Q3	Q2	Q1	2016	Q4	Q3	Q2
Commodity Prices										
AECO natural gas price										
(CDN$ per gigajoule)	**2.07**	2.19	1.77	1.51	2.76	2.69	2.16	3.10	2.35	1.43
Henry Hub natural gas price										
(US$ per million British thermal unit)	**3.12**	2.98	2.91	2.95	3.07	3.00	2.52	3.04	2.88	2.15
Western Canada Select crude oil price										
(CDN$ per barrel)	**46.97**	49.54	49.26	47.20	51.32	50.35	38.96	45.62	40.17	42.35
WTI crude oil price (US$ per barrel)	**62.85**	50.85	55.43	48.13	48.15	51.84	43.56	49.35	45.00	45.73
Canadian / US dollar exchange rate	**1.27**	1.30	1.27	1.25	1.34	1.32	1.32	1.33	1.30	1.29
US Activity										
Average industry active land rig count (1)	**951**	856	901	926	895	742	509	589	479	423
Average Trinidad active land rig count (2)	**38**	31	33	35	32	24	18	22	14	15
Canadian Activity										
Average industry utilization (3)	**41%**	28%	28%	28%	18%	40%	17%	25%	17%	7%
Average Trinidad utilization (4)	**43%**	32%	36%	37%	19%	41%	22%	31%	20%	10%

(1) Baker Hughes North America Rotary Rig Count.
(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).

First Quarter 2018 Highlights

(Compared to corresponding prior-year period unless otherwise noted)

- In the first quarter of 2018, revenue increased by 15.5% compared to 2017, due to higher dayrates and higher activity levels in Trinidad's US drilling division; partly offset by lower early termination and standby revenue in 2018. In the first quarter, Trinidad recorded 3,439 operating days in the US and international drilling division, compared to 2,465 operating days in 2017.
- Trinidad's US and international operations recorded higher operating revenue and a stronger operating income - net percentage in the first quarter of 2018 compared to 2017. Increased activity combined with lower operating expense on a per day basis improved results in 2018.
- Trinidad's Canadian operations recorded stable activity in the first quarter of 2018 compared to the prior year. Due to lower early termination and standby revenue in the current year, Trinidad recorded lower revenue and operating income. Adjusted for early termination and standby revenue, Trinidad's Canadian operations recorded higher dayrates and higher operating income - net percentage compared to the prior year.
- Trinidad's joint venture operations recorded lower revenue and lower operating income compared to the prior year. Less activity, combined with higher operating expenses related to mobilization and shut down costs, negatively impacted 2018 results.
- Adjusted EBITDA decreased in the first quarter of 2018 largely due to lower early termination and standby revenue in Trinidad's Canadian and joint venture operations and lower activity in the joint venture. Trinidad's operations were positively impacted in the current quarter by higher activity in Trinidad's US drilling division, lower general and administrative costs and savings due to cost management strategies.
- Net (loss) increased in the first quarter of 2018 mainly due to higher depreciation and amortization expense recorded in 2017 due to a change in the useful life estimates in the third quarter of 2017. This was offset by higher operating income due to higher activity in 2018, lower finance costs and lower G&A expenses in 2018.
- For the three months ended March 31, 2018, cash flow provided by operating activities and funds flow increased compared to the same quarter in 2017 mainly due to increased activity in the current period resulting in higher operating income, as well as lower interest paid on long-term debt in 2018.
- In the first quarter of 2018, Trinidad spent $16.0 million on capital expenditures, compared to $23.2 million in 2017. Capital spend in the current period mainly related to upgrades and enhancements on rigs moving to the Permian in Trinidad's US drilling division, as well as maintenance across Trinidad's entire rig fleet.

Results from Operations

United States and International Operations

Three months ended March 31, ($ thousands except percentage and operating data)	2018	2017	% Change
Operating revenue [(1)]	**80,664**	58,099	38.8
Other revenue	**94**	10	840.0
	80,758	58,109	39.0
Operating costs [(1)]	**50,980**	39,907	27.7
Operating income [(2)]	**29,778**	18,202	63.6
Operating income - net percentage [(2)]	**36.9%**	31.3%	
Operating days [(2)]	**3,439**	2,465	39.5
Drilling days [(2)]	**3,103**	2,161	43.6
Revenue - rate per operating day (US$) [(2)]	**18,613**	17,847	4.3
Revenue - rate per operating day (CDN$) [(2)]	**23,454**	23,570	(0.5)
Operating expense - rate per operating day (US$) [(2)]	**11,769**	11,833	(0.5)
Operating expense - rate per operating day (CDN$) [(2)]	**14,822**	15,640	(5.2)
Utilization rate - operating day [(2)]	**57%**	41%	39.0
Utilization rate - drilling day [(2)]	**51%**	36%	41.7
Number of drilling rigs at period end	**66**	68	(2.9)

(1) Operating revenue and operating costs for the three months ended March 31, 2018 and 2017 exclude third party recovery and third party costs of $6.1 million and $1.8 million, respectively.

(2) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section (beginning on page 26) of this MD&A for further details.

For the three months ended March 31, 2018, Trinidad recorded operating revenue and operating income of $80.7 million and $29.8 million, respectively, an increase of 38.8% and 63.6%, respectively, compared to the first quarter of 2017. Profitability in the US and international operations was positively impacted in the current year by higher activity levels, stronger dayrates and increased cost control.

During the three months ended March 31, 2018, Trinidad recorded 3,439 operating days, up from 2,465 days in 2017. Activity increased due to improving commodity prices and growing customer demand. In response to increased customer demand in 2018, Trinidad had more rigs active in the current period compared to the first quarter of 2017, primarily in the Permian Basin.

In the three months ended March 31, 2018, Trinidad recorded average dayrates of US$18,613 per day, an increase of US$766 per day from the comparable period of 2017, due to improving pricing on strengthening market conditions combined with strong execution on performance-based contracts.

For three months ended March 31, 2018, operating income increased by $11.6 million compared to the first quarter of 2017 mainly due to increased activity at higher dayrates. Operating income - net percentage for the first quarter of 2018 increased to 36.9%, compared to 31.3% in the comparable period of 2017. Operating income - net percentage increased mainly as a result of higher dayrates due to improved industry conditions and operational performance on performance-based contracts, combined with consistent operating costs.

Trinidad's US and international rig count totaled 66 rigs at March 31, 2018 compared to 68 at March 31, 2017. One rig in the second quarter of 2017 and two rigs in the first quarter of 2018 were transferred from the Canadian operations to meet strong demand in the Permian Basin, offset by five low specification rigs being redeployed to inventory in the current period.

First Quarter of 2018 versus Fourth Quarter of 2017

In the first quarter of 2018, operating revenue increased by $1.5 million while operating income decreased $1.0 million, compared to the fourth quarter of 2017.

Operating days for the first quarter 2018 were 149 days higher than the fourth quarter of 2017.

Dayrates declined by US$557 per day in first quarter 2018 compared to the fourth quarter of 2017, largely due to the decrease in early termination and standby revenue in 2018. Early termination and standby revenue decreased from US$1.4 million in the fourth quarter of 2017 to US$0.2 million in 2018, leading to normalized dayrates of US$18,552 in the current quarter of 2018 compared to US$18,752 in the fourth quarter of 2017.

Operating income decreased as a result of lower early term and standby in the current quarter, offset by higher activity and favourable foreign exchange impact. Operating income - net percentage in the current quarter was 1.9 percentage points lower than the fourth quarter of 2017, consistent with lower dayrates in the current period.

Canadian Operations

Three months ended March 31, ($ thousands except percentage and operating data)	**2018**	2017	% Change
Operating revenue [1]	**59,331**	66,324	(10.5)
Other revenue	**291**	648	(55.1)
	59,622	66,972	(11.0)
Operating costs [1]	**37,952**	36,677	3.5
Operating income [2]	**21,670**	30,295	(28.5)
Operating income - net percentage [2]	**36.3%**	45.2%	
Operating days [2]	**2,874**	2,888	(0.5)
Drilling days [2]	**2,636**	2,664	(1.1)
Revenue - rate per operating day (CDN$) [2]	**20,644**	22,965	(10.1)
Operating expense - rate per operating day (CDN$) [2]	**13,206**	12,699	4.0
Utilization rate - operating day [2]	**47%**	45%	4.4
Utilization rate - drilling day [2]	**43%**	41%	4.9
CAODC industry average [3]	**41%**	40%	2.5
Number of drilling rigs at period end	**68**	71	(4.2)

(1) Operating revenue and operating costs for the three months ended March 31, 2018 and 2017 exclude third party recovery and third party costs of $6.6 million and $5.7 million, respectively.

(2) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section (beginning on page 26) of this MD&A for further details.

(3) Canadian Association of Oilwell Drilling Contractors (CAODC) industry average is based on drilling days divided by total days available.

Trinidad recorded operating revenue and operating income of $59.3 million and $21.7 million, respectively, in the period ended March 31, 2018, a decrease of 10.5% and 28.5%, respectively, compared to the comparable period in the prior year. Early termination and standby revenue in the first quarter of 2018 was $2.5 million, compared to $11.4 million in the same period of 2017. Normalizing for early termination and standby revenue, revenue and dayrates increased in the current period.

For the quarter ended March 31, 2018, activity was fairly consistent with the prior year. Trinidad recorded 2,874 operating days, compared to 2,888 operating days in the prior year. As well, Trinidad's average utilization in the first quarter of 2018 was two percentage points higher than the industry average utilization and two percentage points above the prior year utilization.

The early termination and standby revenue recognized in 2018 of $2.5 million related to shortfall amounts for contracted days not worked on one rig in the period, whereas the 2017 amount of $11.4 million related to shortfall amounts collected on six rigs. Excluding early termination and standby revenue, dayrates for the period ended March 31, 2018 were $19,786 per day, an increase of $752 per day from the adjusted dayrate of $19,034 per day in 2017.

For the three months ended March 31, 2018, operating income - net percentage was 36.3%, compared to 45.2% in the prior year. Operating income - net percentage decreased in the current year mainly due to lower early termination and standby revenue recorded in the current year, and slightly higher operating costs in 2018. Operating costs increased due to the timing of seasonal repairs and maintenance performed, and higher wage costs due to regulatory change. Adjusted for early termination and standby, operating income - percentage totaled 33.5% in the first quarter of 2018, compared to 33.1% in the first quarter of 2017.

Trinidad's Canadian rig count totaled 68 rigs at March 31, 2018, compared to 71 rigs at March 31, 2017. During 2017 and the first quarter 2018, the Company transferred three rigs to the US drilling division to meet strong US customer demand.

First Quarter of 2018 versus Fourth Quarter of 2017

In the first quarter of 2018, operating revenue increased by $10.7 million while operating income increased by $4.6 million, compared to the fourth quarter of 2017.

Operating revenue increased due to 377 more operating days in the first quarter of 2018 compared to the fourth quarter of 2017 for Canada's traditionally busy winter drilling season, combined with an increase in dayrates for the first quarter to $20,644 per day compared to $19,478 for the fourth quarter of 2017. This increase in dayrates can be attributed to rig mix, improved spot market pricing and seasonal rentals, offset by $2.0 million in lower early term and standby in the current period.

Operating income increased by $4.6 million in the first quarter of 2018 compared to fourth quarter 2017 as a result of increased activity and stronger dayrates, offset by an increase in operating costs of $462 per day due to seasonal repairs and maintenance, as well as higher wage costs related to regulatory changes.

Joint Venture Operations

Trinidad Drilling International (TDI):

Amounts below are presented at 100% of the value included in the statement of operations and comprehensive (loss) income for Trinidad Drilling International (TDI); Trinidad owns 60% of the shares of TDI and each of the parties has equal voting rights. Trinidad considers the investment to be a financial asset at fair value through profit or loss and recognizes changes in fair value of the investment in the statement of operations and comprehensive income (loss) as a (gain) from investments in joint ventures.

Three months ended March 31, ($ thousands except percentage and operating data)	**2018**	2017	% Change
Operating revenue	**7,850**	51,510	(84.8)
Operating costs	**8,191**	13,246	(38.2)
Operating (loss) income (1)	**(341)**	38,264	(100.9)
Operating income - net percentage (1)	**(4.3)%**	74.3%	
Operating days (1)	**85**	354	(76.0)
Revenue - rate per operating day (US$) (1)	**72,297**	107,057	(32.5)
Revenue - rate per operating day (CDN$) (1)	**91,076**	142,143	(35.9)
Operating expense - rate per operating day (US$) (1)	**75,626**	25,642	194.9
Operating expense - rate per operating day (CDN$) (1)	**95,300**	33,874	181.3
Utilization rate - operating day (1)	**12%**	49%	(75.5)
Number of drilling rigs at period end	**8**	8	-

(1) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section of this MD&A (beginning on page 26) for further details.

For the three months ended March 31, 2018, TDI recorded operating revenue of $7.9 million, a decrease of 84.8% compared to the first quarter of 2017. Operating revenue decreased in 2018 due to lower early termination revenue in the current year and lower activity in both the Saudi Arabian and Mexican divisions, offset slightly by mobilization revenue recognized in 2018 related to one rig moving into Bahrain which began drilling in the second quarter of 2018.

During the three months ended March 31, 2018, TDI recorded 85 operating days compared to 354 operating days in the first quarter of 2017. The decrease was mainly related to Saudi Arabia, where there was one active rig in 2018 compared to three active rigs in 2017. As well, Mexico had very little activity in the first quarter of 2018, compared to one active rig for the entire first quarter of 2017.

Revenue in 2018 was also lower due to less early termination and standby revenue recognized in the current period. In the first quarter of 2018, TDI recorded US$0.2 million of early termination and standby revenue, compared to US$21.5 million of early termination and standby in the first quarter of 2017. The early termination and standby revenue in 2017 mainly related to contract terminations for two rigs in the Mexican division.

Dayrates decreased by US$34,760 per day in the first quarter of 2018 compared to first quarter of 2017 as a result of decreased early termination and standby revenues, as discussed above.

Operating income and operating income - net percentage both decreased in the three months ended March 31, 2018 compared to the same period in 2017, mainly due to lower activity in the current year and lower early termination and standby revenue in 2018. As well, TDI recorded higher operating expenses in the current year due to one-time shut down costs related to TDI's Saudi Arabian division and start-up costs to move one rig into Bahrain.

First Quarter of 2018 versus Fourth Quarter of 2017

In the first quarter of 2018, operating revenue and operating income decreased by $9.2 million and $6.2 million, respectively, compared to the fourth quarter of 2017. The decrease in operating revenue and operating income in 2018 was due to 183 fewer operating days in the current quarter combined with higher operating expenses in each of Saudi Arabia and Bahrain.

General and Administrative

Three months ended March 31, ($ thousands except percentage)	**2018**	2017	% Change
General and administrative [(1)]	**12,553**	18,820	(33.3)
% of revenue	**8.2%**	14.2%	
Share-based payment expense	**2,664**	(879)	403.1
Third party recoverable costs	**110**	141	(22.0)
Total general and administrative	**15,327**	18,082	(15.2)
% of revenue	**10.0%**	13.6%	

(1) General and administrative expenses excluding share-based payment expense and third party recoverable costs.

For the three months ended March 31, 2018, Trinidad recorded lower general and administrative (G&A) costs compared to the same period in 2017 mainly due to lower salaries and bad debt expense in 2018. In the first quarter of 2017, Trinidad recorded significant one-time expenses related to severance and bad debt, resulting in total one-time expenses of approximately $7.1 million. As well, in early 2018, Trinidad undertook a review of its expenses to ensure the cost structure was aligned with the market. Following this review, Trinidad reduced headcount, rolled back salaries and implemented tighter expense management strategies, which has helped to reduce costs in 2018 compared to the prior year.

In the first quarter of 2018, Trinidad announced the commencement of a formal process to initiate a strategic review in an effort to enhance shareholder value. In the first quarter of 2018, Trinidad incurred costs in relation to the strategic review of approximately $1.8 million.

For the three months ended March 31, 2018, share-based payment expense increased when compared to the same period in 2017 mainly due to the change in share price and the valuation of certain performance metrics. In the prior year, there was a decrease in share price causing an overall recovery on the share-based payment expense in the first quarter of 2017. In the first quarter of 2018, Trinidad's share price was less volatile and the Company had stronger results, causing a larger share-based payment expense to be recorded.

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.

For the three months ended March 31, 2018, G&A as a percentage of revenue decreased compared to the same period in 2017 due to both a decrease in G&A expenses and an increase in revenue generation in the current year.

As well, in early 2008, Trinidad undertook a review of its expenses to ensure the cost structure was aligned with the market. Following this review, Trinidad reduced head count, rolled back salaries and implemented tighter expense management, which has helped reduce costs in 2018 compared to the prior year.

Depreciation, Amortization and Sale of Assets

Three months ended March 31, ($ thousands)	2018	2017	% Change
Depreciation	**55,963**	44,313	26.3
Amortization	**2,192**	248	783.9
(Gain) loss on sale of assets	**(1,690)**	73	2,415.1

For the three months ended March 31, 2018, depreciation expense increased by 26.3% when compared to the prior year due to a change in the useful life estimates effective July 1, 2017. In the third quarter of 2017, Trinidad reviewed the useful life estimates for all rigs and related equipment and adjusted to more accurately reflect the future economic benefits related to these assets. The useful life estimates were adjusted within Trinidad's current depreciation policy. Depreciation also increased as a result of capital asset additions from rig upgrade and capital maintenance projects during 2017 and into the first quarter of 2018.

For the three months ended March 31, 2018, amortization expense increased when compared to the prior year mainly due to technology assets acquired through the RigMinder acquisition in August of 2017.

For the three months ended March 31, 2018, Trinidad recognized a gain on sale of assets of $1.7 million, mainly due to the disposition of non-core assets.

Foreign Exchange

Three months ended March 31, ($ thousands except percentage)	2018	2017	% Change
Foreign exchange (gain) loss	**(957)**	5,256	(118.2)
% of revenue	**(0.6)%**	4.0%	

Foreign exchange gains and losses are the result of foreign currency fluctuations on the Company's foreign currency funds and outstanding inter-company balances. For the three months ended March 31, 2018, Trinidad recorded a foreign exchange gain of $1.0 million compared to a loss of $5.3 million in the comparative period of 2017.

The Company utilizes a net investment hedge on a portion of its foreign subsidiaries against its US dollar denominated Senior Notes. This hedge allows the Company to better reflect foreign exchange impacts related to operations as the translation adjustment is included in the cumulative translation account in other comprehensive (loss).

Impairment

For the three months ended March 31, 2018 and 2017, Trinidad did not identify any further impairment indicators on wholly owned assets. As such, no impairment loss was recorded on either property and equipment or intangible assets and goodwill in either period.

Finance and Transaction Costs

Three months ended March 31, ($ thousands except percentage)	**2018**	2017	% Change
Interest on long-term debt	**8,993**	12,243	(26.5)
Accretion of 2019 Senior Notes	**-**	53	(100.0)
Amortization of deferred financing costs	**546**	455	20.0
Finance costs related to long-term debt	**9,539**	12,751	(25.2)
Transaction costs	**-**	1,362	(100.0)
Finance and transaction costs	**9,539**	14,113	(32.4)
% of revenue	**6.2%**	10.6%	

For the three months ended March 31, 2018, Trinidad recorded 32.4% lower finance and transaction costs when compared to the same period in 2017 mainly due to lower interest on long-term debt and lower transaction costs. In the first quarter of 2017, the Company redeemed its outstanding US$450 million Senior Notes, and issued new Senior Notes at a reduced principal amount of US$350 million. The new Senior Notes have a lower interest rate of 6.625% compared to the previous instrument's interest rate of 7.875%. The reduction in the principal amount combined with a lower interest rate on long-term debt caused the reduction in expense. Transaction costs in 2017 related to this debt restructuring transaction.

Income Taxes

Three months ended March 31, ($ thousands except percentage)	**2018**	2017	% Change
Current	**97**	41	136.6
Deferred	**(9,889)**	(12,867)	(23.1)
	(9,792)	(12,826)	(23.7)
% of revenue	**(6.4)%**	(9.7)%	

For the three months ended March 31, 2018 and 2017, current tax expense was $0.1 million and less than $0.1 million, respectively. Current tax expense in each period was the result of foreign taxes paid for international operations.

For the three months ended March 31, 2018 and 2017, deferred tax recovery was $9.9 million and $12.9 million, respectively. The decreased recovery is largely the result of improved profitability in the US drilling operations, partially offset by reduced taxability in the Canadian drilling operations.

Net (Loss) and Cash Flows

Three months ended March 31, ($ thousands except per share data)	2018	2017	% Change
Net (loss) (1)	**(22,462)**	(11,936)	(88.2)
Per share (diluted) (1)	**(0.08)**	(0.05)	(60.0)
Cash flow provided by operating activities	**8,382**	(27,697)	130.3
Per share (diluted)	**0.03**	(0.11)	127.3
Funds flow (2)	**22,152**	237	9,246.8
Per share (diluted)	**0.08**	0.00	100.0

(1) Net (loss) is net (loss) attributable to shareholders of Trinidad. Net (loss) per share is calculated as net (loss) attributable to shareholders of Trinidad divided by the weighted average number of common shares outstanding, both adjusted for dilutive factors.
(2) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section of this MD&A (beginning on page 26) for further details.

For the three months ended March 31, 2018, net loss was $22.5 million compared to a net loss of $11.9 million in the comparative quarter of 2017. While operating income for 2018 increased compared to the prior year, this was offset by $13.6 million in higher depreciation and amortization expense and a lower deferred tax recovery in the current quarter. These losses were partly offset by lower finance and transaction costs due to refinancing initiatives in early 2017 and lower G&A expenses in 2018.

For the three months ended March 31, 2018, cash flow provided by operating activities and funds flow increased compared to the same quarter in 2017 mainly due to increased activity in the current period resulting in higher operating income, as well as lower interest paid on long-term debt in 2018. Funds flow was also positively impacted by a smaller change in non-cash working capital due to cash management strategies and diligent collections on receivables in the current year.

Further details on changes discussed above are outlined in previous sections of the MD&A.

Financial Highlights – Quarterly Analysis

	2018		2017				2016	
($ millions except per share data and operating data)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**153.2**	137.9	129.8	101.2	132.7	93.0	66.9	94.5
Operating income (1)	**51.6**	47.9	37.1	23.7	48.6	28.2	23.0	61.7
Operating income percentage (1)	**33.6%**	34.7%	28.6%	23.5%	36.6%	30.3%	34.3%	65.3%
Operating income - net percentage (1)	**36.6%**	37.3%	30.4%	24.9%	38.8%	32.3%	35.9%	66.8%
Net (loss) (2)	**(22.4)**	(17.7)	(44.7)	(6.0)	(12.1)	(12.1)	(36.1)	(16.6)
Adjustments for:								
Depreciation and amortization	**58.2**	56.2	53.3	45.9	44.6	43.7	42.3	42.5
Foreign exchange	**(1.0)**	(0.9)	3.5	1.4	5.3	(0.7)	(0.3)	0.1
(Gain) loss on sale of assets	**(1.7)**	(0.2)	(0.3)	(1.7)	0.1	(0.7)	(8.6)	(0.7)
Impairment of property and equipment	**-**	3.0	-	-	-	-	-	-
(Gain) loss from investments in joint ventures	**(0.2)**	2.0	17.2	(28.3)	(8.5)	(19.7)	18.4	9.7
Finance and transaction costs	**9.5**	9.4	9.7	8.9	14.1	16.0	12.3	13.3
Fair value adjustment	**3.6**	(1.5)	0.5	3.1	-	(3.5)	(5.9)	-
Income taxes	**(9.8)**	(15.2)	(16.0)	(14.8)	(12.8)	(9.9)	(10.3)	(3.5)
Other expense	**2.8**	(1.0)	1.3	2.5	(0.8)	4.6	1.8	4.5
Income taxes paid	**(0.1)**	(0.1)	(0.5)	(0.7)	(0.3)	(0.1)	(0.2)	(0.9)
Income taxes recovered	**0.2**	0.2	1.0	0.8	-	0.7	-	-
Interest paid	**(16.9)**	(1.5)	(17.0)	(0.6)	(29.4)	(0.7)	(24.0)	(1.5)
Funds flow (1)	**22.2**	32.7	8.0	10.5	0.2	17.6	(10.6)	46.9
Per share (diluted) (3)	**0.08**	0.12	0.03	0.04	0.00	0.08	(0.05)	0.21
Adjusted EBITDA (1)	**37.9**	36.1	27.5	14.7	51.3	23.8	18.0	57.0
Per share (diluted) (3)	**0.14**	0.13	0.10	0.05	0.21	0.11	0.08	0.26
Net (loss) attributable to Trinidad (4)	**(22.5)**	(17.7)	(44.4)	(5.6)	(11.9)	(11.8)	(35.8)	(16.3)
Per share (diluted) (3)(4)	**(0.08)**	(0.06)	(0.16)	(0.02)	(0.05)	(0.05)	(0.16)	(0.07)

(1) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section of this MD&A (beginning on page 26) for further details.
(2) Net (loss) used in the consolidated statement of cash flows is total net (loss) before adjustments for non-controlling interests amounts.
(3) 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.
(4) Net (loss) per share is calculated as net (loss) attributable to shareholders of Trinidad divided by the weighted average number of common shares outstanding. Both are adjusted for dilutive factors.

Operating Highlights – Quarterly Analysis

	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Operating days (1)								
United States and International	**3,439**	3,290	3,212	2,957	2,465	1,761	1,307	915
Canada	**2,874**	2,497	2,520	1,099	2,888	2,067	1,411	665
Revenue - rate per operating day (1)								
United States and International (US$)	**18,613**	19,170	18,515	18,249	17,847	19,191	21,557	59,070
United States and International (CDN$)	**23,454**	24,048	23,820	24,589	23,570	25,472	27,975	76,220
Canada (CDN$)	**20,644**	19,478	17,961	19,842	22,965	20,118	18,856	31,138
Operating expense - rate per operating day (1)								
United States and International (US$)	**11,769**	11,724	13,098	13,348	11,833	13,946	12,779	15,286
United States and International (CDN$)	**14,822**	14,708	16,879	17,991	15,640	18,518	16,587	19,879
Canada (CDN$)	**13,206**	12,743	12,173	16,285	12,699	12,706	13,340	17,135
Utilization rate - operating day (1)								
United States and International	**57%**	52%	52%	48%	41%	29%	21%	15%
Canada	**47%**	39%	39%	21%	45%	31%	21%	10%
Number of drilling rigs at period end (2)								
United States and International	**66**	69	69	69	68	67	67	67
Canada	**68**	70	70	70	71	72	72	72
TDI Joint Venture Operations (3)								
Operating days (1)	**85**	268	317	339	354	284	274	461
Revenue - rate per operating day (US$) (1)	**72,297**	48,923	50,595	50,744	107,057	65,529	67,133	55,962
Revenue - rate per operating day (CDN$) (1)	**91,076**	61,208	65,089	68,352	142,143	86,951	87,127	72,773
Operating expense rate per operating day (US$) (1)	**75,626**	31,400	31,308	28,781	25,642	28,894	31,290	28,498
Operating expense rate per operating day (CDN$) (1)	**95,300**	39,413	40,253	38,795	33,874	38,318	40,593	37,097
Utilization rate - operating day (1)	**12%**	36%	43%	47%	49%	39%	37%	63%
Number of drilling rigs at period end (3)	**8**	8	8	8	8	8	8	8

(1) See Non-GAAP Measures Definitions and Additional GAAP Measures Definitions section of this MD&A (beginning on page 26) for further details.
(2) Refer to the Results from Operations section for details on changes to the rig count.
(3) Trinidad is party to a joint venture with a wholly-owned subsidiary of Halliburton (TDI). These rigs are owned by the joint venture.

An assessment or comparison of Trinidad's quarterly results, at any given time, requires consideration of crude oil and natural gas commodity prices, geographic location and seasonality. Commodity prices ultimately drive the level of exploration and development activities carried out by the Company's customers and the associated demand for the oilfield services provided by Trinidad.

2016 Analysis

In the first half of 2016, Trinidad's US and international and Canadian operations continued to be negatively impacted by weak commodity prices causing downward pressure on dayrates and decreased activity. In the first two quarters of 2016, the Company was able to maintain a strong operating income - net percentage as a result of early termination and standby revenue recorded during the year, as well as cost cutting initiatives and lower manufacturing activity. In the third quarter of 2016, improving commodity prices drove increased activity levels; however, ongoing competition caused downward pressure on dayrates and negatively impacted profitability. In the fourth quarter of 2016, Trinidad continued to record improved activity in each of the US and Canadian drilling divisions compared to prior periods in 2016. Profitability was negatively impacted in the fourth quarter of 2016 due to lower early termination and standby revenue, as well as continued competition affecting dayrates. In addition, Adjusted EBITDA from Trinidad's TDI joint venture increased in 2016, positively impacting results.

2017 Analysis

In the twelve months ended December 31, 2017, Trinidad's US and international and Canadian operations continued to record improved activity levels associated with stabilized commodity prices and increased customer demand. Higher activity levels were partially offset by lower average dayrates. The first half of 2017 saw reduced dayrates due to changes in rig mix and increased competition as activity began to strengthen. Trinidad was impacted by increased operating costs associated with seasonal repairs and maintenance in Canada, one-time costs related to rig re-activations in the US, and higher G&A costs earlier in 2017. Into the second half of 2017, rig activity increased following the upgrade and reactivation efforts, leading to a strengthening in dayrates and a decrease in operating cost levels. The fourth quarter of 2017 in particular saw a strengthening of dayrates in the North American markets due to the upgraded fleet and improved market conditions. While the North American divisions saw increased activity and dayrates, Trinidad's TDI joint venture had a decrease in activity and dayrate in the fourth quarter of 2017. In addition, during 2017, Trinidad spent $163.1 million on capital expenditures focused primarily on upgrades to meet increasing customer demand for high performance rigs and $31.4 million on the acquisition of RigMinder.

2018 Analysis

In the first quarter of 2018, Trinidad's domestic operations continued to record consistent operational performance. Trinidad's US activity increased year over year, resulting in higher revenue and operating income. Canadian operations recorded consistent activity, outperforming CAODC levels in the first quarter by two percentage points. Trinidad's operations were negatively impacted by less activity and lower early termination revenue recorded in the TDI joint venture. Trinidad continues to realign its fleet to fully capitalize on the activity and strong dayrates evident in the Permian Basin region, while maintaining cost control as the industry continues to strengthen.

Liquidity and Capital Resources

As at ($ thousands)	March 31, 2018	December 31, 2017	$ Change
Working capital [1]	**84,091**	43,205	40,886
Senior Notes	**451,255**	438,550	12,705
Credit facility	**114,117**	84,621	29,496
	565,372	523,171	42,201
Less: unamortized debt issue costs	**(10,999)**	(11,497)	498
Total long-term debt	**554,373**	511,674	42,699
Total long-term debt as a percentage of assets	**28.8%**	26.9%	
Total assets	**1,927,276**	1,902,546	24,730
Total long-term liabilities	**576,370**	533,046	43,324
Total long-term liabilities as a percentage of assets	**29.9%**	28.0%	

Three months ended March 31,	2018	2017	$ Change
Cash flow provided by (used in) operating activities	**8,382**	(27,697)	36,079
Cash flow (used in) investing activities	**(26,675)**	(15,891)	(10,784)
Cash flow provided by financing activities	**27,733**	35,075	(7,342)

(1) See Non-GAAP Measures Definitions section of this MD&A (beginning on page 26) for further details.

For the three months ended March 31, 2018, working capital increased by $40.9 million when compared to December 31, 2017, due to an increase in current assets combined with a decrease in current liabilities.

Current assets increased in the current period due to increased cash and cash equivalents and increased accounts receivable at quarter end. The increase in both cash and receivables is due to increased activity in the current year across each of Trinidad's drilling divisions. Current liabilities decreased in the current period mainly due to lower accounts payable and accrued liabilities at quarter end. The decrease in payables is due to a decrease in the Senior Note interest accrual as a payment was made in the first quarter, a decrease in payroll liabilities mainly due to a lower head count in the Company's corporate office in 2018, combined with a decrease in capital accruals at March 31, 2018.

Trinidad's total long-term debt balance at March 31, 2018 increased by $42.7 million compared to December 31, 2017. This increase was due to an increase on the outstanding revolving facility at quarter end due to increased activity, combined with an increase on the Senior Notes due to a strengthening of the US dollar compared to the Canadian dollar at March 31, 2018 versus December 31, 2017. 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 (loss).

Credit Facility and Debt Covenants

Trinidad's credit facility includes a Canadian revolving facility of $100.0 million and a US revolving facility of $100.0 million. Included in the facility are a $10.0 million Canadian dollar bank overdraft and a $10.0 million US dollar bank overdraft. The facility requires quarterly interest payments based on Bankers Acceptance and LIBOR rates. The facility matures on December 12, 2020 and is subject to annual extensions of an additional year on each anniversary date upon consent of the lenders holding two-thirds of the aggregate commitments under the credit facility. The members of the syndicated groups include major Canadian, US and international financial institutions. The debt is secured by a general guarantee over the assets of Trinidad and its subsidiaries.

At March 31, 2018, the following financial covenants were in place:

Senior Debt to Bank EBITDA [(1)]	**Max of 2.5x**
Bank EBITDA to Cash Interest Expense [(1)]	**Min of 2.5x**

(1) See Non-GAAP Measures Definitions section of this MD&A (beginning on page 26) for further details.

At March 31, 2018, Senior Debt to Bank EBITDA was 0.84 times and Bank EBITDA to Cash Interest Expense was 4.16 times. Trinidad was in compliance with all covenants at March 31, 2018.

Other covenants in effect include, but are not limited to, the following: incurring additional debt and liens on assets; investments, including advances to the TDI joint venture; asset sales; and making restricted payments. The credit facility allows Trinidad to pay dividends provided that Trinidad's Total Debt to Bank EBITDA covenant is less than five times. At March 31, 2018, Trinidad is in compliance with all covenants related to the credit facility.

2025 Senior Notes

The 2025 Senior Notes are unsecured and have no financial covenant compliance reporting requirements. There are other covenant limitations, including the following: incurring additional debt; investments; asset sales; and restricted payments. Restricted payments are allowed within a basket, calculated as the accumulated net earnings from January 1, 2017 to the current period at 50.0% of net income or 100.0% of net loss, plus equity issued for cash and the net fair market value of other restricted assets added for equity. At March 31, 2018, Trinidad has a positive restricted payment basket available. Future contributions to the TDI joint venture are limited in a separate permitted business investment basket not to exceed the greater of US$300.0 million and 20% of consolidated tangible assets.

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

Capital Resources

Trinidad's objectives when managing capital include safeguarding the Company's ability to continue to provide returns for shareholders; as well as applying capital efficiencies to achieve financial objectives while focusing on operating within generated cash flows if possible. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may repurchase or issue new shares, sell assets, reduce indebtedness or take on additional debt.

Capital Expenditures

Three months ended March 31, ($ thousands)	2018	2017
Capital upgrades and enhancements	**9,184**	17,827
Maintenance and infrastructure	**6,830**	5,345
Total capital expenditures for Trinidad	**16,014**	23,172
TDI joint venture capital expenditures (Trinidad's 60% share)	**367**	91
Total capital expenditures including TDI joint venture	**16,381**	23,263

As of March 31, 2018, Trinidad spent $16.0 million on capital expenditures, compared to $23.2 million in 2017. Capital spend in 2018 related to maintenance on rigs in the US and Canada, as well as upgrade projects in the US to move rigs into the Permian.

In 2018, Trinidad expects to spend approximately $108.5 million in capital expenditures, with $51.0 million in maintenance capital and $57.5 million in growth capital. In addition, Trinidad expects to spend $1.5 million (Trinidad's 60% share) in capital expenditures in the joint venture mainly related to the Bahrain project.

Subsequent Event

Effective April 12, 2018, Trinidad announced that it had agreed to sell the three remaining rigs located in Saudi Arabia owned by its international joint venture, TDI, for proceeds of approximately US$30 million each, or US$91 million in total gross proceeds. As these rigs were reclassified to assets held for sale effective March 31, 2018, the net book value of these assets was adjusted to be in line with the sale proceeds. Trinidad's share of these proceeds totals approximately US$55 million.

Outlook

Crude oil spot prices have increased since the beginning of 2018, driving the US rig count to peak over 1,000 active rigs in early April. Although US crude oil production levels have reached five year highs, storage levels have decreased compared to the same time last year. In Canada, activity has increased compared to the first quarter of 2017, and exploration and production companies are being more creative in order to get Canadian products to market. Differentials have improved dramatically over the last few weeks, enabling customers to restart or continue drilling programs.

Based on these trends, Trinidad expects a slight increase in demand for rigs in the US in the second half of 2018. In the first quarter of 2018, Trinidad announced the move of two underutilized Canadian rigs to the Permian Basin, where customer demand remains strong. The first rig is now in the US, and has spud in the second quarter and the second rig is in transit with startup expected near the end of the second quarter of 2018. Dayrates in the US continue to increase slightly, with more discussion around contract terms. In Canada, recent increases in crude oil prices have strengthened expectations for activity for the third and fourth quarter of 2018. Trinidad expects utilization to ramp up and increase following spring break-up.

In the US, Trinidad is currently operating 40 rigs, or 62% of its fleet. Of these 40 rigs, over 80% are operating in the Permian Basin. In Canada, demand continues to be focused in the Montney, Duvernay and Deep Basin, inquiries for post break-up drilling are increasing and visibility is better than it was this time last year. Currently, Trinidad has 10 rigs or 15% of its Canadian fleet running, in-line with industry activity levels.

In the TDI joint venture, one rig began working in Mexico at the end of the first quarter of 2018 and one rig began working in Bahrain at the beginning of the second quarter of 2018. As previously disclosed, Trinidad also announced the sale of three of the Saudi Arabian rigs for gross proceeds of US$91 million (US$55 million of which is Trinidad's share). Trinidad continues to evaluate a number of tenders in the international market. These opportunities are expected to generate strong returns with long-term contracts, once executed.

Currently, Trinidad has 32 rigs, or 23% of its fleet under long-term contracts, with an average term remaining of 1.0 year; 15 contracts have expiration dates during the remainder of 2018. Trinidad expects additional rig deployments throughout the second quarter and the back half of 2018.

The Company continues to roll-out the Trinidad technology platforms, offering an integrated approach for customers that include Criterion™ and GMXSteering™. GMXSteering™ testing has been completed, and Trinidad is now tendering bids for multi-product platforms.

With additional planned upgrades for Trinidad's US fleet, the Company increased its capital spending budget to approximately $110 million, as previously disclosed. Trinidad anticipates that approximately $88 million of this spending will be funded by proceeds from the sale of the three Saudi rigs and the sale of unused facilities in 2018. The proceeds from these sales provide Trinidad with positive free cash flow to pay down debt or invest in incremental growth opportunities, depending on market and customer demand.

This activity takes place alongside a continued effort on the part of Trinidad to reduce G&A and operational costs wherever possible. In early 2018, Trinidad undertook a review of its cost structure in order to ensure its practices were aligned with the market. Following the review, Trinidad reduced headcount, rolled back salaries and implemented tighter expense management. Trinidad expects that G&A expenses will be approximately $43 million in 2018, excluding costs related to the strategic review, down 26% from costs incurred in 2017.

Despite the improving industry fundamentals and the recent steps Trinidad has taken to improve shareholder value, the Board continues to believe that the current trading price of Trinidad's common shares does not reflect the value of the Company. Accordingly, Trinidad is continuing the strategic review process that it announced earlier in 2018 in an effort to enhance shareholder value.

As part of that process, Trinidad's Board is considering a broad range of alternatives, including a sale of selected assets, a merger, a corporate sale, a strategic partnership or various capital re-deployment opportunities. There is no guarantee that the strategic review process will result in a transaction. To that end, the Company will continue to manage its business carefully and focus on creating value for shareholders. In addition, Trinidad will remain focused on providing customers with the strong performance they have come to expect from it, while also maintaining its commitment to the safety of its crews and the condition of its high performance equipment.

The Company does not intend to periodically or otherwise disclose developments with respect to the strategic review process unless the Board has approved a specific transaction or action plan, or otherwise determines that disclosure is necessary or appropriate.

Commitments and Contingencies

Commitments

Trinidad enters into drilling contracts with third parties for use of the Company's drilling equipment. These contracts range from 12 months to five years. As well, Trinidad has several operating lease agreements on buildings and equipment. Operating lease expenses are included in G&A expenses and operating expenses in the consolidated statements of operations and comprehensive (loss). The Company does not have any contingent rental payments. The Company's annual commitments are shown net of sublease income. The leases expire at various times through 2029 and there are no significant renewal or purchase options.

		Payments Due by Period			
As at March 31, 2018		**Due within**	**2 - 3**	**4 - 5**	**After**
($ thousands)	**Total**	**1 year**	**years**	**years**	**5 years**
Debt (1)	655,542	29,896	59,791	59,791	506,064
Operating leases	29,451	3,629	5,678	5,081	15,063
Contingent consideration	23,711	12,808	10,903	-	-
Other obligations (2)	189,260	189,260	-	-	-
Total contractual obligations	897,964	235,593	76,372	64,872	521,127

(1) Debt payments include the face value of the 2025 Senior Notes plus any expected interest payments assuming the 2025 Senior Notes are held to maturity in 2025.
(2) Other obligations consist of accounts payable, accrued liabilities, bank indebtedness, and revolving credit facility.

Contingencies

Trinidad is involved in various legal actions that have arisen in the course of operations. Management is of the opinion that losses, if any, arising from such legal actions would not have a material effect on the consolidated financial statements.

Shareholders' Equity

Common shares outstanding at March 31, 2018 were 273,457,951 shares.

Common shares outstanding at May 7, 2018 were 273,457,951 shares.

Seasonality

Trinidad operates a substantial number of rigs in western Canada; therefore, operations are impacted by weather and seasonal factors. The winter season is typically a busy period as oil and natural gas companies take advantage of frozen ground conditions to move drilling rigs into regions that might otherwise be inaccessible to heavy equipment due to swampy conditions. Springtime normally encompasses a slow period referred to as spring break-up. During this period, melting conditions result in temporary municipal road bans that effectively prohibit the movement of drilling rigs. The remainder of the year is usually representative of average activity levels.

Trinidad's expansion to the US and international markets has reduced its overall exposure to the seasonal factors that are present in its Canadian operations. These seasonal conditions typically limit Canadian drilling activity, whereas in the US and international areas, operators have more flexibility to work throughout the year. The activity in the US and international operations has allowed Trinidad to better manage its business with more sustainable cash flows throughout the annual cycle. However, industry conditions have an effect on how seasonality affects Trinidad's activity.

Critical Accounting Judgments and Estimates

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are continually evaluated and are based on historical experience and expectations of future events. While judgments and estimates used by Trinidad are believed to be reasonable under current circumstances, actual results could differ. Refer to the audited annual consolidated financial statements for a detail description of all material judgment and estimates used by the Company.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it earns revenue and incurs expenses, including revenue and expenses from transactions with other Trinidad segments. The Company determines its operating segments based on information that is internally generated and used by the chief operating decision makers within the Company to make determinations about allocation of resources and assessments of performance.

Effective January 1, 2018, Trinidad reviewed the existing operating segments under IAS 8 - Operating segments (IAS 8), in order to better present the Company's operations based on geographic location and services provided, as well as to review any material changes to Trinidad's operations.

Accordingly, Trinidad has identified four operating segments.

- US and international operations - includes land drilling services located in both the US and international markets and technology operations in the US. The segment excludes all joint venture operations.
- Canadian operations - includes land drilling services.
- Joint venture operations - includes US and international joint venture operations.
- Corporate - includes all non-operating activities and acts as a support function to the other segments.

Trinidad noted that per IAS 8 - Operating segments (IAS 8), Trinidad's joint venture operations did not meet the quantitative thresholds required to be separately reportable. However, management believes it would be useful for users of the financial statements to have this segment separately

New standards adopted

Financial Instruments (IFRS 9): Effective January 1, 2018, Trinidad adopted the amendment to IFRS 9 with respect to a single, forward-looking 'expected loss' impairment model for financial assets. The amendments to IFRS 9 are applied retrospectively. The model requires the Company to assess expected credit losses ("ECL") based on customers' credit risk at each reporting period. The Company applies a provision matrix based on average external credit ratings. Refer to the Significant Accounting Policies in note 3 of the financial statements for more information.

Revenue from Contracts with Customers (IFRS 15): Effective January 1, 2018, Trinidad adopted *IFRS 15 - Revenue from Contracts with Customers (IFRS 15)* issued by the IASB in May 2014. The new standard replaces *IAS 18 - Revenue (IAS 18).* Trinidad applied the cumulative effective method and therefore comparative information has not been restated and continues to be reported under IAS 18. The nature of the changes in IFRS 15 replace the previous revenue recognition guidance with a framework in which to record revenue from contracts with customers for the sale of goods or rendering of services. The new standard was adopted using the modified retrospective approach.

Trinidad recognizes revenue from drilling services once a contract with the customer is recognized. Contracts are accounted for once the parties to the contract have approved the agreement, the rights to the goods and services to be transferred are identified, the transaction price and payment terms are identified, the risk, timing or amount of future cash flows is expected to change and collection is probable. These contracts can be for varied durations of time, and as such, the performance obligation is at the completion of a day of drilling activity. Revenue is recognized daily, based on specified rates in each contract and on the daily activity of the rig. As such, there will be no unfulfilled performance obligations.

Trinidad has disclosed disaggregated revenue by geographic area in our segmented information note in the financial statements. Upon adoptions of this standard, there was no material impact on the consolidated financial statements and there was no impact to the Company's revenue recognition policy. Refer to the Significant Accounting Policies in note 3 of the financial statements for more information.

New standards not yet adopted

Leases (IFRS 16): In January 2016, IASB issued IFRS 16 to replace the guidance currently found in IAS 17. The new standard replaces the previous guidance on lease recognition and establishes principles for recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however will remain largely unchanged and the distinction between operating and finance leases is retained. The amendments are effective for annual periods beginning on or after January 1, 2019, with early application permitted if IFRS 15, has also been applied. IFRS 16 will be adopted by Trinidad on January 1, 2019. The Company is currently reviewing contracts that are identified as leases and assessing the impact of this standard on its consolidated financial statements.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

There have been no significant changes in the Company's disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR) for the three months ended March 31, 2018. In addition, no material weaknesses or significant deficiencies have been identified in the design and operating effectiveness of these controls which could materially affect, or are reasonably likely to affect, Trinidad's ICFR.

Business Risks

The business of Trinidad is subject to certain risks and uncertainties. Prior to making any investment decision regarding Trinidad, investors should carefully consider, among other things, the risks described herein (including the risks and uncertainties listed in the Forward-Looking Statements section in this MD&A) and the risk factors set forth in the most recently filed Annual Information Form of the Company which is incorporated by reference herein. The Annual Information Form has been filed with SEDAR and can be accessed at **www.sedar.com**. Copies may be obtained on request and without charge, by contacting Trinidad at (403) 265-6525.

Non-GAAP Measures Definitions

This MD&A 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 investments in joint ventures, working capital, Senior Debt to Bank EBITDA, Total Debt to Bank EBITDA, Bank EBITDA to Cash Interest Expense, drilling days, operating days, utilization rate - drilling day, utilization rate - operating day, revenue - rate per operating day or dayrate and operating expense - rate per operating day or operating expense per day. 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) from investments in joint ventures and including adjusted EBITDA from investments in joint ventures. Adjusted EBITDA is not intended to represent net (loss) as calculated in accordance with IFRS. Adjusted EBITDA is calculated using 100% of the related amounts from all entities controlled by Trinidad where Trinidad may not hold 100% of the outstanding shares.

Adjusted EBITDA is calculated as follows:

Three months ended March 31, ($ thousands)	**2018**	2017
Net (loss)	**(22,390)**	(12,118)
Plus:		
Finance and transaction costs	**9,539**	14,113
Depreciation and amortization	**58,155**	44,561
Income taxes	**(9,792)**	(12,826)
	35,512	33,730
Plus:		
(Gain) loss on sale of assets	**(1,690)**	73
Share-based payment expense	**2,664**	(879)
Foreign exchange (gain) loss	**(957)**	5,256
Fair value adjustments	**3,557**	-
(Gain) from investments in joint ventures	**(191)**	(8,503)
Adjusted EBITDA from investments in joint ventures	**(1,035)**	21,581
Adjusted EBITDA	**37,860**	51,258

"Adjusted EBITDA from investments 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, dividend expense, dividend re-class, impairment adjustments to property and equipment, as well as preferred share valuation 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 items and unrelated to the operations of the business. Adjusted EBITDA from investments in joint ventures is not intended to represent net (loss) as calculated in accordance with IFRS.

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

Three months ended March 31,		
($ thousands)	**2018**	2017
Gain from investments in joint ventures	**191**	8,503
Plus:		
Finance costs	**182**	(42)
Depreciation and amortization	**4,608**	6,010
Income taxes	**(152)**	(131)
	4,829	14,340
Plus:		
Impairment of property and equipment	**10,210**	-
Foreign exchange	**474**	664
TDI investment - fair value adjustment	**(16,717)**	6,059
Preferred share valuation	**169**	518
Adjusted EBITDA from investments in joint ventures	**(1,035)**	21,581

"Working capital" is used by management and the investment community to analyze the operating liquidity available to the Company.

Working capital is derived from the consolidated statements of financial positions and is calculated as follows:

As at	March 31,	December 31,
($ thousands)	**2018**	2017
Current assets	**172,314**	150,544
Less:		
Current liabilities	**88,223**	107,339
Working capital	**84,091**	43,205

"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 investments 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.

"Total Debt to Bank EBITDA" is defined as the consolidated balance of long-term debt, which includes the revolving facility, Senior Notes and dividends payable at quarter end less unrestricted cash in excess of $10.0 million, to consolidated Bank EBITDA for the 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 property and equipment, loss (gain) from investment in joint ventures, share-based payment expense and unrealized foreign exchange.

"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 investments in joint ventures, share-based payment expense, fair value adjustments on financial assets and liabilities 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.

"Revenue - 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).

"Operating expense - rate per operating day" or "Operating expense per day" is defined as operating expense (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 the financial statements and MD&A 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, 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 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) or other measures of financial performance calculated in accordance with IFRS. Operating income is calculated from the consolidated statements of operations and comprehensive (loss) 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 (loss) 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). Operating income - net percentage is calculated from the consolidated statements of operations and comprehensive (loss) 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.

Trinidad is an industry-leading contract driller, providing safe, 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. Trinidad provides contract drilling and related services in the US, Canada, the Middle East and Mexico.

L Bolster

Brent Conway
President and Chief Executive Officer

Lesley Bolster
Chief Financial Officer

Consolidated Statements of Financial Position

As at ($ thousands) - unaudited	March 31, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents (Note 4)	**13,582**	3,948
Accounts receivable [(1)]	**128,776**	117,385
Inventory	**6,159**	5,971
Prepaid expenses	**4,991**	3,657
Assets held for sale (Note 5)	**18,806**	19,583
	172,314	150,544
Property and equipment (Note 6)	**1,350,988**	1,363,815
Intangible assets and goodwill (Note 7)	**90,925**	90,339
Deferred income taxes	**92,722**	82,872
Investments in joint ventures (Note 8)	**220,327**	214,976
	1,927,276	1,902,546
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**87,951**	106,694
Deferred revenue and customer deposits	**272**	645
	88,223	107,339
Long-term debt (Note 9)	**554,373**	511,674
Contingent consideration (Note 14)	**10,903**	7,035
Deferred income taxes	**2,060**	5,474
Non-controlling interests (Note 10 & 14)	**9,034**	8,863
	664,593	640,385
Shareholders' Equity		
Common shares (Note 11)	**1,525,633**	1,525,633
Contributed surplus	**65,336**	65,292
Accumulated other comprehensive income	**151,595**	128,655
Deficit [(1)]	**(479,881)**	(457,419)
	1,262,683	1,262,161
	1,927,276	1,902,546

Commitments and contingencies (Note 15)

(1) Included in accounts receivable and deficit at December 31, 2017 is $1.2 million recorded related to the IFRS 9 implementation.

(See Notes to the condensed consolidated interim financial statements)

Consolidated Statements of Operations and Comprehensive Income (Loss)

Three months ended March 31, ($ thousands) - unaudited	2018	2017
Revenue		
Oilfield service revenue	**152,752**	131,938
Other revenue	**495**	799
	153,247	132,737
Expenses		
Operating expense (Note 17)	**101,689**	84,099
General and administrative (Note 17)	**15,327**	18,082
Depreciation and amortization (Notes 6 & 7)	**58,155**	44,561
Foreign exchange (Note 17)	**(957)**	5,256
(Gain) loss on sale of assets (Note 6)	**(1,690)**	73
	172,524	152,071
(Gain) from investments in joint ventures (1) (Note 8)	**(191)**	(8,503)
Finance and transaction costs (Note 17)	**9,539**	14,113
Fair value adjustments (2) (Note 10)	**3,557**	—
(Loss) before income taxes	**(32,182)**	(24,944)
Income taxes		
Current	**97**	41
Deferred	**(9,889)**	(12,867)
	(9,792)	(12,826)
Net (loss)	**(22,390)**	(12,118)
Other comprehensive income (loss)		
Foreign currency translation adjustment for foreign operations, net of income tax (Note 18)	**22,940**	(5,983)
Foreign currency translation adjustment for non-controlling interest, net of income tax (Note 10)	**(373)**	(111)
	22,567	(6,094)
Total comprehensive income (loss)	**177**	(18,212)
Net (loss) income attributable to:		
Shareholders of Trinidad	**(22,462)**	(11,936)
Non-controlling interests (Note 10)	**72**	(182)
Total comprehensive income (loss) attributable to:		
Shareholders of Trinidad	**478**	(17,919)
Non-controlling interests (Note 10)	**(301)**	(293)
Earnings per share		
Basic / Diluted (Note 13)	**(0.08)**	(0.05)

(1) (Gain) from investments in joint ventures includes Trinidad's portion of the net (gain) 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) Fair value adjustments includes the fair value adjustments on the contingent considerations related to the RigMinder business combination and the fair value of the non-controlling interests liability. For the three months ending March 31, 2018, the fair value on the contingent consideration was $3.6 million (December 31, 2017 - $1.1 million). For the three months ending March 31, 2018, the fair value on the non-controlling interests liability was less than $0.1 million (December 31, 2017 - $3.1 million).

(See Notes to the condensed consolidated interim financial statements)

Consolidated Statements of Changes in Equity

Three months ended March 31, 2018 and 2017 ($ thousands) - unaudited	Common shares	Contributed surplus	Accumulated other comprehensive income [1]	(Deficit)	Total equity
Balance at December 31, 2017	1,525,633	65,292	128,655	(457,419)	1,262,161
Share-based payment expense (Note 12)	**-**	**44**	**-**	**-**	**44**
Total comprehensive income (loss) (Note 18)	**-**	**-**	**22,940**	**(22,462)**	**478**
Balance at March 31, 2018	**1,525,633**	**65,336**	**151,595**	**(479,881)**	**1,262,683**
Balance at December 31, 2016	1,374,656	65,087	179,499	(376,574)	1,242,668
Issuance of shares (Note 11)	149,500	-	-	-	149,500
Share issuance costs (net of tax) (Note 11)	(4,805)	-	-	-	(4,805)
Share-based payment expense (Note 12)	-	20	-	-	20
Total comprehensive (loss) (Note 18)	-	-	(5,983)	(11,936)	(17,919)
Balance at March 31, 2017	1,519,351	65,107	173,516	(388,510)	1,369,464

(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.

(See Notes to the condensed consolidated interim financial statements)

Consolidated Statements of Cash Flows

Three months ended March 31, ($ thousands) - unaudited	2018	2017
Cash (used in) provided by		
Operating activities		
Net (loss)	**(22,390)**	(12,118)
Adjustments for:		
Depreciation and amortization (Notes 6 & 7)	**58,155**	44,561
Foreign exchange (Note 18)	**(957)**	5,256
(Gain) loss on sale of assets (Note 6)	**(1,690)**	73
(Gain) from investments in joint ventures [(1)] (Note 8)	**(191)**	(8,503)
Finance and transaction costs (Note 17)	**9,539**	14,113
Fair value adjustments (Note 10)	**3,557**	-
Income taxes	**(9,792)**	(12,826)
Other [(2)]	**2,755**	(767)
Income taxes paid	**(115)**	(298)
Income taxes recovered	**158**	4
Interest paid	**(16,877)**	(29,258)
Funds flow	**22,152**	237
Change in non-cash operating working capital (Note 19)	**(13,770)**	(27,934)
Cash flow provided by (used in) operating activities	**8,382**	(27,697)
Investing activities		
Purchase of property and equipment	**(16,014)**	(23,172)
Proceeds from disposition of assets	**3,321**	283
Net investments in joint ventures (Note 8)	**1,150**	7,740
Intangibles additions (Note 7)	**(832)**	-
Change in non-cash working capital (Note 19)	**(14,300)**	(742)
Cash flow (used in) investing activities	**(26,675)**	(15,891)
Financing activities		
Proceeds from long-term debt (Note 9)	**93,363**	53,248
Repayments of long-term debt (Note 9)	**(65,605)**	(20,000)
Issuance of shares	**-**	149,500
Share issuance costs	**-**	(6,561)
Proceeds from 2025 Senior Notes (Note 9)	**-**	461,860
Repayments of 2019 Senior Notes (Note 9)	**-**	(591,670)
Debt issuance costs (Note 9)	**(25)**	(11,459)
Change in non-cash working capital (Note 19)	**-**	157
Cash flow provided by financing activities	**27,733**	35,075
Cash flow from operating, investing and financing activities	**9,440**	(8,513)
Effect of translation of foreign currency cash	**194**	(3,799)
Increase (decrease) in cash for the period	**9,634**	(12,312)
Cash and cash equivalents - beginning of period	**3,948**	25,780
Cash and equivalents - end of period	**13,582**	13,468

(1) (Gain) from investments in joint ventures includes Trinidad's portion of net (loss) income in all joint ventures and the TDI joint venture fair value adjustment as this is held as a financial asset.

(2) Other includes share-based payment expenses of $2.7 million (2017 - $0.9 million) and elimination of upstream and downstream transactions between Trinidad and the Joint Venture Operations.

(See Notes to the condensed consolidated interim financial statements)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. Structure of the Corporation

Organization

Trinidad Drilling Ltd. ("Trinidad" or the "Company") is incorporated under the laws of the Province of Alberta, Canada. The Company was formed by way of an arrangement under the *Business Corporations Act* of Alberta pursuant to an arrangement agreement effective March 10, 2008 between the Company and Trinidad Energy Services Income Trust. Trinidad's principal place of business is located at 1000, 585 - 8th Avenue SW, Calgary, Alberta.

Operations

Trinidad is an industry-leading contract driller, providing safe, 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. Trinidad provides contract drilling and related services in the US, Canada, the Middle East and Mexico.

The Company trades on the Toronto Stock Exchange under the symbol TDG.

2. Basis of Presentation

Statement of compliance

These condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements. These condensed consolidated interim financial statements were prepared using International Accounting Standard (IAS) 34 - Interim Financial Reporting as at and for the period ended March 31, 2018. These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors as of May 7, 2018.

These condensed consolidated interim financial statements were prepared by management and follow the same accounting policies and methods as the audited financial statements as at and for the year-ended December 31, 2017, except as described in note 3. These condensed consolidated interim financial statements do not contain all of the disclosures required for the annual consolidated financial statements. As a result, these condensed consolidated interim financial statements should be read in conjunction with the Company's previous annual consolidated financial statements for the year-ended December 31, 2017, prepared in accordance with IFRS as issued by the IASB.

Measurement basis

These condensed consolidated interim financial statements are presented in Canadian dollars, assuming the Company will continue as a going concern for the foreseeable future. These condensed consolidated interim financial statements are prepared on a historical cost basis except as specifically noted within these notes.

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it earns revenue and incurs expenses, including revenue and expenses from transactions with other Trinidad segments. The Company determines its operating segments based on information that is internally generated and used by the chief operating decision makers within the Company to make determinations about allocation of resources and assessments of performance.

Effective January 1, 2018, Trinidad reviewed the existing operating segments under IAS 8 - Operating segments (IAS 8), in order to better present the Company's operations based on geographic location and services provided, as well as to review any material changes to Trinidad's operations.

Accordingly, Trinidad has identified four operating segments.

- US and international operations - includes land drilling services located in both the US and international markets and technology operations in the US. The segment excludes all joint venture operations.
- Canadian operations - includes land drilling services.
- Joint venture operations - includes US and international joint venture operations.
- Corporate - includes all non-operating activities and acts as a support function to the other segments.

Trinidad noted that per IAS 8 - Operating segments (IAS 8), Trinidad's joint venture operations did not meet the quantitative thresholds required to be separately reportable. However, management believes it would be useful for users of the financial statements to have this segment separately

Use of judgment and estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are continually evaluated and are based on historical experience and expectations of future events. While judgments and estimates used by Trinidad are believed to be reasonable under current circumstances, actual results could differ. The Company has applied significant judgments on a basis consistent with prior year.

Seasonality

Trinidad operates a substantial number of rigs in western Canada; therefore, operations are impacted by weather and seasonal factors. The winter season is typically a busy period as oil and natural gas companies take advantage of frozen ground conditions to move drilling rigs into regions that might otherwise be inaccessible to heavy equipment due to swampy conditions. Springtime normally encompasses a slow period referred to as spring break-up. During this period, melting conditions result in temporary municipal road bans that effectively prohibit the movement of drilling rigs. The remainder of the year is usually representative of average activity levels.

Trinidad's expansion to the US and international markets has reduced its overall exposure to the seasonal factors that are present in its Canadian operations. These seasonal conditions typically limit Canadian drilling activity, whereas in the US and international areas, operators have more flexibility to work throughout the year. The activity in the US and international operations has allowed Trinidad to better manage its business with more sustainable cash flows throughout the annual cycle. However, industry conditions have an effect on how seasonality effects Trinidad's activity.

3. Significant Accounting Policies

New standards adopted

Financial Instruments (IFRS 9): Effective January 1, 2018, Trinidad adopted the amendment to IFRS 9 with respect to a single, forward-looking 'expected loss' impairment model for financial assets. The amendments to IFRS 9 are applied retrospectively. The model requires the Company to assess expected credit losses ("ECL") based on customers' credit risk at each reporting period. The Company applies a provision matrix based on average external credit ratings. Refer to note 14 for detailed disclosures.

Revenue from Contracts with Customers (IFRS 15): Effective January 1, 2018, Trinidad adopted *IFRS 15 - Revenue from Contracts with Customers (IFRS 15)* issued by the IASB in May 2014. The new standard replaces *IAS 18 - Revenue (IAS 18)*. Trinidad applied the cumulative effective method and therefore comparative information has not been restated and continues to be reported under IAS 18. The nature of the changes in IFRS 15 replace the previous revenue recognition guidance with a framework in which to record revenue from contracts with customers for the sale of goods or rendering of services. The new standard was adopted using the modified retrospective approach.

Trinidad recognizes revenue from drilling services once a contract with the customer is recognized. Contracts are accounted for once the parties to the contract have approved the agreement, the rights to the goods and services to be transferred are identified, the transaction price and payment terms are identified, the risk, timing or amount of future cash flows is expected to change and collection is probable. These contracts can be for varied durations of time, and as such, the performance obligation is at the completion of a day of drilling activity. Revenue is recognized daily, based on specified rates in each contract and on the daily activity of the rig. As such, there will be no unfulfilled performance obligations.

Trinidad has disclosed disaggregated revenue by geographic area in our segmented information note (note 16). Upon adoptions of this standard, there was no material impact on the consolidated financial statements and there was no impact to the Company's revenue recognition policy.

New standards not yet adopted

Leases (IFRS 16): In January 2016, IASB issued IFRS 16 to replace the guidance currently found in IAS 17. The new standard replaces the previous guidance on lease recognition and establishes principles for recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however will remain largely unchanged and the distinction between operating and finance leases is retained. The amendments are effective for annual periods beginning on or after January 1, 2019, with early application permitted if IFRS 15, has also been applied. IFRS 16 will be adopted by Trinidad on January 1, 2019. The Company is currently reviewing contracts that are identified as leases and assessing the impact of this standard on its consolidated financial statements.

4. Cash and Cash Equivalents

As at ($ thousands)	March 31, 2018	December 31, 2017
Cash and cash equivalents	**13,582**	3,948

Cash and cash equivalents are comprised of cash at bank and cash on hand, less cheques in transit, as well as short-term investments and similar instruments that have a maturity of three months or less for Trinidad's wholly owned subsidiaries. The majority of the Company's bank accounts are tied to a master netting agreement, and as such, are disclosed as a total consolidated balance on the consolidated statements of financial position. The Company's bank accounts that are excluded from the master netting agreement had a total balance as at March 31, 2018 of $5.4 million (December 31, 2017 - $5.3 million).

Available within Trinidad's credit facility is a $10.0 million Canadian bank overdraft and a $10.0 million US bank overdraft. Trinidad uses the bank overdraft as part of its short-term cash management strategy to minimize the requirement of carrying cash on hand to cover outstanding cheques and deposits. The bank overdraft is subject to the same terms and conditions as the credit facility (note 9).

5. Assets Held For Sale

As at March 31, 2018, the building and land included in assets held for sale at December 31, 2017 had not been sold. As such, they were still classified as assets held for sale as at March 31, 2018. It is expected that these assets will be sold in the second half of 2018.

As at December 31, 2017 the Company classified $19.6 million of property and equipment to assets held for sale. These assets included a building and land included in the Canadian operation, as well as top drives included in capital inventory in the US and international divisions that were being underutilized. The top drives in the US and International segment had a carrying amount that exceeded the recoverable amount. As a result, an impairment of $3.0 million was recorded for the year ended December 31, 2017 (see note 6). The top drives were subsequently sold in Q1 2018.

6. Property and Equipment

Property and equipment as at and for the periods ended March 31, 2018 and December 31, 2017 are as follows:

($ thousands)	Rigs and related equipment	Automotive and other equipment	Buildings	Construction equipment	Land	Assets under construction	Total
Cost							
Balance as at January 1, 2017	2,791,761	26,623	53,520	2,881	12,054	12,777	2,899,616
Additions/transfers	145,055	1,256	-	-	-	16,295	162,606
Acquired upon business combination	1,045	-	-	-	-	-	1,045
Disposals	(33,918)	(1,175)	(403)	(9)	(67)	(267)	(35,839)
Assets held for sale	(15,166)	-	(20,937)	-	(3,409)	-	(39,512)
Effect of foreign exchange	(121,433)	(611)	(1,380)	(34)	(182)	(884)	(124,524)
Balance as at December 31, 2017	2,767,344	26,093	30,800	2,838	8,396	27,921	2,863,392
Additions/transfers	**18,948**	**(265)**	**-**	**-**	**-**	**(93)**	**18,590**
Disposals	**(8,526)**	**(99)**	**-**	**-**	**-**	**77**	**(8,548)**
Effect of foreign exchange	**(51,696)**	**285**	**558**	**14**	**74**	**446**	**53,073**
Balance as at March 31, 2018	**2,829,462**	**26,014**	**31,358**	**2,852**	**8,470**	**28,351**	**2,926,507**
Accumulated depreciation and impairment							
Balance as at January 1, 2017	1,383,887	16,127	14,047	2,658	-	-	1,416,719
Depreciation	191,587	3,047	2,159	112	-	-	196,905
Impairment loss	2,993	-	-	-	-	-	2,993
Disposals	(33,164)	(872)	(182)	(9)	-	-	(34,227)
Assets held for sale	(14,389)	-	(5,540)	-	-	-	(19,929)
Effect of foreign exchange	(62,040)	(477)	(333)	(34)	-	-	(62,884)
Balance as at December 31, 2017	1,468,874	17,825	10,151	2,727	-	-	1,499,577
Depreciation	**54,973**	**650**	**336**	**4**	**-**	**-**	**55,963**
Disposals	**(7,605)**	**(89)**	**-**	**-**	**-**	**-**	**(7,694)**
Effect of foreign exchange	**27,297**	**211**	**151**	**14**	**-**	**-**	**27,673**
Balance as at March 31, 2018	**1,543,539**	**18,597**	**10,638**	**2,745**	**-**	**-**	**1,575,519**
Net book value							
March 31, 2018	**1,285,923**	**7,417**	**20,720**	**107**	**8,470**	**28,351**	**1,350,988**
December 31, 2017	1,298,470	8,268	20,649	111	8,396	27,921	1,363,815

For the year ended March 31, 2018, disposals mainly related to various non-core assets in the US and Canadian divisions.

As at December 31, 2017, Trinidad transferred top drives, included in the US and international operations, to assets held for sale. As a result, an impairment of $3.0 million was recorded for the year ended December 31, 2017. The fair value of the top drives was determined based on the realizable value of a sales transaction. Refer to note 5 for further information.

The cost of assets under construction includes cost of materials, direct labour, construction overhead and any other costs directly attributable in readying the asset for its intended use. Accumulated costs are reported as assets under construction until the related asset is ready for use, at which time it will be subject to depreciation.

7. Intangible Assets and Goodwill

Intangible assets and goodwill as at and for the period ended March 31, 2018 and December 31, 2017 are as follows:

($ thousands)	Patents and licensing agreements	Technology	Customer relationships	Engineering and design	Goodwill	Total
Cost						
Balance as at January 1, 2017	3,000	-	900	1,082	204,977	209,959
Additions	3,145	893	-	-	-	4,038
Acquired upon business combination	-	37,873	-	-	18,755	56,628
Effect of foreign exchange	(264)	143	-	-	(904)	(1,025)
Balance as at December 31, 2017	5,881	38,909	900	1,082	222,828	269,600
Additions	**-**	**765**	**-**	**-**	**-**	**765**
Effect of foreign exchange	**(290)**	**1,122**	**-**	**-**	**922**	**1,754**
Balance as at March 31, 2018	**5,591**	**40,796**	**900**	**1,082**	**223,750**	**272,119**
Accumulated amortization and impairment						
Balance as at January 1, 2017	3,000	-	626	539	172,088	176,253
Amortization	745	1,495	274	543	-	3,057
Effect of foreign exchange	(25)	(24)	-	-	-	(49)
Balance as at December 31, 2017	3,720	1,471	900	1,082	172,088	179,261
Amortization	**241**	**1,951**	**-**	**-**	**-**	**2,192**
Effect of foreign exchange	**(347)**	**88**	**-**	**-**	**-**	**(259)**
Balance as at March 31, 2018	**3,614**	**3,510**	**900**	**1,082**	**172,088**	**181,194**
Net book value						
March 31, 2018	**1,977**	**37,286**	**-**	**-**	**51,662**	**90,925**
December 31, 2017	2,161	37,438	-	-	50,740	90,339

Intangibles

- **Patents and licensing agreements –** consists of a method and apparatus for controlling the rotation of a drill string and is included in the US operations.
- **Technology -** consists of technology and software assets acquired from the RigMinder acquisition and are included in the US and international operations.
- **Customer relationships –** consists of customer relationships acquired from a previous business combination and are included in the Canadian operations. Fully amortized as of December 31, 2017.
- **Engineering and Design –** consists of costs related to work completed on standardized engineering and design drawings for new rig builds and are included in the Canadian operations. Fully amortized as of December 31, 2017.

Goodwill

Goodwill is a result of a number of business combinations and is generally attributable to anticipated synergies expected from those acquisitions. Goodwill by definition has no useful life; and therefore, is not amortized. However, goodwill is subject to impairment tests at least annually. For purposes of impairment testing, Trinidad assesses goodwill at the operating segment level.

As at March 31, 2018, there were no indicators of impairment and as such, no impairment test of Goodwill was performed. The change in the balance at March 31, 2018 when compared to December 31, 2017 is entirely due to the effects of changes in the foreign exchange rate during the period.

As at March 31, 2018, Goodwill of $51.7 million is comprised of $18.9 million in the Canadian operations and $32.8 million in the US and international operations (As at December 31, 2017, Goodwill of $50.7 million is comprised of $18.9 million in the Canadian operations and $31.8 million in the US and international operations).

8. Investments in Joint Ventures

Joint Ventures (Gain) Reconciliation

Three months ended March 31,		
($ thousands)	**2018**	2017
Trinidad Drilling International loss (gain) from investment	**16,175**	(14,484)
Trinidad Drilling International fair value adjustment	**(16,717)**	6,059
Other joint arrangements net loss (gain) from investments	**351**	(78)
(Gain) from investments in joint ventures	**(191)**	(8,503)

Joint Ventures Investments Reconciliation

As at	**March 31,**	December 31,
($ thousands)	**2018**	2017
Trinidad Drilling International investment balance	**219,277**	213,616
Other joint arrangements investments balance	**1,050**	1,360
Investments in joint ventures	**220,327**	214,976

Joint Venture – Trinidad Drilling International

Effective September 3, 2013, Trinidad entered into a joint venture arrangement with a wholly-owned subsidiary of Halliburton to operate drilling rigs for international projects outside of Canada and the US. The joint venture currently has operations in Saudi Arabia and Mexico and is exploring future growth opportunities in other international markets. The joint venture is conducting business under the name Trinidad Drilling International (TDI) through separately incorporated companies. Trinidad owns 60% of the shares of TDI and each of the joint parties have equal voting rights. The investment is held through common shares and mandatory redeemable preferred shares (MRPS) classified as liabilities. As the MRPS's are considered a liability, all dividends declared are recorded as an expense to net (loss) on the statement of operations and comprehensive (loss). Trinidad considers the investment to be a financial asset at fair value through profit or loss and recognizes changes in fair value of the investment in the statements of operations and comprehensive (loss) as a (gain) from investment in joint venture.

Continuity of Investment in TDI Joint Venture for Trinidad

Total Investment ($ thousands)	**Three months ended** **March 31, 2018**	Year ended December 31, 2017
Opening balance	**213,616**	261,984
Distribution and dividends received from joint venture	**—**	(40,149)
(Loss) gain from investment in joint venture	**(16,175)**	4,735
Change in loan to joint venture	**(1,150)**	(9,123)
Elimination of downstream transactions	**(84)**	(397)
Fair value adjustment	**16,717**	13,216
Effect of foreign exchange	**6,353**	(16,650)
Ending balance	**219,277**	213,616

Summarized financial information for TDI

Summarized statements of operations and comprehensive (loss) income for TDI:

Three months ended March 31, ($ thousands)	**2018**		2017	
	TDI	**Trinidad 60% Share**	TDI	Trinidad 60% Share
Revenue				
Oilfield service revenue	7,850	**4,710**	51,510	30,906
	7,850	**4,710**	51,510	30,906
Expenses				
Operating expense	8,191	**4,915**	13,246	7,948
General and administrative	2,395	**1,437**	2,586	1,552
Depreciation and amortization	7,467	**4,480**	8,999	5,399
Foreign exchange	(49)	**(28)**	(144)	(86)
Finance costs	246	**148**	(101)	(61)
Impairment	17,016	**10,210**	-	-
Preferred share valuation	282	**169**	864	518
Income before income tax	(27,698)	**(16,621)**	26,060	15,636
Income taxes				
Current	263	**158**	2,927	1,756
Deferred	(1,006)	**(604)**	(1,006)	(604)
Net income	(26,955)	**(16,175)**	24,139	14,484

Summarized statements of financial position for TDI:

Amounts are presented at 100% of the value included in the statement of financial position for Trinidad Drilling International.

As at ($ thousands)	March 31, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	**50,109**	48,788
Accounts receivable	**7,038**	10,647
Inventory	**7,201**	6,951
Prepaid expenses	**247**	801
Assets held for sale	**101,813**	-
	166,408	67,187
Property and equipment	**219,555**	336,076
Deferred income taxes	**4,639**	3,507
	390,602	406,770
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**29,273**	15,340
Preferred shares	**234,832**	240,211
	264,105	255,551
Notes payable to joint venture partners	**23,464**	24,266
	287,569	279,817
Shareholders' Equity		
Common shares	**23,508**	23,508
Contributed surplus	**102,500**	102,500
Accumulated other comprehensive income	**4,477**	1,442
Deficit	**(27,452)**	(497)
	103,033	126,953
	390,602	406,770

Assets held for sale. On April 12, 2018, Trinidad announced that it had agreed to sell its three remaining rigs located in Saudi Arabia. The rigs and related equipment were sold for approximately US$30 million each, or US$91 million in total gross proceeds. Effective March 31, 2018, the value of these three rigs has been reclassified to assets held for sale with a resulting impairment recorded of $17.0 million.

Related party transactions

The related party transaction exchange amounts are determined depending on the nature of the transaction, and negotiations by both parties. They generally fall into two categories: shared services and sale of existing equipment.

- **Shared services –** TDI, and the shareholders of TDI, signed a shared-services agreement that outlines the costs that will be reimbursed and the rates based on an employee time allocation assessment.

- **Sale of pre-existing equipment –** This equipment is sold at a gain/loss on sale to the Company based on third-party valuations.

During the three months ended March 31, 2018, Trinidad charged TDI general and administrative expenses related to shared services of $0.3 million (2017 - $0.2 million). As at March 31, 2018, TDI had an outstanding trade payable to Trinidad of $0.8 million (December 31, 2017 - $0.5 million) related to general and administrative expenses.

The joint shareholders of TDI have loaned funds, via promissory notes, to fund the importation of drilling rigs into Saudi Arabia. The funds are recoverable through operations in TDI within five years from date of advance and earn interest at 4.25% and mature in December 2020. As at March 31, 2018, the loan payable to the joint venture shareholders is $24.8 million, of which $14.9 million is payable to Trinidad (December 31, 2017 - total loan payable of $24.3 million of which $14.7 million was payable to Trinidad). As of March 31, 2018, TDI also had a receivable outstanding from Trinidad of $1.3 million (December 31, 2017 - nil), related to working capital funding for the Bahrain project.

Fair value of investment in TDI joint venture

At March 31, 2018, the fair value of the investment in the TDI joint venture was assessed by comparing the discounted future cash flows, including expected proceeds from the sale of three rigs in Saudi Arabia, to the net book value of this asset at the period end date. For the three month ended March 31, 2018, it was determined that the fair value of the investment exceeded the net book value and as such an adjustment of $16.7 million was recorded (For the three months ended March 31, 2017 - net book value was lower than the fair value of the investment and as such an adjustment of $6.1 million was recorded).

9. Long-Term Debt

As at ($ thousands)	March 31, 2018	December 31, 2017
2025 Senior Notes [(a)]	**451,255**	438,550
Credit facility [(b)]	**114,117**	84,621
	565,372	523,171
Less: unamortized debt issue costs	**(10,999)**	(11,497)
	554,373	511,674

a) On February 8, 2017, Trinidad issued US$350.0 million of 6.625% senior unsecured notes (2025 Senior Notes) for par value. The Canadian dollar equivalent on this date was $461.9 million. Interest is payable semi-annually in arrears on February 15 and August 15 and the 2025 Senior Notes mature in February 2025. On or after February 15, 2020, Trinidad has the option to redeem all or a portion of the 2025 Senior Notes at set redemption prices, which includes the principal amount plus any accrued and unpaid interest to the applicable redemption date. Trinidad incurred debt issue costs of $11.3 million related to the 2025 Senior Notes which will be amortized over the life of the 2025 Senior Notes using the effective interest rate method.

   The 2025 Senior Notes have been designated as a hedge of the net investment in self-sustaining foreign operations. As a result, unrealized foreign exchange gains and losses on the 2025 Senior Notes are offset against foreign exchange gains and losses arising from the translation of the accounts of self-sustaining foreign subsidiaries. These gains and losses are included in the cumulative translation account in other comprehensive (loss).

b) On December 12, 2014, Trinidad terminated its existing credit facility from 2010 and entered into a new agreement, which was amended on December 14, 2015; June 24, 2016; January 27, 2017 and November 30, 2017. The new amended credit facility includes a Canadian revolving facility of $100.0 million, and a US revolving facility of $100.0 million. Included in the facility are a $10.0 million Canadian dollar bank overdraft and a $10.0 million US dollar bank overdraft. The facility requires quarterly interest payments based on Bankers Acceptance and LIBOR rates. The facility matures December 12, 2020, and is subject to annual extensions of an additional year on each anniversary date upon consent of the lenders holding two-thirds of the aggregate commitments under the credit facility. The members of the syndicated groups include major Canadian, US and international financial institutions. The debt is secured by a general guarantee over the assets of Trinidad and its subsidiaries.

At March 31, 2018 the following financial convenants were in place:

Senior Debt to Bank EBITDA	**Max of 2.5x**
Bank EBITDA to Cash Interest Expense	**Max of 2.5x**

Other covenants in effect include but are not limited to the following: incurring additional debt and liens on assets; investments, including advances to the TDI joint venture; asset sales; and making restricted payments. The new amended credit facility allows Trinidad to pay dividends provided that Trinidad's Total Debt to Bank EBITDA covenant is less than five times. At March 31, 2018, Trinidad is in compliance with all covenants related to the credit facility.

At March 31, 2018, the Company had outstanding letters of credit of $8.6 million (December 31, 2017 - $8.7 million).

10. Non-controlling Interests

For the period ended March 31, 2018 and December 31, 2017, the non-controlling interests relate to Midland C Ranch Holdings, LLC (Midland), CanElson 120601 Drilling Limited Partnership #1 (LP1) and CanElson 120601 Drilling Limited Partnership #2 (LP2). The principal place of business for Midland is the United States, and the principal place of business for LP1 and LP2 is Canada.

On September 18, 2017, Trinidad acquired the remaining ownership of CanElson 120601 Drilling Limited Partnership #3 (LP3) for consideration of $0.2 million. Effective September 30, 2017, Trinidad holds 100 percent of the share capital of the subsidiary.

The following table summarizes the information relating to the non-controlling interests:

($ thousands)	**Three months ended March 31, 2018**	Year ended December 31, 2017
Opening balance	**8,863**	7,197
Comprehensive (loss) attributable to non-controlling interest	**(301)**	(1,624)
Change in fair value of liability	**(71)**	3,117
Foreign currency translation adjustment	**543**	173
Closing balance	**9,034**	8,863

Summarized statements of financial position for non-controlling interests

As at March 31, 2018	**LP1**	**LP2**	**Midland**	**Total**
Non-controlling interests ownership percentage	**50%**	**45.6%**	**50%**	
($ thousands)				
Current assets	1,588	833	3,333	**5,754**
Non-current assets	3,737	3,268	19,095	**26,100**
Current liabilities	1,250	3,100	1,412	**5,762**

As at December 31, 2017	LP1	LP2	Midland	Total
Non-controlling interests ownership percentage	50%	45.6%	50%	
($ thousands)				
Current assets	1,370	895	3,031	5,296
Non-current assets	4,068	3,626	19,430	27,124
Current liabilities	1,250	3,100	1,798	6,148

Summarized statements of operations and comprehensive (loss) for non-controlling interests

Three months ended March 31, 2018	**LP1**	**LP2**	**LP3**	**Midland**	**Total**
Non-controlling interests ownership percentage	**50%**	**45.6%**	**0%**	**50%**	
($ thousands)					
Revenue	1,287	1,007	-	3,180	**5,474**
Net (loss) income	(30)	(199)	-	356	**127**
Net (loss) income attributable to non-controlling interests	(15)	(91)	-	178	**72**
Total comprehensive (loss) attributable to non-controlling interests	(15)	(91)	-	(195)	**(301)**

For the three months ended March 31, 2017	LP1	LP2	LP3[(1)]	Midland	**Total**
Non-controlling interests ownership percentage	50%	45.6%	50%	50%	
($ thousands)					
Revenue	1,232	1,088	-	1,605	**3,925**
Net (loss) income	(133)	55	(171)	(110)	**(359)**
Net (loss) income attributable to non-controlling interests	(66)	25	(86)	(55)	**(182)**
Total comprehensive (loss) income attributable to non-controlling interests	(66)	25	(86)	(166)	**(293)**

(1) On September 18, 2017, Trinidad acquired the remaining ownership interest of LP3. For the three months ending March 31, 2017, net (loss) attributable to non-controlling interest is recognized for the period January 1, 2017 to March 31, 2017, in which the partner still held a 50 percent interest.

Fair value of non-controlling interest

As at March 31, 2018, Trinidad completed a valuation assessment of the non-controlling interest liability whereby the discounted cash-flows were compared to the net book value of the liability. At March 31, 2018, it was determined that the fair value of the liability was higher than the net book value and as such an adjustment of less than $0.1 million was recorded. At December 31, 2017, it was determined that the fair value of the liability was lower than the net book value and as such an adjustment of $3.1 million was recorded.

11. Common Shares

Authorized

Unlimited number of common shares, voting, participating:

(Number of shares)	Three months ended March 31, 2018	Year ended December 31, 2017
Outstanding - beginning of period	**273,457,951**	222,087,270
Issuance of shares	**-**	47,460,317
Issuance upon business combination	**-**	3,910,364
Outstanding - end of period	**273,457,951**	273,457,951

On February 8, 2017, Trinidad closed a bought deal equity financing agreement resulting in the issuance of 47,460,317 common shares at a price of $3.15 per share, for gross proceeds of $149.5 million. Gross share issuance costs of $6.6 million were recorded net of tax of $1.8 million.

On August 25, 2017, Trinidad acquired all of the issued and outstanding shares of RigMinder Operating LLC for US$30.0 million, comprised of US$25.0 million in cash and US$5.0 million in common shares. Trinidad issued 3,910,364 shares at a deemed price per share of $1.6065, for a total value of $6.3 million.

On September 25, 2017, Trinidad filed a notice with the Toronto Stock Exchange (TSX) to make a normal course issuer bid (NCIB) to purchase outstanding shares on the open market. As approved by the TSX, Trinidad is authorized to purchase up to 23,032,913 common shares (which represent approximately ten percent of the Company's public float outstanding at the time of the bid) during the period September 28, 2017 to September 27, 2018, or until such time as the bid is completed or terminated at the Company's option. Any shares purchased under the bid are purchased on the open market through the facilities of the TSX at the prevailing market price at the time of the transaction. Common shares acquired under the bid will be canceled. For the three months ended March 31, 2018, Trinidad did not purchase any outstanding shares.

12. Share-Based Payments

Incentive Option Plan

On March 10, 2008, Trinidad established an Option Plan to provide an opportunity for officers, employees and consultants of Trinidad and its affiliates to participate in the growth and development of the Company. Options generally vest on the first, second and third anniversary of the date of grant. They are exercisable for a period of five years from the date of grant. Under the Option Plan, a maximum of 4% of the outstanding common share balance is available to be issued.

The following summarizes the changes in outstanding options:

	Three months ended March 31, 2018		Year ended December 31, 2017	
	Number	**Weighted average exercise price (CDN$)**	Number	Weighted average exercise price (CDN$)
Outstanding - beginning of period	**1,398,060**	**3.69**	1,160,320	5.24
Granted	**669,026**	**1.85**	617,615	2.35
Expired	**(19,199)**	**6.26**	(251,549)	7.79
Forfeited	**(67,989)**	**2.26**	(128,326)	3.17
Outstanding - end of period	**1,979,898**	**3.09**	1,398,060	3.69

For the three months ended March 31, 2018, Trinidad recognized share-based payment expense relating to outstanding options of less than $0.1 million (2017 - expense less than $0.1 million).

Deferred Share Unit Plan

On March 11, 2008, the Company established the Deferred Share Unit (DSU) Plan to provide a compensation system for members of the Board of Directors that is reflective of the responsibility, commitment and risk accompanying board membership. Each DSU granted permits the holder to receive a cash payment equal to the volume weighted average share price for the five days preceding payment. DSUs vest immediately upon grant but are not exercisable until resignation or termination from the Board of Directors. DSU holders are entitled to share in dividends which are credited as additional DSUs at the dividend record date. The following summarizes the changes in outstanding DSUs:

(Number of DSUs)	Three months ended March 31, 2018	Year ended December 31, 2017
Outstanding - beginning of period	**693,849**	557,307
New grants	**254,328**	136,542
Outstanding - end of period	**948,177**	693,849

The total fair value of DSUs at March 31, 2018 was $1.6 million (December 31, 2017 - $1.2 million) which represents total DSUs outstanding multiplied by the trailing five day volume weighted average share price of the Company's underlying common shares as the DSUs have no exercise price. The liability is recorded in accounts payable and accrued liabilities in the consolidated statements of financial position.

For the three months ended March 31, 2018, Trinidad recognized share-based payment expense related to the outstanding DSUs of $0.5 million (2017 - recovery of $0.3 million).

For the three months ended March 31, 2018, and 2017, no deferred share units were exercised.

Performance Share Unit Plan

On March 11, 2008, Trinidad established the Performance Share Unit (PSU) Plan to provide an opportunity for officers and employees of Trinidad to participate in the growth and development of the Company and to promote further alignment of interests between employees and the shareholders. PSUs are subject to Company performance metrics assessed by management with a three-year performance period. Each PSU granted permits the holder to receive a cash payment equal to the volume weighted average share price for the five days preceding payment adjusted for performance metrics. PSU holders are entitled to share in dividends which are credited as additional PSUs at the dividend record date.

The following summarizes the changes in outstanding PSUs:

(Number of PSUs)	**Three months ended March 31, 2018**	Year ended December 31, 2017
Outstanding - beginning of period	**3,871,624**	6,180,683
New grants	**2,328,525**	1,510,395
Exercised	**-**	(2,971,496)
Exchange of units	**-**	(368,396)
Forfeited	**(294,591)**	(479,562)
Outstanding - end of period	**5,905,558**	3,871,624

At March 31, 2018, there were no vested PSUs outstanding (December 31, 2017 - nil). Of the PSUs outstanding at March 31, 2018, 2,295,351 vest on December 1, 2018, 1,281,682 vest on December 1, 2019, and 2,328,525 vest on December 1, 2020. The total fair value of PSUs at March 31, 2018 was $5.1 million (December 31, 2017 - $3.2 million), which represents total PSUs outstanding multiplied by the trailing five day volume weighted average share price of the Company's underlying common shares and adjusted for performance factors. The liability is recorded in accounts payable and accrued liabilities in the consolidated statements of financial position.

During the year ended December 31, 2017, Trinidad entered into an exchange agreement with certain officers and employees whereby the holders of specific PSUs exchanged their rights to these PSUs for restricted share units (RSUs). The PSUs were exchanged on a one-to-one basis for RSUs. During the year ended December 31, 2017, 368,396 units were exchanged.

For the three months ended March 31, 2018, Trinidad recognized a share-based payment expense related to the outstanding PSUs of $2.0 million (2017 - recovery of $0.6 million).

Restricted Share Unit Plan

On January 1, 2017, Trinidad established the RSU Plan to provide an opportunity for officers and employees of Trinidad to promote further alignment of interests between employees and the shareholders. Each RSU granted permits the holder to receive a cash payment equal to the volume weighted average share price for the five days preceding payment. RSU holders are entitled to share in dividends which are credited as additional RSUs at the dividend record date.

(Number of RSUs)	**Three months ended March 31, 2018**	Year ended December 31, 2017
Outstanding - beginning of period	**933,252**	-
New grants	**945,571**	575,614
Exchange of units	**-**	368,396
Forfeited	**(87,836)**	(10,758)
Outstanding - end of period	**1,790,987**	933,252

At March 31, 2018, there were no vested RSUs outstanding (December 31, 2017 - nil). Of the RSUs outstanding at March 31, 2018, 314,374 vest on December 1, 2018, 531,042 vest on December 1, 2019, and 945,571 vest on December 1, 2020. The total fair value of RSUs at March 31, 2018 was $1.0 million (December 31, 2017 - $0.8 million), which represents total RSUs outstanding multiplied by the trailing five day volume weighted average share price of the Company's underlying common shares, as the RSUs have no exercise price. The liability is recorded in accounts payable and accrued liabilities in the consolidated statements of financial position.

For the three months ended March 31, 2018, Trinidad recognized a share-based payment expense related to the outstanding RSUs of $0.2 million (2017 - $0.1 million).

Stock Appreciation Rights Plan

On November 5, 2013, Trinidad established the Stock Appreciation Rights (SAR) Plan to provide an opportunity for officers and employees of Trinidad to promote further alignment of interests between employees and shareholders. Each SAR granted permits the holder to receive a cash payment equal to the spread of the closing sales price of the stock and the grant price for all vested SARs. The SARs generally vest a portion on the first, second and third anniversary of the grant date, and must be exercised within ten years from the grant date.

(Number of SARs)	**Three months ended March 31, 2018**	Year ended December 31, 2017
Outstanding - beginning of period	**1,025,654**	655,564
New grants	**920,575**	633,238
Forfeited	**(100,816)**	(263,148)
Outstanding - end of period	**1,845,413**	1,025,654

During the three months ended March 31, 2018, 920,575 units were granted at an exercise price of $1.85 (2017 - 633,238 SARs were granted for an exercise price ranging between $1.63 and $2.41).

At March 31, 2018, there were 276,153 vested SARs outstanding (December 31, 2017 - 297,168). The total fair value of SARs at March 31, 2018 was less than $0.1 million (December 31, 2017 - less than $0.1 million).

For the three months ended March 31, 2018, Trinidad recognized a share-based payment expense related to the outstanding SARs of less than $0.1 million (2017 - recovery of less than $0.1 million).

13. Earnings Per Share

Basic earnings per share for the three months ended March 31, 2018 and 2017, is based on the net (loss) attributable to Trinidad shareholders, as reported in the consolidated statements of operations and comprehensive (loss), and the weighted average number of common shares outstanding in the period.

Diluted earnings per share for the three months ended March 31, 2018 and 2017, is based on the net (loss) attributable to Trinidad shareholders, as reported in the consolidated statements of operations and comprehensive (loss), and the basic weighted average number of common shares outstanding, both adjusted for dilutive factors as follows:

Three months ended March 31, ($ thousands except share data)	**2018**	2017
Net (loss) attributable to Trinidad common shareholders		
Basic	**(22,462)**	(11,936)
Diluted	**(22,462)**	(11,936)
Weighted average number of common shares		
Basic	**273,457,951**	249,508,786
Stock options	**11,788**	374,675
Diluted	**273,469,739**	249,883,461

For the three months ended March 31, 2018, 1,968,110 stock options were excluded from the calculation of diluted earnings per share as the effect would have been anti-dilutive (2017 - 524,500 stock options excluded).

14. Financial Instruments

Trinidad's financial instruments include cash and cash equivalents, accounts receivable, investment in TDI joint venture, accounts payable and accrued liabilities, long-term debt, non-controlling interests liability and contingent consideration. The carrying amounts of these financial instruments, reported on the Company's consolidated statements of financial position approximates their fair values, with the exception of the 2019 Senior Notes and the 2025 Senior Notes, as follows:

As at	**March 31, 2018**		December 31, 2017	
($ thousands)	**Fair Value**	**Carrying Value**	Fair Value	Carrying Value
Financial assets at amortized cost:				
Cash and cash equivalents	**13,582**	**13,582**	3,948	3,948
Accounts receivable	**128,776**	**128,776**	117,385	117,385
Financial assets at fair value through profit or loss:				
Investment in TDI joint venture	**219,277**	**219,277**	213,616	213,616
Financial liabilities measured at amortized cost:				
Accounts payable and accrued liabilities	**87,951**	**87,951**	106,694	106,694
Credit Facility				
Canadian Revolving Credit Facility (1)	**52,231**	**52,231**	40,766	40,766
US Revolving Credit Facility (1) (2)	**61,886**	**61,886**	43,855	43,855
2025 Senior Notes (1)	**425,308**	**451,255**	427,586	438,550
Financial liabilities at fair value through profit or loss:				
Contingent consideration	**10,903**	**10,903**	7,035	7,035
Non-controlling interests liability	**9,034**	**9,034**	8,863	8,863

(1) 2025 Senior Notes and Credit Facilities are recorded at their gross amounts and do not include transaction costs incurred on their issuance.
(2) US Revolving Credit Facility was equivalent to US$48.0 million at March 31, 2018 and US$35.0 million at December 31, 2017.

Trinidad has estimated the fair value amounts using appropriate valuation methodologies and information available to management as of the valuation dates. The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it was practicable to estimate that value:

- **Cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities.** The carrying amounts approximate fair value because of the short maturity of these instruments.

- **Investment in TDI joint venture.** The fair value of the investment reflects amounts that Trinidad has invested into the TDI joint venture and the expected future financial performance of the joint venture operations. The investment in joint venture is a level 3 in the fair value hierarchy (note 8).

- **Credit Facility.** The fair value of the various pieces of long-term debt related to the credit facilities are based on the values owed to third-party financial institutions using current market price indicators. Long-term debt is a level 2 in the fair value hierarchy.

- **Senior Notes.** The fair value of the 2025 Senior Notes is based on the closing market price on the date of valuation. The 2025 Senior Notes are a level 1 in the fair value hierarchy.

- **Contingent consideration.** The fair value of the contingent consideration is a level 3 in the fair value hierarchy.

- **Non-controlling interests.** The fair value of the non-controlling interests are a level 3 in the fair value hierarchy (note 10).

During the three months ended March 31, 2018 and the year ended December 31, 2017, there were no transfers of any financial assets or liabilities between levels.

Financing costs

The carrying value of the 2025 Senior Notes and revolving credit facilities are recorded net of debt issuance costs. At March 31, 2018, the deferred issuance costs related to Trinidad's 2025 Senior Notes and revolving credit facilities was $11.0 million (December 31, 2017 - $11.5 million). Trinidad recorded finance costs of $0.5 million for the year ended March 31, 2018 relating to amortization of debt issuance costs (2017 - $0.5 million).

Nature and Extent of Risks Arising from Financial Instruments

Trinidad is exposed to a number of market risks arising through the use of financial instruments in the ordinary course of business. Specifically, Trinidad is subject to credit risk, liquidity risk, currency risk and interest rate risk.

	Risks			
			Market risks	
Financial Instrument	Credit	Liquidity	Currency	Interest rate
Measured at cost or amortized cost				
Cash and cash equivalents	X		X	X
Accounts receivable	X		X	
Accounts payable and accrued liabilities		X	X	
Current portion of long-term debt		X		X
Long-term debt		X	X	X
Measured at fair value				
Investment in TDI joint venture	X	X	X	
Non-controlling interests	X	X	X	
Contingent consideration		X	X	

Credit risk

Trinidad is exposed to credit risk as a result of extending credit to customers prior to receiving payment for services to be performed, creating exposure on accounts receivable balances with trade customers. This exposure to credit risk is managed through a corporate credit policy whereby upfront evaluations are performed on all customers and credit is granted based on payment history, financial conditions and anticipated industry conditions. When a customer does not meet initial credit evaluations, work may be performed subject to a prepayment of services.

The Company applies the simplified approach to providing for expected credit losses ("ECL"), as prescribed by IFRS 9, based on the customers' credit risk at each reporting period. The Company applies a provision matrix based on average external credit ratings. The total credit loss provision at January 1, 2018 was $1.2 million, and was recorded to opening retained earnings. The total credit loss provision at March 31, 2018 was $1.2 million.

	Credit Quality[1]			
March 31, 2018	High	Medium	Low	**Total**
($ thousands)				
Expected loss rate	0.0% to 1.0%	1.1% to 2.0%	> 2.0%	
Expected impairment loss	238	667	329	**1,234**

(1) For receivables from a counterparty that does not have a third party credit rating, the Company used its best estimate to approximate the credit quality of that counterparty.

Liquidity risk

Liquidity risk is the risk that Trinidad will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity through daily, weekly and longer-term cash outlook and debt management strategies. Trinidad's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facility, to ensure all obligations are met as they fall due. To achieve this objective, the Company:

- Maintains cash balances and liquid investments with highly-rated counterparties;
- Limits the maturity of cash balances; and
- Borrows the bulk of its debt needs under committed bank lines or other term financing.

The following maturity analysis shows the remaining contractual maturities for Trinidad's financial liabilities:

As at March 31, 2018 ($ thousands)	Due within 1 year	2 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	75,143	-	-	-
Canadian Revolving Credit Facility	52,231	-	-	-
US Revolving Credit Facility	61,886	-	-	-
2025 Senior Notes (1)	-	-	-	451,255
Contingent consideration	12,808	10,903	-	-
Interest payments on contractual obligations	29,896	59,791	59,791	54,809
Total	**231,964**	**70,694**	**59,791**	**506,064**

(1) The financial liability of the 2025 Senior Notes represents the Canadian dollar face value at maturity in January of 2025.

Currency risk

Trinidad's operations are affected by fluctuations in currency exchange rates due to the Company's expansion into the US and international marketplace and reliance on US and international suppliers to deliver components used by these drilling operations. The exposure to realized foreign currency fluctuations from its US subsidiaries is mitigated due to the independence of the US and international operations from its Canadian parent for cash flow requirements to satisfy daily operations, creating a natural hedge. However, Trinidad is exposed to unrealized fluctuations in the gains and losses on consolidation, and US dollar-denominated inter-company balances between the US, international and Canadian entities. During the three months ended March 31, 2018 and 2017, the Company had in place a net investment hedge on these foreign entities.

As at March 31, 2018 and 2017, portions of Trinidad's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and contingent consideration were denominated in US dollars. In addition, Trinidad's US and international subsidiaries, and Trinidad's investments in joint ventures, including all related joint venture gains and losses, are subject to foreign translation adjustments upon consolidation. Based on these US dollar financial instrument closing balances, net (loss) for the year ended March 31, 2018 would have fluctuated by $0.2 million (2017 - less than $0.1 million), and for the year ended March 31, 2018, other comprehensive (loss) would fluctuate by $11.0 million (2017 - $11.7 million) for every $0.01 variation in the value of the US/Canadian exchange rate.

Interest rate risk

Trinidad is exposed to risk related to changes in interest rates on borrowings under the credit facility which is subject to floating interest rates. As at March 31, 2018, Trinidad had $52.2 million outstanding debt on the Canadian dollar credit facility and $61.9 million outstanding debt on the US credit facility. A change of one percent in the interest rates for the year ended March 31, 2018 would cause a change of $0.2 million in interest costs (December 31, 2017 - $0.3 million).

15. Commitments and Contingencies

Commitments

Trinidad enters into drilling contracts with third parties for use of the Company's drilling equipment. These contracts range from 12 months to five years. As well, Trinidad has several operating lease agreements on buildings and equipment. Operating lease expenses are included in general and administrative expenses and operating expenses in the consolidated statements of operations and comprehensive (loss). The Company does not have any contingent rental payments. The Company's annual commitments are shown net of sublease income. The leases expire at various times through 2029 and there are no significant renewal or purchase options.

As at March 31, 2018 ($ thousands)	Due within 1 year	2 - 3 years	4 - 5 years	After 5 years
Operating leases	3,629	5,678	5,081	15,063

Contingencies

Trinidad is involved in various legal actions which have occurred in the course of operations. Management is of the opinion that losses, if any, arising from such legal actions would not have a material effect on these consolidated financial statements.

16. Segmented Information

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

Three months ended March 31, 2018 ($ thousands)	United States / International Operations	Canadian Operations	Joint Venture Operations (1)	Corporate	Total
Operating revenue	80,664	59,331	-	-	139,995
Other revenue	94	381	-	-	475
Third party recovery	6,121	6,636	-	-	12,757
General and administrative - third party recovery	-	-	-	110	110
Elimination of downstream transactions	-	(90)	-	-	(90)
	86,879	66,258	-	110	153,247
Operating costs	50,980	37,952	-	-	88,932
Third party costs	6,121	6,636	-	-	12,757
Operating income	29,778	21,670	-	110	51,558
Depreciation and amortization	32,555	25,600	-	-	58,155
(Gain) on sale of assets	(1,412)	(278)	-	-	(1,690)
	31,143	25,322	-	-	56,465
Segmented (loss) income	(1,365)	(3,652)	-	110	(4,907)
(Gain) from investments in joint ventures (1)	-	-	(191)	-	(191)
General and administrative	-	-	-	15,217	15,217
General and administrative - third party costs	-	-	-	110	110
Foreign exchange	-	-	-	(957)	(957)
Finance and transaction costs	-	-	-	9,539	9,539
Fair value adjustments	3,451	106	-	-	3,557
Income taxes	-	-	-	(9,792)	(9,792)
Net (loss) income	(4,816)	(3,758)	191	(14,007)	(22,390)
Purchase of property and equipment	14,074	1,940	-	-	16,014

(1) The (gain) from investments in joint ventures reflects the Company's share of the financial performance of the joint ventures during the period. The Company's share of individual assets and liabilities are recognized as investments on the consolidated statements of financial position.

Three months ended March 31, 2017 ($ thousands)	United States / International Operations	Canadian Operations	Joint Venture Operations [(1)]	Corporate	Total
Operating revenue	58,099	66,324	-	-	124,423
Other revenue	22	748	-	-	770
Third party recovery	1,815	5,700	-	-	7,515
General and administrative - third party recovery	-	-	-	141	141
Elimination of downstream transactions	(12)	(100)	-	-	(112)
	59,924	72,672	-	141	132,737
Operating costs	39,907	36,677	-	-	76,584
Third party costs	1,815	5,700	-	-	7,515
Operating income	18,202	30,295	-	141	48,638
Depreciation and amortization	26,600	17,961	-	-	44,561
Loss on sale of assets	38	35	-	-	73
	26,638	17,996	-	-	44,634
Segmented (loss) income	(8,436)	12,299	-	141	4,004
(Gain) from investments in joint ventures [(1)]	-	-	(8,503)	-	(8,503)
General and administrative	-	-	-	17,941	17,941
General and administrative - third party costs	-	-	-	141	141
Foreign exchange	-	-	-	5,256	5,256
Finance and transaction costs	-	-	-	14,113	14,113
Income taxes	-	-	-	(12,826)	(12,826)
Net (loss) income	(8,436)	12,299	8,503	(24,484)	(12,118)
Purchase of property and equipment	19,462	3,710	-	-	23,172

(1) The (gain) from investments in joint ventures reflects the Company's share of the financial performance of the joint ventures during the period. The Company's share of individual assets and liabilities are recognized as investments on the consolidated statements of financial position.

As at March 31, 2018 ($ thousands)	**United States / International Operations**	**Canadian Operations**	**Joint Venture Operations [(1)]**	**Corporate**	**Total**
Property and equipment	**908,208**	**442,780**	**-**	**-**	**1,350,988**
Intangible assets and goodwill	**72,027**	**18,898**	**-**	**-**	**90,925**
Total assets less deferred tax asset	**1,120,410**	**493,817**	**220,327**	**-**	**1,834,554**
Deferred income tax asset (liability)	**(1,360)**	**92,022**	**-**	**-**	**90,662**

(1) The gain from investments in joint ventures reflects the Company's share of the financial performance of joint ventures 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 March 31, 2017 ($ thousands)	United States / International Operations	Canadian Operations	Joint Venture Operations [(1)]	Corporate	Total
Property and equipment	908,183	544,327	-	-	1,452,510
Intangible assets and goodwill	13,857	19,467	-	-	33,324
Total assets less deferred tax asset	1,032,955	599,162	260,603	-	1,892,720
Deferred income tax asset (liability)	(33,962)	70,708	-	-	36,746

(1) The gain from investments in joint ventures reflects the Company's share of the financial performance of joint ventures during the period. The Company's share of individual assets and liabilities are recognized as an investment on the consolidated statements of financial position.

17. Expenses by Nature

The Company presents certain expenses in the consolidated statements of operations and comprehensive (loss) by function. The following table presents these expenses by nature:

Three months ended March 31, ($ thousands)	2018	2017
Expenses		
Wages and benefits	**64,738**	52,875
Materials and supplies	**12,755**	23,078
Third party costs	**12,757**	7,515
Repairs and maintenance	**14,976**	11,592
External services and facilities	**6,783**	7,859
Research and development costs	**462**	-
General and administrative - third party costs	**110**	141
Share-based payment expense	**2,664**	(879)
Strategic view	**1,771**	-
	117,016	102,181
Allocated to:		
Operating expense	**101,689**	84,099
General and administrative	**15,327**	18,082
	117,016	102,181
Foreign exchange		
Foreign exchange - realized	**428**	3,654
Foreign exchange - unrealized	**(1,385)**	1,602
	(957)	5,256
Finance and transaction costs		
Interest on long-term debt	**8,993**	12,243
Accretion of 2019 Senior Notes	**-**	53
Amortization of deferred financing costs	**546**	455
Transaction costs	**-**	1,362
	9,539	14,113

18. Foreign Currency Translation

The foreign currency translation adjustment relates to Trinidad's non-Canadian operations that have functional currencies that differ from the Canadian dollar and exchange differences on Trinidad' Senior Notes held in US dollars. When the settlement of a balance is not foreseeable in the near future, foreign exchange gains and losses arising on the translation of inter-company balances are considered part of the net investment in the foreign operation. All amounts will be reclassified to profit or loss when specific conditions are met.

Three months ended March 31, ($ thousands)	**2018**	2017
Unrealized loss (gain) on translation of foreign operations with functional currency different from Canadian dollar	**32,155**	(11,591)
Foreign exchange (gain) loss on net investment hedge with US dollar denominated debt, net of tax [(1)]	**(9,215)**	5,608
Total foreign currency translation adjustment	**22,940**	(5,983)

(1) Net of income tax for the three months ended March 31, 2018 and 2017 was $(3.4) million and $2.1 million, respectively.

19. Supplemental Information

Change in non-cash working capital balances:

Three months ended March 31, ($ thousands)	**2018**	2017
Accounts receivable	**(8,075)**	(31,769)
Inventory	**(136)**	560
Prepaid expenses	**(1,311)**	1,604
Accounts payable and accrued liabilities	**(18,167)**	678
Deferred revenue	**(381)**	408
	(28,070)	(28,519)
Pertaining to:		
Operations	**(13,770)**	(27,934)
Investing	**(14,300)**	(742)
Financing	**-**	157
	(28,070)	(28,519)

Reconciliation of liabilities to cash flows arising from financing activities:

($ thousands)	Short-term Borrowings	Long-term Borrowings
Opening long-term debt as at December 31, 2017	-	511,674
Changes from financing cash flows		
Proceeds from long-term debt	**-**	**93,363**
Repayments of long-term debt	**-**	**(65,605)**
Debt issuance costs	**-**	**(25)**
Non-cash changes		
Amortization of deferred financing costs	**-**	**546**
Translation adjustment of Senior Notes	**-**	**14,420**
Ending long-term debt as at March 31, 2018	**-**	**554,373**
Opening long-term debt as at December 31, 2016	1,959	601,057
Changes from financing cash flows		
Proceeds from long-term debt	-	53,248
Repayments of long-term debt	-	(20,000)
Repayments of 2019 Senior Notes	-	(591,670)
Proceeds from 2025 Senior Notes	-	461,860
Debt issuance costs	-	(11,459)
Non-cash changes		
Accretion of 2019 Senior Notes	-	53
Amortization of deferred financing costs	-	455
Translation adjustment of Senior Notes	-	(7,526)
Ending long-term debt as at March 31, 2017	**1,959**	**486,018**

20. Subsequent Event

Effective April 12, 2018, Trinidad announced that it had agreed to sell the three remaining rigs located in Saudi Arabia owned by its international joint venture, TDI, for proceeds of approximately US$30 million each, or US$91 million in total gross proceeds. As these rigs were re-classified to assets held for sale effective March 31, 2018, the net book value of these assets was adjusted to be in line with the sale proceeds. Trinidad's share of these proceeds totals approximately US$55 million.

DIRECTORS

Michael Heier
Independent Businessman
Cochrane, AB

Jim Brown
Independent Businessman
Calgary, AB

Brian Burden
Independent Businessman
Calgary, AB

David Halford
Independent Businessman
Calgary, AB

Nancy Laird
Independent Businesswoman
Calgary, AB

Ken Stickland
Independent Businessman
Calgary, AB

MANAGEMENT

Brent Conway
President and
Chief Executive Officer

Lesley Bolster
Chief Financial Officer

Laura Ingram
Vice President, Finance

Adrian Lachance
Chief Operating Officer

Gavin Lane
Senior Vice President,
Canadian Operations

Ron Parent
Vice President,
Human Resources, HSE and QMS

Nial Shepherd
Senior Vice President,
Trinidad Drilling International

BANKERS

Royal Bank of Canada
Calgary, AB

Wells Fargo
Houston, TX

AUDITORS

PricewaterhouseCoopers LLP
Chartered Professional Accountants
Calgary, AB

LEGAL COUNSEL

Blake, Cassels & Graydon LLP
Calgary, AB

REGISTRAR AND TRANSFER AGENT

TSX Trust Company
Toronto, ON

TRINIDAD DRILLING LTD.
1000, 585 - 8th Avenue SW | Calgary AB T2P 1G1

P: 403.265.6525
F: 403.265.4168
E: investors@trinidaddrilling.com

Download the latest presentations and financial results about Trinidad Drilling at: **www.trinidaddrilling.com**

Trinidad Drilling is traded on TSX under the symbol **TDG**