



**ANNUAL INFORMATION FORM**

**Year Ended December 31, 2010**

**March 24, 2011**

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## FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements contained in this Annual Information Form constitute forward-looking information and statements (collectively “forward-looking statements”). These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and other similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Annual Information Form should not be unduly relied upon. These statements speak only as of the date of this Annual Information Form.

In particular, this Annual Information Form contains forward-looking statements pertaining to the following:

- expected continued success in the development of new technology and processes
- plans to open research and development centers in Russia and the U.S. in 2011
- expect any reductions in the dry gas well count to be largely offset by increases in oil and liquids-rich activity;
- expect oil and liquids-rich gas plays to increase as a percentage of total revenue throughout 2011
- our budgeted capital expenditures;
- expected activity levels, pricing and average revenue-per-job for our Russian Operations, inflationary cost estimates and the resultant impact on margins for our Russian business;
- expectation that demand for our services in the U.S. will remain strong in 2011;
- expectation that approximately 55% of the anticipated capacity of U.S. operations will be committed to long term work arrangements by the end of 2011;
- expected expansion in unconventional plays in Canada;
- believe that in times of low commodity prices, the shale plays in which we are involved will be more active than conventional gas reserves;
- activity levels for shale gas projects, including estimated usage percentages for our fracturing equipment specifically on shale wells;
- expect the Marcellus region to be an area of growth for Trican in 2011;
- expect activity directed toward liquids-rich and oil plays continues to gain momentum in the U.S.;
- long term growth opportunities expected in the U.S.;
- expectation that additional HP will be designated for unconventional plays and will increase U.S. operations HP to 569,500 HP;
- expectation that Algeria will experience tender delays in early 2011 and that activity levels will increase as these administrative issues are clarified;
- long term growth opportunities with respect to our North African operations;
- expect demand for fracturing and fracturing related services remains strong in Russia and continues to be influenced by the price of oil;
- future expected well count and other activity in the WCSB (as defined herein) and our ability to maintain dominant market position;
- expectation that 95% of our fleet will be equipped with high rate shale gas fracturing pumps, transmissions and motors by the end of 2011; belief this will provide us with a strategic advantage when working on unconventional projects;
- focus in 2011 will be to expand into new U.S. operating regions focused on liquids-rich and oil plays, such as the Eagle Ford play;
- continue to expand our service lines and geographic reach in the U.S.;
- anticipation of continued growth in Algeria with additional contracts and service lines;
- expectation that new technologies will give the company a competitive advantage in this market.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Annual Information Form:

- volatility in market prices for oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- competition from other suppliers of oil and gas services;
- competition for skilled personnel;
- changes in income tax laws or changes in other laws and incentive programs relating to the oil and gas industry; and
- the other factors discussed under "Risk Factors".

Readers are cautioned that the foregoing lists of factors are not exhaustive. Forward-looking statements are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although management of Trican believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Trican can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment; the timely receipt of any required regulatory approvals; Trican's policies with respect to acquisitions; the ability of Trican to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability to operate our business in a safe, efficient and effective manner; the ability of Trican to obtain capital financing; the performance and characteristics of various business segments; the regulatory framework; the timing and effect of pipeline, storage and facility construction and expansion; and future commodity, currency, exchange and interest rates.

The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement. We do not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable law.

Unless the context indicates otherwise, a reference in this Annual Information Form to "Trican", the "Company", "we", "us" or "our" refers to Trican Well Service Ltd. and, where appropriate in the context, to its direct or indirect subsidiaries and partnership interests.

All references herein to "\$" or "dollars" are to Canadian dollars except as otherwise stated.

## **TRICAN WELL SERVICE LTD.**

### **Incorporation History**

Trican Well Service Ltd. was incorporated under the *Companies Act* (Alberta) on April 11, 1979 under the name 216858 Oilwell Service Co. Ltd. The Company's name was changed to Trican Oilwell Service Co. Ltd. on May 15, 1979. The Company was continued under the *Business Corporations Act* (Alberta) by Articles of Continuance dated December 30, 1983. On September 17, 1996, the Company filed Articles of Amendment to amend its share capital to create common shares ("Common Shares") and preferred shares, and to redesignate and deem all outstanding shares to be Common Shares. On October 4, 1996, the Company filed Articles of Amendment to delete its private company restrictions. On June 4, 1997, Trican filed Articles of Amendment to change its name to "Trican Well Service Ltd." On January 1, 1999, Trican Well Service Ltd. and Superior Oilwell Cementers Inc. filed Articles of Amalgamation and the amalgamated company continued as Trican Well Service Ltd. On May 26, 2005, Trican filed Articles of Amendment to split the Common Shares on a three-for-one basis. On May 25, 2006, Trican filed Articles of Amendment to split the Common Shares on a two-for-one basis. On May 7<sup>th</sup> 2010, Trican closed a Common Share offering whereby 17,698,500 Common Shares were issued for aggregate proceeds of approximately \$230 million.

Our registered office is 3500, 855- 2<sup>nd</sup> Street SW, Calgary, Alberta, T2P 4J8 and our corporate head office is at Suite 2900, 645 - 7th Avenue S.W., Calgary, Alberta, T2P 4G8.

## Intercorporate Relationships

The following table sets forth the material operating subsidiaries owned directly or indirectly by Trican, their jurisdictions of formation and the percentage of voting securities beneficially owned, controlled or directed by Trican as at December 31, 2010.

Name of Subsidiary <sup>(1)</sup>	Jurisdiction of Formation	Percentage of Voting Securities Owned <sup>(2)</sup>
Trican Partnership <sup>(3)</sup>	Alberta, Canada	100.0%
Trican Well Service LLC	Raduzhny, Russia	100.0%
Trican Well Service, L.P.	Delaware, U.S.A.	100.0%
Trican Delaware Inc.	Delaware, U.S.A.	100.0%

Notes:

- (1) This table does not include all of the subsidiaries of Trican. The assets, sales and operating revenues of unnamed operating subsidiaries of Trican did not individually exceed 10%, and in the aggregate did not exceed 20%, of the total consolidated assets or total consolidated sales and operating revenues, respectively, of Trican as at, and for the year ended, December 31, 2010.
- (2) None of the material subsidiaries have outstanding non-voting securities.
- (3) Effective March 1, 2001, Trican and its wholly-owned subsidiaries Northline Energy Ltd., Canadian Oilfield Stimulation Services Ltd. and Birchwood Industries Ltd. began carrying on business as the sole partners of the Trican Partnership, a general partnership formed pursuant to the *Partnership Act* (Alberta). Pursuant to agreements dated February 27 and March 1, 2001, each of the partners transferred substantially all of their respective net assets and operations to the Trican Partnership. The Trican Partnership, by its managing partner, Trican, assumed all of the rights, duties, liabilities and obligations of the partners pertaining to all lands, assets, contracts, agreements or any other interests whatsoever relating to the beneficial ownership of the assets transferred to the Trican Partnership. Effective March 28, 2007, CBM Solutions Ltd. was added as a partner to the Trican Partnership.

## GENERAL DEVELOPMENT OF THE BUSINESS

### History

Trican is a multinational provider of specialized products, equipment and services used during the exploration and development of oil and natural gas reserves. Headquartered in Calgary, Alberta, Canada, Trican has operations in five countries: Canada, the United States, Russia, Kazakhstan, and Algeria.

Since our initial public offering in December 1996, Trican has invested \$1.5 billion to expand our operations via capital expenditures and acquisitions. As a result of our aggressive expansion program, we have evolved from a regional supplier of cementing services in western Canada to one of the world's largest pressure pumping companies. This expansion has been accomplished through two basic growth strategies: diversifying the suite of services we offer to our customers and broadening our geographic base of operations.

Trican's geographic reach was first expanded outside the WCSB in 2002 with our entry into the Russian market. Since then we have further expanded the geographic scope of our operations through the commencement of operations in Kazakhstan, the United States and Algeria. Expansion into these geographic areas has been achieved principally through organic growth with the exception of the United States which has, to date, been primarily through acquisition although we are adding organically in 2011.

We have enhanced our existing services by making significant investments in new equipment and facilities and assembling what we estimate to be one of the newest and largest equipment fleets in western Canada with 258,700 horsepower ("HP") of pressure pumping capacity. In the United States, we are currently operating ten fracturing crews, all of which are less than 5 years old, with a total pumping capacity of 364,500 HP. Trican Russia currently operates 101,650 HP and maintains a leading position in the Russian fracturing market.

Trican remains committed to providing innovative and cost-effective solutions to our customers. Our continued development of new technology and processes has contributed to our success to date and will be a key element of

our future success. Our research and development efforts remain focused on providing specific solutions to the problems experienced by our customers in the geographic areas in which we operate. To support our ongoing research and development initiatives, we maintain one of the largest laboratories of its type in western Canada. This state of the art facility is a key element in our ongoing effort to be the leading provider of technology to the oil and gas sector. To support this goal, particularly in regard to the development of unconventional natural gas reserves, in March 2007 we acquired CBM Solutions Ltd. ("CBM Solutions"), a Calgary-based technology company that specializes in the provision of geological and engineering services related to the development of these reserves. In 2011, Trican will also open research and development centers in Russia and the United States to ensure that the Company continues to provide innovative solutions to the specific problems our customers are encountering in each of these key markets.

### *Canada*

In Canada, Trican operates in a variety of the sectors of the oilfield pressure pumping services industry including: cementing; fracturing, coalbed methane ("CBM") fracturing; acidizing and production enhancement; CO<sub>2</sub> fracturing; coiled tubing; nitrogen; geological services; microseismic fracture mapping; and industrial services. We offer these services to customers from operations bases located across the Western Canadian Sedimentary Basin ("WCSB"). A description of each of Trican's various services can be found under "Description of Services" in this AIF.

Since 2008, the Canadian market has undergone significant changes with the emergence of unconventional shale gas plays and related horizontal drilling throughout the WCSB. Trican's activity levels, as measured by job count, had typically been directly proportional to the number of wells drilled in the basin. With the emergence of shale gas and horizontal drilling, however, we have seen a divergence from this trend. The increase in shale gas drilling in Canada continues to have a positive impact on our fracturing and coiled tubing service lines in particular.

Most shale gas reservoirs are developed using horizontal wells, which must be fractured several times along the horizontal length to achieve commercial gas rates. The number of fracture treatments on each well ranges between ten and thirty. The fracturing treatments on these wells are usually much larger than conventional treatments, requiring larger fracturing crews and using significantly higher HP per crew, which drives higher revenue per job. Equipment utilization rates also tend to improve with horizontal wells, as the equipment will remain on the same well until all fracturing treatments are completed. In some cases, the fracturing treatments are performed one after the other with no break between fracturing jobs. On larger jobs, however, the interval between treatments ranges between four hours and one day. The increase in the number of fracture treatments also positively impacts activity of our coiled tubing units which are used during fracturing operations to clean out the well before and after fracturing, to lift fluid from the wellbore and to drill out plugs and other tools that are left in the well following the completion of the fracturing treatments.

In 2009, the financial crisis and worldwide economic recession reduced demand for our services and contributed to a reduction in our revenue and operating income. The challenging economic conditions led to a significant drop in well count, which fell to 8,447 in 2009 from 16,910 in 2008<sup>1</sup>. Despite the 50% drop in well count, Trican's strong position in the shale gas plays led to an increase in revenue per job and only a 31% reduction in jobs completed. In response to the decrease in activity, our capital spending focused primarily on sustaining our existing asset base and was \$17.8 million for the year.

In 2010, a recovery in the Canadian economic environment produced strong operating results for Trican. The Canadian industry saw a 58% increase in the number of active drilling rigs in 2010 compared to 2009, led largely by oil and liquids-rich gas directed activity. Oil prices increased substantially from the lows seen in mid-2009 and maintained momentum throughout 2010. Although gas prices improved from the lows of 2009, strong production growth from U.S. and Canadian shale plays kept gas inventory levels high and led to relatively low natural gas prices throughout most of 2010. These factors led to a significant shift in the ratio of oil wells versus gas wells

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<sup>1</sup> PSAC 2010 Canadian Drilling Activity Forecast – January Forecast

drilled in Canada, from a high of 76% gas wells versus 24% oil wells in 2006, to 42% gas wells versus 57% oil wells in 2010. In 2010, we also saw the emergence of liquids-rich gas plays, which include hydrocarbons (primarily ethane, propane and butane) that provide additional marketable product for the producer. These trends had an impact on Trican's operating results as we experienced an increase in Canadian fracturing revenue from oil and liquids rich-directed activity. We continued to benefit from the growth of horizontal drilling in 2010 as the proportion of horizontal wells as a percentage of the total wells drilled in Canada increased compared to 2009. In response to this increased demand, our 2010 capital budget reached a record high of \$138 million. Overall, Canadian revenue increased 106% compared to 2009 and 2010 operating income as a percentage of total revenue improved to 32.6% compared to 14.8% in 2009.

The strong Canadian results throughout 2010 were driven by the development of liquids-rich and oil reservoirs and the increasing demand for fracturing services performed on horizontal wells. Although natural gas prices remain low, we expect any reductions in the dry gas well count to be largely offset by increases in oil and liquids-rich activity. As such, we expect revenue from oil and liquids-rich plays to increase as a percentage of total revenue throughout 2011 and maintain the trend that was seen throughout 2010. Capital expansion plans for 2011 are focused on equipment designed specifically for unconventional oil and gas plays and will increase the Canadian Operations horsepower capacity by 62,550 to 321,250 HP.

### *United States*

In the United States, Trican operated under the name Liberty Pressure Pumping LP ("Liberty") from March 8, 2007 to December 21, 2009. Effective December 22, 2009, Liberty changed its name to Trican Well Service, L.P. ("Trican U.S."). Headquartered in Denton, Texas (a suburb of Dallas), Trican U.S. provides primarily fracturing services in Texas, Louisiana, Arkansas, Oklahoma and Pennsylvania. We also offer cementing, nitrogen and acidizing services in Louisiana and East Texas and acidizing services in Oklahoma. Trican U.S. has six operating bases located in Springtown, Texas; Longview, Texas; Searcy, Arkansas; Woodward, Oklahoma; Shawnee, Oklahoma; and Mill Hall, Pennsylvania.

In March 2007, we acquired approximately 93% of Trican U.S. in exchange for cash consideration of U.S.\$198.6 million and U.S.\$65.9 million of Common Shares of Trican. The acquisition was completed pursuant to an acquisition and distribution agreement dated February 1, 2008. Pursuant to the acquisition of Liberty, Trican entered into a limited partnership agreement dated March 8, 2007 with members of Liberty management such that management retained the remaining approximately 7% interest of Liberty for a specified period of time. In 2008, we acquired the remaining 7% of Liberty. From the acquisition of Liberty in March 2007 to the end of 2010, we have invested \$267.8 million in Trican U.S.'s equipment and operating facilities, expanding our operational reach and service offering.

Trican U.S. has a solid platform in the major shale plays in the southern United States and operates a fracturing fleet with 364,500 HP. This capacity is divided into twelve crews: eight fracturing crews operating out of all six U.S. bases, two cement crews operating out of the Longview base; and two acid crews operating out of bases in Longview and Shawnee.

We have focused on building a solid platform in the shale plays in the United States. As in Canada, these shale plays require large amounts of fracturing services in order to be commercial. They also have some of the lowest operating costs of all basins in the United States. We believe that in times of low commodity prices, the shale plays in which we are involved will be more active than conventional gas reserves.

In 2007, the Barnett Shale and the Fayetteville Shale had significant increases in rig counts relative to 2006. With the influx of rigs into these areas, demand for our services was strong; however, an influx of equipment into the market led to higher discounting later in the year. Results from our United States operations reflected this strong demand until the end of the third quarter of 2007, when a shortage of high quality fracturing proppant (a sand-like material that is mixed with fracturing fluid) forced the cancellation of jobs and increased the cost of purchased sand. These conditions persisted throughout the fourth quarter of 2007, and as a result, fracturing utilization and operating income dropped significantly in the quarter.

Proppant supply was re-established early in the second quarter of 2008 as a result of entering into a long-term proppant supply agreement. From April until September of 2008, Trican U.S. worked to re-establish its scope of work and increase utilization of its equipment in a very price competitive environment. This resulted in low operating margins for the second and third quarters of 2008. By the end of the third quarter of the year, utilization had increased resulting in improved operating income during the fourth quarter.

2009 was a challenging year for Trican U.S. as the economic recession significantly decreased demand for our services and as a result, revenue declined substantially. Excess equipment capacity in the region put downward pressure on our pricing and margins were negatively impacted. Cost control remained a focus for Trican throughout 2009. Our cost control initiatives allowed us to weather the challenging economic conditions experienced during 2009.

On March 2, 2010, we acquired the assets of a privately held U.S.-based fracturing company (the "U.S. Company"). Under the terms of the acquisition agreement Trican U.S., through a wholly owned U.S. subsidiary, acquired 100% of the U.S. Company's assets, comprised of equipment, land and base infrastructure for cash consideration of U.S.\$46.0 million plus associated expenses. The assets acquired consist of 56,250 fracturing HP and the necessary ancillary equipment to operate two fracturing crews. In addition, Trican acquired two acidizing pumpers, including ancillary equipment, and an established base of operations in Shawnee, Oklahoma including some rail assets.

In 2010, U.S. revenue increased by 129% compared to 2009 and operating income increased to approximately \$70 million compared to a loss of approximately \$5 million in 2009. Demand for fracturing services increased in all of our operating regions and we benefited from horizontal drilling growth as it now represents 56% of the wells drilled in the U.S. compared to 48% at the end of 2009. The operational base in Shawnee which was acquired in March has made substantial incremental contributions to total revenue for our U.S. Operations with margins consistent with our other bases. We also opened a base in the Marcellus region during the fourth quarter of 2010. We expect this region to be an area of growth for Trican as we move into 2011.

We expect that demand for our services in 2011 will remain strong as evidenced by the willingness of our customers to enter into long term service agreements. Approximately 67% of the horsepower currently operating in the U.S. is committed to long term work arrangements and we expect that approximately 55% of the anticipated capacity of 569,500 HP for our U.S. Operations will be committed to long term work arrangements by the end of 2011. Activity directed toward liquids-rich and oil plays continues to gain momentum in the U.S. and we expect this trend to continue due to the favourable economics of these plays. Our focus in 2011 will be to capitalize on these growth opportunities by expanding into new U.S. operating regions focused on liquids-rich and oil plays.

In early 2011, we announced the expansion of our U.S. fracturing operations into the Eagle Ford Shale play by committing a 40,000 HP fracturing crew to a two-year minimum commitment contract with a major U.S. customer operating in the play. Expansion into the Eagle Ford Shale increases Trican U.S.' presence in an area where drilling activity is largely being directed at liquids-rich gas targets.

The U.S. Operations' 2011 capital budget totals \$305 million, comprised of \$255 million in expansion capital and \$50 million in infrastructure and maintenance capital. The 2011 capital budget includes the addition of 205,000 HP and 10 twin cement pumpers. The expansion capital is required to support expected customer demand and geographic expansion targeting oil and liquids rich plays in the U.S. market. The additional horsepower will be specifically designed for use in unconventional oil and gas plays and will increase the U.S. Operations horsepower capacity to approximately 569,500 HP.

### ***Russia/Kazakhstan***

In 2002, Trican invested in Newco Well Services LLC ("Newco"). Effective December 3, 2009, Newco changed its name to Trican Well Service LLC ("Trican Russia"). Newco began operations in Russia by providing cementing services to a variety of customers in the Tyumen region of western Siberia. Trican made its initial investment in Newco in 2002 and currently owns a 100% interest in Trican Russia via a 100% ownership in R-Can Services Ltd. a wholly-owned Cypriot subsidiary. Trican conducts its Russian and Kazakh operations through bases situated in western and eastern Siberia, Russia and Kyzylorda and Actau, Kazakhstan, respectively. Trican subsequently expanded from providing cement services to providing fracturing services. Russian work is largely oil-directed but



there has been some diversification into gas with the commencement of work for Gazprom, Russia's largest gas production Company.

Late in 2007, a number of pilot fracturing jobs were completed for Gazprom in the Gubkinsky area which is north of Nizhnevartovsk. Based on the results of this pilot project, a U.S. \$30 million contract was signed and a new operations base was established in 2008 to support fracturing and cementing work in this area. This is a strategic area of operations as it is located near Gazprom's major gas fields. In 2008, the number of gas well fractures performed for Gazprom doubled as a result of favourable production results achieved on wells where we performed the fracturing treatment.

In 2008, Trican Russia established a base in a remote area of eastern Siberia called Vankor. Vankor is a greenfield development being developed by Rosneft. Work on the Vankor project started slowly in 2008 due to start-up problems and delays encountered by our customer, but steadily gained momentum later in the year. Trican Russia invested \$29.5 million in 2008 on equipment and facilities mainly to support our expanded service offering, and to aid in the success of the Vankor and Gazprom projects. The significant increase in the price of oil through 2007 into mid-2008 resulted in significant inflation in Russia during the first three quarters of 2008. In particular, Trican Russia experienced 22% wage inflation and a 40% increase in fuel costs in January of 2008. This, combined with increases in product costs, resulted in operating margins dropping significantly in the first half of the year. Cost cutting measures and start-up of the Vankor project resulted in improved operating results in the latter part of the year.

Trican Russia's 2009 results were consistent with 2008 levels. The global economic recession led to an overall decrease in industry demand in Russia during 2009. However, this decrease was not as severe as declines experienced in North America because of the increase in oil prices throughout the year. Despite the decrease in industry activity, our results in Russia benefited from a strong performance during the 2009 contract award season. We also saw an increase in coiled tubing and nitrogen work throughout the year as we continued to develop these service lines. Revenue for 2009 was negatively impacted by unusually cold weather conditions experienced during the fourth quarter, which also had a negative impact on operating margins. During 2009, a second base was opened in Kazakhstan following a successful fracturing tender. The base is located in Actau, which is one of the main operating areas in Kazakhstan.

Russian activity levels increased in 2010 in comparison to 2009, as the Russian market benefited from increasing oil prices and an economic recovery in Europe. However, our 2010 operating margins were lower than 2009 due to significant cost inflation experienced throughout the region. The strong North American recovery led to significant demand and cost increases for all of the major supply inputs, most notably proppant, used in fracturing treatments. This demand in North America diverted a portion of the Russian supply of proppant and other inputs away from Russian Operations and resulted in higher costs for these products within Russia.

Trican Russia's 2010 capital budget totalled \$36 million, comprised of \$30 million in expansion capital and \$6 million in infrastructure and maintenance capital. The expansion capital included a sixth coiled tubing fleet, which was focused on the higher technology coiled tubing market in eastern Siberia, and two additional fracturing fleets, which were directed toward expanding our market share with key customers. These two fracturing fleets added 18,000 HP, increasing our fracturing horsepower in Russia to 101,650 HP.

Trican expects Trican Russia's 2011 activity levels to increase by approximately 7% relative to the activity levels experienced in 2010. Management expects 2011 fracturing pricing to increase by 8%, which is expected to produce a 6% increase in overall average revenue per job. The forecasted increase in coiled tubing and nitrogen activity relative to the increase anticipated in the fracturing service line will slightly reduce overall revenue per job (as coiled tubing and nitrogen average revenue per job are typically significantly lower than the fracturing service line). Trican expects continued cost pressures resulting from the high levels of inflation being experienced in the Russian market to be offset by pricing increases achieved during the 2011 tender season. Overall, 2011 operating margins are expected to be consistent with 2010.

### *North Africa (Algeria)*

In Algeria, Trican operates out of one base in Hassi Messaoud. Trican runs two coiled tubing units, two nitrogen pumpers and two twin fluid pumpers in the region. Financial results for Algeria are included in our Russian financial results.

Trican's Algeria operations had their first full year of operations in 2008, which was characterized by financial underperformance coupled with the achievement of planned goals. Financially, Trican's operations underperformed for the first three quarters of the year as the customer with which we entered Algeria reduced activity and was eventually sold in the third quarter of 2008. As Trican's contract in Algeria limited its work solely to a single customer, our utilization dropped and financial results suffered. During the second half of 2008, Trican was granted the ability to work for another customer improving our utilization during the fourth quarter.

We started to gain traction in Algeria in 2009 as we expanded our customer base by adding a second coiled tubing/nitrogen package mid-way through the year. Also, late in 2009, a three year cementing contract was signed with a major customer.

In 2010, Algerian state-owned Sonatrach underwent internal reorganisation, which delayed production activities and led to low utilization of our equipment. Algeria also introduced new regulations limiting foreign investment into the country, which further affected Trican's operations by reducing overall activity levels in the region. These issues continue to create a difficult administrative environment and are delaying tenders. We expect tender delays to slow increases in activity in early 2011; however, expectations are that activity levels will increase as these administrative issues are clarified.

Although we continue to face bureaucratic and logistical challenges in Algeria, we believe in the long-term viability of the Algerian market and remain committed to the region as one of our long-term strategic growth opportunities. North Africa possesses significant oil and gas reserves and a ready market in Europe for its products, which we expect will promote higher levels of exploration and development in 2011 and beyond.

## **DESCRIPTION OF THE BUSINESS AND OPERATIONS**

### **General**

The upstream oil and gas industry is comprised of two types of companies: service companies and exploration and production companies. Exploration and production companies generally explore for, develop and produce oil and gas reserves. Service companies provide specialized equipment, products and services to support the exploration, development and production of oil and gas.

Oil and gas reserves are generally located in permeable rock reservoirs accessible primarily by drilling. Optimization of the recovery of reserves requires highly sophisticated procedures and technology. In order to remain competitive, service companies are required to develop and apply technology to specific exploration and development problems to recover additional reserves. North America has been a prime source of this technology. This is particularly true of Canada where, on a global scale, oil and gas reserves per well are relatively small, encouraging oil and gas companies to develop and apply new technologies to enhance recovery.

### **Overview of Operations**

Trican provides a comprehensive array of specialized products, equipment and services that are used during the entire lifecycle of an oil or gas well. We are a global provider of pressure pumping services, with operations in western Canada, the United States, Russia, Kazakhstan and Algeria. Pressure pumping services are typically considered to include fracturing, CBM fracturing, cementing, acidizing, nitrogen and coiled tubing services.

### *Canadian Operations*

The majority of services offered by Trican in Canada are used during the drilling and completion of oil and gas wells. In the past four years, we have seen a decrease in the number gas wells drilled in comparison to the number

of oil wells drilled, largely due to the lower price of natural gas, and comparatively strong oil prices. This trend is expected to continue with strong oil prices, the success of horizontal drilling technology on oil reservoirs, and an increase in horizontal drilling targeting liquids-rich and unconventional gas plays (tight sands, coalbed methane and gas shales). Though these wells are still gas-producing, the horizontal technique requires fewer wells to be drilled.

Trican is the largest full service pressure pumping company in Canada and operates from the largest number of bases in the country. We maintain a dominant market position within the unconventional shale plays in the WCSB, and we believe our service bases are well situated to meet the demand as unconventional resource development grows. During 2011 we are increasing our horsepower capacity by 62,550 to 321,250 HP. By the end of 2011, we plan to have 95% of our fleet equipped with high rate shale gas fracturing pumps, transmissions and motors. We believe this will give us a strategic advantage when working on unconventional projects and provide a solid base for continued growth.

The table below shows the progression of our domestic fleet over the past five years, as well as the expected equipment capacity for 2011. With this extensive fleet and our well-trained personnel, management of Trican believes that we are well positioned to respond to increased demand for our services.

**TABLE 1**

<b>Number of Units at year end (Canada)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010<sup>C</sup></b>	<b>2011<sup>D</sup></b>
Fracturing Crews <sup>A</sup>	18	18	18	18	18	18
HP		135,500	158,000	159,950	258,700	321,250
CBM Fracturing Crews <sup>B</sup>	4	4	4	4	4	4
Cement Pumpers	57	54	49	52	48	53
Deep Coiled Tubing Units	22	18	16	16	19	17
Shallow Coiled Tubing Units	8	8	8	8	7	7
Nitrogen Pumpers	32	28	25	26	27	33
Acidizing Units	12	12	13	13	15	17

Notes:

- A a fracturing crew is made up of several pieces of specialized equipment
- B comprises principally high-rate nitrogen pumping units; these units pump at higher rates and pressure than the pumpers used in our other areas of business
- C operational or in the final stages of construction
- D expected equipment capacity at year end based on approved budgets, which are subject to change

**TABLE 2**

**Revenues Generated by Categories of Principal Services (Canada)**

<b>Service</b>	<b>Year Ended December 31, 2010</b>	<b>Year Ended December 31, 2009</b>
Fracturing services, including CBM	68%	56%
Cementing services	17%	23%

***United States Operations***

Fracturing has comprised a large portion of the services offered to date by Trican U.S. We have focused on building a solid platform in the shale plays in the United States. As in Canada, it was considered virtually impossible to produce gas in commercial quantities from these shale plays until recent improvements were made in hydraulic fracturing technology and horizontal drilling. The majority of land-based wells drilled over the last 10 years in the United States have targeted natural gas reserves. However, with the recent strength of oil prices and relative weakness in natural gas prices, a shift toward more oil and liquids-rich drilling activity became evident in 2010.

Trican believes that this shift will have a significant impact on our industry and our focus in 2011 will be to expand into new U.S. operating regions focused on liquids-rich and oil plays, such as the Eagle Ford play.

Trican U.S. operates a fracturing fleet with 364,500 HP. A base in Springtown, Texas targets activity in the Barnett Shale. A base in Longview, Texas targets activity in the Haynesville Shale in Louisiana and one other deep gas field in East Texas. A base in Searcy, Arkansas targets activity in Fayetteville Shale and bases in Woodward, Oklahoma and Shawnee, Oklahoma target activity in the Woodford Shale. In 2010, a new base in Mill Hall, Pennsylvania was opened with activity directed at the Marcellus play. Also, in early 2011, we announced our entry in the Eagle Ford shale play.

In the latter part of 2008, Trican U.S. began to offer cementing and nitrogen services in Longview and acidizing services in Woodward. We added acid services to Longview in 2009 and Shawnee in 2010. We continue to look at expanding our service lines and geographic reach in the U.S. to achieve our goal of becoming a full service provider in the region.

The table below shows the progression of our domestic fleet over the past four years, as well as the expected equipment capacity for 2011.

**TABLE 5**

Number of Units at year end (U.S.)	2007	2008	2009	2010 <sup>B</sup>	2011 <sup>C</sup>
Fracturing Crews <sup>A</sup>	10	8	8	10	14
HP <sup>D</sup>	173,250	211,500	211,500	364,500	569,500
Cement Pumpers	-	2	2	5	15
Nitrogen Pumpers	-	4	4	7	15
Coiled Tubing	-	-	-	-	8
Acidizing Units	-	1	2	4	8

Notes:

- A a fracturing crew is made up of several pieces of specialized equipment operational or in the final stages of construction
- B expected equipment capacity at year end based on approved budgets, which are subject to change
- D prior years adjusted to reflect brake HP to be consistent with other regions

**TABLE 6**

**Revenues Generated by Categories of Principal Services (U.S.)**

Service	Year Ended December 31, 2010	Year Ended December 31, 2009
Fracturing services	98%	99%

***Russian Operations***

Although gas fields in Russia are anticipated to be a promising growth area for Trican in the future given the significance of their gas reservoirs, oil reservoirs have been the focus of development in Russia to date. Unlike North America where fracturing is used mainly in gas and oil fields, in Russia, it is almost entirely confined to oil-bearing reservoirs.

The Russian oil industry increased production by approximately 50% from 1999 to 2004. Over half of this increase was the result of fracturing treatments on fields which had already been producing in Soviet times and which by the 1990s were experiencing significant production declines.

The use of fracturing to increase production of wells grew slowly in Russia, partly because of the disarray in the Russian oil industry in the 1990s and partly because of low oil prices. However, as the price of oil increased the

number and size of fracturing jobs performed each year grew rapidly. The number of fracture treatments in Russia increased from 2,000 treatments in 2000 to over 3,500 treatments in 2004.

In the midst of this growth, Trican made its initial investment in Trican Russia which was providing cementing services to a variety of customers in the Tyumen region of western Siberia. As fracturing of existing underperforming wells was introduced to deal with nation-wide production declines, Trican Russia added fracturing to its service offerings and it became the focus of its growth strategy. Trican Russia experienced a significant increase in demand for fracturing services as well as an increase in average size of well treatments. Trican Russia also expanded its geographic reach to support demand from its customers.

The demand for fracturing and fracturing related services remains strong in Russia and continues to be influenced by the price of oil. Trican believes strongly in the long term potential of the Russian market, as this region contains significant oil and gas reserves throughout largely unexplored and undeveloped territory. Russian producers of oil and gas have a ready market, and the region is the primary supplier of energy to Europe. Trican expects activity levels to remain strong in Russia and Kazakhstan in order to meet the demand of the European continent emerging from the global economic recession. Trican believes its services will be required to optimize production from Russian resource basins, as producers move to more technically challenging reservoirs. Trican is committed to maintaining a leadership position within the Russian pressure pumping market, and intends to invest in the people and technology to ensure we maximize the potential of this geographic region.

The table below shows the progression of our domestic fleet over the past five years, as well as the expected equipment capacity for 2011.

**TABLE 3**

<b>Number of Units at year end (Russia)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010<sup>B</sup></b>	<b>2011<sup>C</sup></b>
Fracturing Crews <sup>A</sup>	8	11	11	13	15	15
HP	56,800	79,150	79,150	88,150	101,650	109,150
Cement Pumpers	3	6	6	6	6	6
Deep Coiled Tubing	-	3	5	5	6	6
Nitrogen Pumpers	-	4	9	10	10	11

Notes:

- A a fracturing crew is made up of several pieces of specialized pieces of equipment
- B operational or in the final stages of construction
- C expected equipment capacity at year end based on approved budgets, which are subject to change

**TABLE 4**

**Revenues Generated by Categories of Principal Services (Russia)**

<b>Service</b>	<b>Year Ended December 31, 2010</b>	<b>Year Ended December 31, 2009</b>
Fracturing services	82%	82%

***North African Operations***

In October 2007 Trican commenced operations in Algeria, pursuant to a contract with a Canadian exploration and production company for the provision of coiled tubing and nitrogen services. The majority of equipment required under this contract was transferred from our Canadian operating fleet.

Trican views Algeria as a strategic area of growth for the company. Algeria has significant oil and gas reserves and a ready market in Europe for their products. There is a large European and international customer base and an environment that allows us to demonstrate our technical and service capability. We started in Algeria in 2007 with

one coiled tubing crew and doubled our presence in 2009 with a second crew. We also commenced cementing operations in the region during 2010. We continue to grow our operating reputation with our clients and anticipate continued growth in Algeria with additional contracts and service lines.

The table below shows the progression of our domestic fleet over the past four years, as well as the expected equipment capacity for 2011.

**TABLE 7**

<b>Number of Units at end of year (North Africa)</b>	<b>2008</b>	<b>2009</b>	<b>2010<sup>A</sup></b>	<b>2011<sup>B</sup></b>
Deep Coil Tubing Units	1	2	2	2
Nitrogen Pumpers	1	2	2	2
Acidizing Units	1	2	2	2
Cement Pumpers	-	-	3	3

Notes:

A operational or in the final stages of construction

B expected equipment capacity at year end based on approved budgets, which are subject to change

## **Description of Services**

### ***Acidizing and Production Enhancement***

Acid is used to stimulate production in all types of formations including injection, gas and/or oil producing, and disposal. Acids can be categorized into organic and inorganic, and various combinations of these two types are also used in specialty applications. Acid treatment types can be defined by injection rate and pumping pressure. Acid stimulation treatments carried out below formation fracture pressures are termed “Matrix Acidizing Treatments” while those carried out at pressures greater than formation fracture pressures are categorized as “Fracture Acidizing Treatments”.

### ***Carbon Dioxide (“CO2”)***

CO2 is used to energize a stimulation fluid in both fracturing and acidizing applications. CO2 is pumped as a liquid at –18°C (0°F), and expands to a gas as the well is flowed back. After the treatment is completed and the pressure decreases, the liquid CO2 expands significantly to lift fluids to the surface. This is known as the “pop bottle effect”. Liquid CO2 is also an excellent stimulation fluid that is used when formation damage due to fluid retention is suspected.

### ***Cementing***

Primary cementing is one of the most important operations performed on a well in order to ensure complete zonal isolation and aquifer protection. Without it, the well may never reach its full production potential, and liquids from one zone could interfere with another.

After drilling a well, steel pipe called casing is inserted into the hole. Cement is pumped down this pipe and up the annulus between the pipe and the newly drilled hole. In most wells, at least two strings of casing are run: one near the surface called “surface casing” and a second across the producing zone called “production casing”. In some deeper wells, up to four strings are run. Trican cements all the casing strings in the well and will often travel to the well two to four times while it is drilled.

### ***Coiled Tubing***

Coiled tubing (“CT”) is a continuous (without joints) reel of steel pipe that can be manufactured in any length desired. The pipe, which typically comes in sizes that vary from 31.8 mm (1 ¼ in) to 88.9 mm (3 ½ in), is spooled onto a large diameter reel and can be run into any oil or gas well. In general terms, coiled tubing is used as a conduit to circulate and place fluids and gases into the wellbore at a specific depth for either reservoir stimulation or wellbore cleanout purposes. CT is also used to convey tools for a multitude of functions including zonal isolation, perforation, fracturing, drilling, jetting, etc. Trican designs and manufactures specialized tools tailored to these functions and customer-specific needs. CT can also be used for specialized applications such as pipeline cleanouts, temporary flowlines or even as a replacement for conventional production tubulars in the right application.

The major advantage of using CT technology over regular jointed tubing is the ability to safely work on a live well without the need to kill it. Secondary advantages can be the increased speed of running a CT string in and out of a well, which has the potential to save time on some operations when compared to conventional jointed pipe.

### ***Fracturing***

Fracturing is a well stimulation process performed to improve production from geological formations where natural flow is restricted. Fluid is pumped into a well at sufficiently high pressure to fracture the formation. A proppant (sand or ceramic material) is then added to the fluid and injected into the fracture to prop it open, thereby permitting the hydrocarbons to flow more freely into the wellbore. Once the sand has been placed into the fracture, the fluid flows out of the well leaving the sand in place. This creates a very conductive pipeline into the formation.

Normal fracturing operations require that the fluid be viscosified to help create the fracture in the reservoir and to carry the proppant into this fracture. After placing the proppant, the viscous fluid is then required to “break” back to its native state with very little viscosity so it can flow back out of the well, leaving the proppant in place.

Increasingly, non-viscous slick water fracturing treatments are being pumped into shale and tight (low permeability) reservoirs, which are called unconventional reservoirs. These slick water treatments carry proppant without the need of viscosifiers, resulting in reduced cost and less potential damage to the formation.

### ***CBM Fracturing***

Coalbed Methane (“CBM”) formations are found throughout many parts of the Western Canadian Sedimentary Basin (“WCSB”) and the world. Some coal zones are dry and produce little to no water, while others produce large volumes of water from the coal prior to producing gas. Trican has experience in fracturing both types of coal reservoirs. Trican’s CBM fracturing services consist of high-rate nitrogen pumpers and bulk N<sub>2</sub> equipment designed to stimulate dry CBM wells. CBM fracturing involves pumping gaseous nitrogen into a coal zone at very high rates (500 to 4500 scm/min [17,650 to 160,000 scf/min]). This causes the nitrogen to fracture the coal, thereby allowing the methane to flow into the well. Nitrogen is inert and does not damage the formation.

Dry CBM wells normally contain a number of small coal layers. In order to optimize gas production, each of these layers must be fractured independently of one another. For this reason, Trican utilizes coiled tubing with an isolation tool on the bottom to isolate and fracture each small coal seam. In many wells, up to 25 fracs are completed using this coiled tubing fracturing technology.

In wet CBM wells, water needs to be produced (removed) in order to lower the reservoir pressure and release the methane gas. Specialty fluids are utilized to effectively carry the proppant into the fracture without damaging the coal formation and enable the release of water. When the reservoir is adequately un-pressurized, the gas flow is initiated through the created fracture.

## ***Geological***

Geological services specialize in the provision of geological and engineering services for unconventional gas wells, including gas content analysis, reservoir characterization and consulting services for CBM and shale gas wells.

### ***Microseismic Fracture Mapping***

Microseismic fracture mapping provides customers with a graphic representation of a fracture by monitoring the seismic events induced by the treatment being pumped. Monitoring is done through multiple receivers deployed in one or several neighbouring wellbores. These seismic events are then used to create an image of the fracturing treatment, displaying the geometric properties created by the fracture. These properties, along with other data, suggest how to pump fractures in subsequent wells.

### ***Nitrogen***

Nitrogen (“N2”) is an inert (non-reactive) gas that is pumped into a wellbore to improve the safe recovery of introduced and produced fluid, while reducing the potential of formation damage. As a result of being an inert gas and the most abundant component in the Earth's atmosphere (78%), N2 is intrinsically safe, easily accessible and in widespread use in the oilfield. Gaseous N2 is most commonly used in the oilfield to displace or lighten fluids. This feature allows oil or gas to more easily flow from the well. Nitrogen is also pumped into many surface facilities and pipelines to purge air from the piping prior to welding and cutting. Trican’s nitrogen units are used by themselves and in conjunction with our other service lines.

### ***Industrial Services***

Industrial services offers engineered solutions and services to oil sands, heavy oil, refinery, petrochemical, gas process, power generation, mining and pipeline facilities. Specialty services include mechanical and chemical descaling and passivating of process facilities, pipelines and storage tanks. Engineered services also include nitrogen displacement of pipelines and process facilities, nitrogen cooling and warming of process reactors, and pressure testing and leak detection of pipelines and process facilities. We offer a number of services to industrial plants, oil and gas facilities and pipeline operations. These include the mechanical or chemical descaling and cleaning of industrial plants, the inerting and purging of plants and pipelines with nitrogen, and pressure testing of vessels and pipelines.

## **Economic Dependence**

Trican's business is primarily distributed across two geographic markets, North America and Russia. The Company's customers in the North American market consist of a large number of oil and gas companies that vary in size. For the year ending December 31, 2010, our North American operations had two significant customers. One customer accounted for approximately 11% of consolidated revenue with a mix of revenue between Canada and the United States. A second company represented approximately 16% of consolidated revenue with all of the revenue generated in the United States. Our operations with these significant customers are covered by a number of separate service contracts with separate work scopes, commercial terms and contract terms ranging between one and three years. Should one or both of these customers terminate all of their contracts with us, it would have a significant impact on our business operations and financial results.

The Russian market consists of a smaller number of large oil and gas companies, yet for the year 2010 no one customer represented a significant proportion of total consolidated revenue.

## **Changes to Contracts**

The Company operates under a number of key supplier and customer arrangements. These contracts define the commercial terms under which materials will be supplied or work will be undertaken. While the majority of the arrangements do not contain a guaranteed minimum commitment of materials or work, Trican recently announced three new minimum commitment contracts. In July, Trican announced that its U.S. subsidiary had entered into a two-year minimum commitment contract for the provision of fracturing services to a major U.S. customer operating



in the Marcellus Shale play. On January 12, 2011, Trican announced that its U.S. subsidiary had expanded its fracturing operations into the Eagle Ford Shale play by committing to a two-year minimum commitment contract with a major U.S. customer, which contract is expected to operational in the second quarter of 2011. On the same day, Trican also announced that it had entered into a second two-year minimum commitment contract for the provision of fracturing services to a second major U.S. customer operating in the Marcellus Shale play. With the addition of these two contracts, approximately 67% of the horsepower currently operating in the U.S. is committed to long term work arrangements.

Subsequent to year-end, the Company replaced its existing Revolving Credit Facility with a new syndicated CAD \$250 million three year extendible Revolving Credit Facility (the "New Facility"). The New Facility is unsecured and bears interest at prime rate, U.S. base rate, Banker's Acceptance rate or at LIBOR plus 125 to 375 basis points, dependent on certain financial ratios of the Company.

### **Employees**

As at December 31, 2010, Trican had 4,099 employees worldwide.

### **Foreign Operations**

Trican's principal operations are in Canada; however, over the past few years the Company has invested significantly in its foreign operations in Russia and the United States. Our Russian Operations, which include Kazakhstan and Algeria, are conducted through a subsidiary that represented 24% of Trican's total consolidated assets as of December 31, 2010. Our United States operations are conducted through a subsidiary which represented 31% of Trican's total consolidated assets as of December 31, 2010.

### **Social and Environmental Policies**

Trican is committed to maintaining a safe working environment for our employees, to protecting and conserving the environment in which we operate and to protecting the health of all persons in the communities directly or indirectly affected by our corporate presence. To this end, we have implemented safety and training programs designed to improve performance and to raise awareness of the importance of safety in our operation and an environmental policy designed to minimize the impact of its operations on the environment in which we operate.

In order to implement these policies, each employee of Trican is provided a copy of the Safety Process and Policies Handbook and is expected to familiarize him or herself with its contents. Each employee is delivered a new handbook annually and is required to provide an annual certificate that they understand and agree to follow its requirements. This handbook provides information on regulations and responsibilities, worksite requirements, hazard identification, hazardous material handling, personal protective equipment and reporting of accidents. Further, each new employee of Trican receives an employee orientation manual that contains further information about the corporate safety and environmental policies, safety responsibilities and incident reporting.

On August 4, 2010, the Company formed a Health, Safety and Environment ("HSE") Committee of the Board of Directors to assist the directors in meeting their responsibilities in regard to the establishment of appropriate environment, health and safety policies and procedures and ensuring that the Company complies with applicable legal obligations in these areas. The committee is to be comprised of two independent directors and one management director, roles currently filled by Gary L. Warren, Douglas F. Robinson and Donald R. Luft.

Our HSE Committee is responsible for reviewing, reporting and making recommendations to the Board on the development and implementation of the policies, standards and practices of the Company with respect to health, safety and environment. Its mandate includes (i) reviewing, and recommending to the Board for approval, fundamental policies pertaining to health, safety and environment; (ii) reviewing the Company's internal control systems, its strategies and policies regarding health, safety and environment; (iii) reviewing and reporting to the Board on the Company's performance with respect to health, safety and environment compliance, emerging trends in these areas and the results or findings of any reports or reviews pertaining to the Company; and (iv) investigating any activity of the Company that has an impact on health, safety or the environment. Trican's Vice President

responsible for HSE matters is required to report to the HSE Committee on no less than a quarterly basis and to the full Board of Directors at least annually.

### **Environmental Protection**

Participants in the well services industry are subject to various environmental laws and regulations. These laws and regulations primarily govern the manufacture, processing, importation, transportation, handling and disposal of certain materials used in Trican's operations and may require extensive remediation or impose civil or criminal liability for violations. Trican's customers are subject to similar laws and regulations, as well as limits on emissions into the air and discharges into surface and sub-surface waters.

Recently, stand-alone bills were introduced in both the United States House and the Senate related to the Fracturing Responsibility and Awareness of Chemicals ("FRAC") Acts 2009. The bills asserted that hydraulic fracturing processes use chemicals that could affect drinking water supplies and would have required the energy industry to publicly disclose the chemicals it mixes with the water and sand it pumps underground in the fracturing process. The bills did not become law.

On March 15, 2011, the FRAC Act bill was reintroduced in both the U.S. House and Senate. If these bills are ultimately successful, it could lead to operational delays and increased operating costs. The adoption of any future federal or state laws or implementing regulations in the United States, or in other jurisdictions in which the Company carries on business, which impose reporting obligations on, or otherwise limiting the hydraulic fracturing process could make it more difficult for the Company to provide fracturing services for natural gas and oil wells and could have a material adverse impact on the Company's financial position and operating results.

### **Intellectual Property**

When providing services, we rely on trade secrets and know-how to maintain our competitive position and where appropriate, we undertake to protect our intellectual property by applying for patent protection. There are currently five patents issued to Trican that include: a specialized fracturing fluid, an unconventional hydraulic fracturing method, an innovative multizone horizontal well fracturing method using coiled tubing, a down hole coiled tubing tool to enhance jetting technology, and a unique slick water fracturing fluid. There are also 15 patents pending. These pending patents consist of five new fluid systems for fracturing, three related to multizone fracturing technology, three related to coiled tubing technology for isolation tools and friction reduction, two for proppant and formation flow back prevention, one for unconventional gas production, and one innovative cementing tool. We have also negotiated exclusive Canadian licenses to use new and innovative technologies in relation to our cementing services for pulsation technology, and coiled tubing services related to reverse circulation drilling as well as non-exclusive licenses to certain fracturing technologies.

### **Seasonality**

The well service industry is characterized by considerable seasonality in Canada, and to a lesser extent in Russia and the U.S. The first calendar quarter is the most active in the well service industry, the second quarter is the least active, and the third and fourth quarters typically reflect increasing activity over the preceding quarter. During the second quarter when the frost leaves the ground, many secondary roads are temporarily rendered incapable of supporting the weight of heavy equipment resulting in severe restrictions in the level of well servicing activity. The duration of this period, commonly referred to as the "spring break-up", has a direct impact on the level of our activities, particularly in Canada. Generally, the spring break-up period between March and May is the slowest period of activity for us.

During other periods of the year, rainfall can also render some of the secondary and oilfield service roads impassable for the Company's equipment. Additionally, if an unseasonably warm winter prevents sufficient freezing, Trican may not be able to access well sites.

These factors can all reduce activity levels below normal or anticipated levels. Activity levels in the U.S. and Russia are typically not impacted to the same extent by seasonality.

## **Competitive Conditions**

The oilfield services market is highly competitive. The competitors in the well service market in Canada, Russia and the U.S. include Baker Hughes, Frac Tech, Halliburton Energy Services, Schlumberger Incorporated, and Calfrac Well Services Ltd. as well as other domestic companies in the markets in which we operate. Trican is one of the largest full service pressure companies in Canada, based on HP in the market, and offers a broader range of services than its Canadian-based competitors. Trican is currently one of the top ten pressure pumpers in the U.S. fracturing market. Trican Russia is currently the second largest pressure pumping company in Russia based on the volume of fracturing proppant pumped.

Trican's commitment to service excellence and technology has been independently recognized by Oilweek magazine which named Trican the 2010 Supplier of the Year, and as the only pumping services company to make the list of Canada's Top 100 Corporate R&D Spenders in 2007, 2008 and 2009 for its industry leading commitment to technology and innovation.

## **New Products**

Technology and innovation are key factors in Trican's success and Trican believes they are a recognized competitive advantage. Trican believes that the quality of the Company's technical solutions and the high level of expertise of its technical staff have helped to establish Trican's strong market position.

The products, tools and procedures that the Company develop and implement help Trican respond quickly and effectively to the needs of its customers in each of its geographic regions.

Trican has focused much of its research and development on technology for unconventional oil and gas wells. In 2010, Trican fully commercialized several new technologies that were introduced in 2009. Trican expects these new technologies to give the Company a competitive advantage in this market. One of these, SRVmax™, is an integrated service offering that will help customers determine where to drill their horizontal wells, what length to drill them, and the number and size of fracturing treatments to place in the well. This process combines Trican's expertise in geological analysis, microseismic fracture mapping, fracture modelling, and reservoir simulation to help ensure customers are obtaining maximum production from their horizontal wellbores. Trican has completed over 100 horizontal wells using its patent-pending BPS (Burst Port System)™. This completion technology, developed in 2009, utilizes Trican's coiled tubing and fracturing equipment and significantly reduces the time and cost of completion for customers.

In 2010, Trican commercialized its patent-pending FlowRider™ technology that allows the Company to easily fluidize any proppant in slick water fluids. FlowRider is a chemical proppant transportation modifier that increases the buoyancy of ordinary frac sand to greatly improve proppant distribution within in the fracture. This leads to greater efficiency and increased hydrocarbon production. Trican has also developed products to address environmental concerns. Trican's EcoClean-GSW™ is a high performance slick water fracturing fluid designed to eliminate contamination risks to geological formations, aquifers and product handlers. The EcoClean-GSW system includes additives that are non-toxic, bio-degradable and non-bioaccumulating, individually or in combination, and each will pass the stringent Microtox® test. Salt tolerant friction reducers were developed to reduce the amount of fresh water needed for the hydraulic fracturing process. Trican believes that these technologies will give the Company a competitive edge in the rapidly-growing slick water fracturing market.

Trican expanded its R&D Centre in Calgary, Alberta, to 18,000 square feet in 2009. This facility houses both the Company's laboratory and coiled tubing tool research groups. This dedication to R&D resulted in Trican being the only pressure pumping company recognized by RESEARCH Infosource's list of Canada's Top 100 Corporate R&D Spenders in 2008 and 2009. In 2011, Trican will also open R&D centers in Russia and the United States to ensure that the Company continues to provide the innovative solutions to the specific problems our customers are encountering in each of these key markets.

## **RISK FACTORS**

Our business is subject to a number of risks and uncertainties, some of which are summarized below. We encourage you to review and carefully consider the risks described below, as well as those described elsewhere in this report and in other publicly disclosed reports and materials. If any such risks were to materialize, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In turn, this could have a material adverse effect on the trading price of our securities. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also adversely affect our business and operations.

### **Demand for Trican's services is dependent upon the level of expenditures in the oil and gas industry, which can be volatile.**

The demand, pricing and terms for Trican's services depend significantly upon the level of expenditures made by oil and gas companies on exploration, development and production activities. Expenditures by oil and gas companies are typically directly related to the demand for and price of oil and gas. Generally, when commodity prices and demand are, or are predicted to be, relatively high, demand for Trican's services is high. The converse is also true.

The prices for oil and natural gas are subject to a variety of factors including: the demand for energy; the ability of the Organization of Petroleum Exporting Countries ("OPEC") to set and maintain production levels for oil; oil and gas production by non-OPEC countries; political and economic uncertainty and socio-political unrest; cost of exporting, producing and delivering oil and gas; technological advances affecting energy consumption; and weather conditions.

Any prolonged or substantial reduction in oil and natural gas prices would likely decrease the level of activity and expenditures in oil and gas exploration, development and production activities and, in turn, decrease the demand for Trican's services.

In addition to current and future oil and gas prices, the level of expenditures made by oil and gas companies are influenced by numerous factors over which the Company has no control, including but not limited to: weak general economic conditions; the cost of exploring for, producing and delivering oil and gas; the expected rates of current production; the discovery rates of new oil and gas reserves; cost and availability of drilling equipment; availability of pipeline and other oil and gas transportation capacity; North American natural gas storage levels; political, regulatory and economic conditions; taxation changes; government regulation; environmental regulation; ability of oil and gas companies to obtain credit, equity capital or debt financing; and movement of the Canadian dollar and Russian ruble relative to the U.S. dollar. A material decline in expenditures by oil and gas companies, caused by a decrease in oil and gas prices or otherwise, could have a material adverse effect on Trican's business, financial condition, results of operations and cash flows.

Additionally, during times of weak industry conditions, the risk of payment delays and failure to pay increases due to a reduction in customers' cash flow and challenges relating to their ability to access debt and equity markets among other factors.

### **Trican's Canadian Operations are susceptible to weather volatility.**

The well service industry is characterized by considerable seasonality in Canada, and to a lesser extent in Russia and the U.S. During the second quarter when the frost leaves the ground, many secondary roads are temporarily rendered incapable of supporting the weight of heavy equipment resulting in severe restrictions in the level of well servicing activity. The duration of this period, commonly referred to as the "spring break-up", has a direct impact on the level of our activities, particularly in Canada. During other periods of the year, rainfall can also render some of the secondary and oilfield service roads impassable for the Company's equipment. Additionally, if an unseasonably warm winter prevents sufficient freezing, Trican may not be able to access well sites.

These factors can all reduce activity levels below normal or anticipated levels. Activity levels in the U.S. and Russia are typically not impacted to the same extent by seasonality.

**The oilfield services industry is highly competitive.**

We compete with multi-national, national and regional competitors in each of our current service lines in each of our geographic regions. Although we believe that we are continuing to build market share and have a significant presence in respect of all of our services, we do not currently hold a dominant market position with respect to any of the services we offer in any of the markets in which we operate. Certain of our competitors may have financial, technical, manufacturing and marketing advantages in certain regions and may be in a stronger competitive position than Trican as a result.

Competitive actions taken by our competitors such as price changes, new product and technology introductions and improvements in availability and delivery could affect our market share or competitive position. The intense competition within our industry could lead to a reduction in revenue or prevent us from successfully pursuing additional business opportunities.

In addition, certain foreign jurisdictions and government-owned petroleum companies have adopted policies or regulations which may give local nationals in these countries a competitive advantage and which may impede our ability to expand into or to sustain a market share in such countries.

**Trican would be adversely affected should access to a credit facility or additional financing be unavailable to Trican or its customers.**

Trican's growth strategy is subject to the availability of additional financing for future costs of operations or expansion that may not be available, or may not be available on favourable terms. Trican's activities may also be financed partially or wholly with debt, which may increase its debt levels above industry standards. The level of Trican's indebtedness from time to time could impair its ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise. If the Company's cash flow from operations is not sufficient to fund its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, on favourable terms.

Furthermore, many of our customers access the credit markets to finance their oil and natural gas drilling activity. If the availability of credit to our customers is reduced, they may reduce their drilling and production expenditures, thereby decreasing demand for our products and services. Any such reduction in spending by our customers could adversely impact our operating results and financial condition.

**The loss of key customers could cause Trican's revenue to decline substantially.**

For the year ending December 31, 2010, our North American operations had two significant customers. One customer accounted for approximately 11% of consolidated revenue with a mix of revenue between Canada and the United States. A second company represented approximately 16% of our consolidated revenue and all of the revenue from this customer was generated in the United States. There can be no assurance that the Company's relationships with these customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, would have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

**Failure to receive timely delivery of new equipment and parts from suppliers could adversely affect Trican's growth plans.**

The Company's ability to expand its operations and provide reliable service is dependent upon timely delivery of new equipment and replacement parts from fabricators and suppliers. During past periods of high industry activity, a shortage of skilled labour to build equipment coupled with high demand has placed a strain on some fabricators. If a similar strain occurs in the future, it could potentially increase the order time on new equipment and increase uncertainty surrounding final delivery dates. Significant delays in the arrival of new equipment from expected dates may constrain future growth and may have a material adverse effect on the financial performance of the Company.

**Trican is subject to various risks from its foreign operations.**

Some of Trican's current operations and related assets are located in Russia, Kazakhstan and Algeria. Further, Trican's growth plans may contemplate establishing operations in additional foreign countries where the political and economic systems may be less stable than those in North America. Operations in these countries may be subject to a variety of risks including, but not limited to: social unrest or civil war, currency fluctuations, devaluations and exchange controls; inflation; uncertain political and economic conditions resulting in unfavourable government actions such as unfavourable legislation or regulation, trade restrictions, nationalization, expropriation, unfavourable tax enforcement or adverse tax policies; the denial of contract rights; trade restrictions or embargoes imposed by other countries; restrictions on the repatriation of income or capital; and acts of terrorism, extortion, or armed conflict. If any of the risks described above materialize, it could reduce Trican's earnings and cash available for operations.

Further, government-owned oil companies located in some countries have adopted policies or are subject to governmental policies giving preference to the purchase of goods and services from companies that are majority-owned by local nationals. As a result, we may rely on joint ventures, license arrangements and other business combinations with local nationals in these countries. Activities in these countries may require protracted negotiation with host governments, national oil companies and third parties.

Our operations outside of Canada could also expose us to trade and economic sanctions or other restrictions imposed by the Canadian or other governments or organizations. Federal agencies and authorities may seek to impose a broad range of criminal or civil penalties against corporations or individuals for violations of securities laws, foreign corrupt practices laws or other federal statutes. If any of the above described risks materialize, it could materially impact Trican's operating results and financial condition.

Further, Trican is subject to various laws and regulations in the U.S. jurisdictions in which it operates that govern the operation and taxation of its business. The imposition, application and interpretation of such laws and regulations can prove to be uncertain.

**An oversupply of oilfield service equipment could lead to a decline in the demand for Trican's services.**

Because of the long-life nature of oilfield service equipment and the lag between when a decision to build additional equipment is made and when the equipment is placed into service, the inventory of oilfield service equipment in the industry does not always correlate with the level of demand. Periods of high demand often result in increased capital expenditures on equipment and those capital expenditures may add capacity that exceeds actual demand. This excess capacity could cause Trican's competitors to lower their prices and could lead to a decrease in prices in the oilfield services industry generally. Consequentially, Trican could fail to secure enough work in which to employ its equipment. This could have a material adverse effect on Trican's operating results and cash flows.

**Fluctuations in foreign currency exchange rates could adversely affect the Company.**

Trican's consolidated financial statements are presented in Canadian dollars. The reported results of our foreign subsidiary operations are affected by the movement in exchange rates primarily between the Canadian and United States dollar and Russian ruble. Trican's Canadian Operations include exchange rate exposure as purchases of some equipment and materials are from United States suppliers. When acquiring Trican U.S., we took on United States dollar denominated debt which acts as a partial hedge against this investment. Other than natural hedges that arise from day-to-day operations, the Company does not maintain an active hedge program for foreign exchange exposure.

**Business acquisitions entail numerous risks and may disrupt Trican's business or distract management attention.**

As part of Trican's business strategy, it will continue to consider and evaluate acquisitions of, or significant investments in, complementary businesses and assets. Any acquisition that Trican completes could have unforeseen and potentially material adverse effects on the Company's financial position and operating results.

**Acquisitions involve numerous risks, including:**

- unanticipated costs and liabilities;
- difficulty of integrating the operations and assets of the acquired business;
- the ability to properly access and maintain an effective internal control environment over an acquired company;
- potential loss of key employees and customers of the acquired company; and
- an increase in expenses and working capital requirements.

Trican may incur substantial indebtedness to finance acquisitions and also may issue equity securities in connection with any such acquisitions. Trican will be required to meet certain financial covenants in order to borrow money under its credit agreements to fund acquisitions. Debt service requirements could represent a significant burden on the Company's results of operations and financial condition and the issuance of additional equity could be dilutive to shareholders. Acquisitions could also divert the attention of management and other employees from Trican's day-to-day operations and the development of new business opportunities. In addition, Trican may not be able to continue to identify attractive acquisition opportunities or successfully acquire identified targets. Even if the Company is successful in integrating its recent or future acquisitions into its existing operations, it may not derive the benefits, such as operational or administrative synergies, that it expected from such acquisitions.

**Failure to adequately protect its intellectual property could adversely impact Trican's business.**

When providing services, Trican relies on trade secrets and know-how to maintain its competitive position and where possible, it undertakes to protect its intellectual property by applying for patent protection. Trican's business may be adversely affected if it fails to obtain patents, its patents are unenforceable, the claims allowed under its patents are not sufficient to protect its technology or its trade secrets are not adequately protected. Trican's competitors may be able to develop similar technology independently without infringing on its patents or gaining access to its trade secrets.

Furthermore, if any of its competitors obtain patents over valuable intellectual property, Trican may be unable to offer certain services in certain jurisdictions, may be forced to use less effective or costlier alternative technology, or required to enter into costly licensing agreements.

**Trican's business is affected by governmental regulations and policies.**

Trican's operations, and those of its customers, are subject to a variety of federal, provincial, state and local laws, regulations and guidelines, including laws and regulations related to health and safety, the conduct of operations, the manufacture, management, transportation and disposal of certain materials used in its operations. Trican believes it is in compliance with such laws and regulations and has invested financial and managerial resources to ensure such compliance. Such expenditures historically have not been material to Trican. However, because such laws and regulations are subject to change it is impossible for Trican to predict the cost or impact of such laws and regulations on its future operations, nor their impact on its customers' activities and thereby on the demand for its services.

**Trican's operations are subject to inherent hazards which may not be covered by insurance.**

Trican's operations are subject to hazards inherent in the oil and gas service industry, such as equipment defects, damage, loss, malfunctions and failures, and natural disasters which may result in fires, vehicle accidents, explosions and uncontrollable flows of natural gas or well fluids that can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruptions, and damage to or destruction of property and equipment. These hazards could expose Trican to liability for personal injury, wrongful death, property damage and other environmental damages. Trican continuously monitors its activities for quality control and safety and maintains insurance coverage it believes to be adequate and customary in the industry. Additionally Trican seeks to obtain indemnification from its customers by contract for certain of the above risks. However, such insurance and indemnities may not be adequate to cover Trican's liabilities and may not be available in the future at rates Trican considers reasonable and commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, financial condition, results of operations and cash flow could be materially adversely affected.

**Compliance with various environmental laws, rules legislation and guidelines could impose greater costs on Trican's business or lead to a decline in the demand for services.**

Participants in the well services industry are subject to various environmental laws and regulations. These laws and regulations primarily govern the manufacture, processing, importation, transportation, handling and disposal of certain materials used in Trican's operations and may require extensive remediation or impose civil or criminal liability for violations. Trican's customers are subject to similar laws and regulations, as well as limits on emissions into the air and discharges into surface and sub-surface waters.

Recent bills in the United States have asserted that hydraulic fracturing processes use chemicals that could affect drinking water supplies. The proposed legislation would require the energy industry to publicly disclose the chemicals it mixes with the water and sand it pumps underground in the fracturing process. If passed, could lead to operational delays and increased operating costs. The adoption of any future federal or state laws or implementing regulations in the United States, or in other jurisdictions in which the Company carries on business, which impose reporting obligations on, or otherwise limit the hydraulic fracturing process could make it more difficult for the Company to provide fracturing services for natural gas and oil wells and could have a material adverse impact on the Company's financial position and operating results.

**Stringent regulation of fracturing services could have a material adverse impact on the Company's financial position and operating results.**

Trican is subject to increasingly stringent environmental laws and regulations, some of which may provide for strict liability for damages to natural resources or threats to public health or safety. While Trican maintains liability insurance, the insurance is subject to coverage limits and may exclude coverage for damage resulting from environmental contamination. There can be no assurance that insurance will continue to be available to Trican on commercially reasonable terms, that the possible types of environmental liability will be covered by insurance or that the dollar amount of such liabilities will not exceed Trican's policy limits. Even a partially insured claim, if successful and of sufficient magnitude, could have a material adverse effect on Trican's business, results of operations and prospects.

Future regulatory developments could have the effect of reducing industry activity. Trican cannot predict the nature of the restrictions that may be imposed. Trican may be required to increase operating expenses or capital expenditures in order to comply with any new restrictions or regulations. Such expenditures could be material.

**Failure to maintain Trican's safety standards and record could lead to a decline in the demand for services.**

Standards for the prevention of incidents in the oil and gas industry are governed by service company safety policies and procedures, accepted industry safety practices, customer specific safety requirements and health and safety legislation. In order to ensure compliance, Trican has developed and implemented safety and training programs which it believes meet or exceed the applicable standards. A key factor considered by customers in retaining oilfield service providers is safety. Deterioration of Trican's safety performance could result in a decline in the demand for Trican's services and could have a material adverse effect on its revenues, cash flows and profitability.

**Trican may be subject to litigation, contingent liabilities and potential unknown liabilities.**

From time to time, Trican is subject to costs and other effects of legal and administrative proceedings, settlements, reviews, claims and actions. Trican may in the future be involved in disputes with other parties which could result in litigation or other actions, proceedings or related matters including in relation to its historical option granting practices.

Further there may be unknown liabilities assumed by Trican in relation to prior acquisitions or dispositions as well as environmental or tax issues. The discovery of any material liabilities could have an adverse effect on Trican's financial condition and results.

The results of litigation or any other proceedings or related matters cannot be precisely predicted due to uncertainty as to the final outcome. Trican's assessment of the likely outcome of these matters is based on its judgement of a



number of factors including past history, precedents, relevant financial and other evidence and facts specific to the matter as known at the time of the assessment.

**Trican may be adversely impacted by a shortage of qualified personnel.**

Trican requires highly skilled personnel to operate and provide technical services and support for its business. Competition for the personnel required for its businesses intensifies as activity increases. In periods of high utilization it may become more difficult to find and retain qualified individuals. This could increase Trican's costs or have other adverse effects on its operations.

**There are certain risks associated with Trican's dependence on third-party suppliers.**

Trican sources raw materials, such as oilfield cement, proppant, nitrogen, carbon dioxide and coiled tubing, from a variety of suppliers, most of whom are located in Canada, Russia and the United States. Alternate suppliers exist for all raw materials. The source and supply of materials has been consistent in the past; however, in periods of high industry activity, Trican has experienced periodic shortages of certain materials. Management maintains relationships with a number of suppliers in an attempt to mitigate this risk. However, if the current suppliers are unable to provide the necessary materials, or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of services to Trican's clients could have a material adverse effect on its results of operations and financial condition.

**Merger and acquisition activity may reduce the demand for Trican's services.**

Merger and acquisition activity in the oil and gas exploration and production sector may constrain demand for the Company's services as customers focus on reorganizing the business prior to committing funds to exploration and development projects. Further, the acquiring company may have preferred supplier relationships with oilfield service providers other than Trican.

**New technology could place Trican at a disadvantage versus competitors.**

The ability of the Company to meet customer demands in respect of performance and cost will depend upon continuous improvements in operating equipment. There can be no assurance that the Company will be successful in its efforts in this regard or that it will have the resources available to meet this continuing demand. Failure by Trican to do so could have a material adverse effect on the Company's business, financial condition, results of operation and cash flows. No assurances can be given that competitors will not achieve technological advantages over the Company.

**DIVIDEND RECORD AND POLICY**

On May 3, 2006, Trican's Board of Directors resolved to commence semi-annual dividend payments to holders of Common Shares. The first dividend payment of \$0.05 per share was paid on July 15, 2006. The Company has since made semi-annual dividend payments in January and July of each subsequent year, each of \$0.05 per share. The most recent payment was made on January 14, 2011. Dividend payments are made at the discretion of the Board of Directors and depend on the financial condition of the Company as well as other factors. Currently it is not anticipated that there will be a change in the Company's dividend policy.

**DESCRIPTION OF CAPITAL STRUCTURE**

We are authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. No preferred shares are issued and outstanding. All of the outstanding Common Shares are fully paid and non-assessable. The Common Shares rank junior to the preferred shares.

## Common Shares

Subject to the provisions of the *Business Corporations Act (Alberta)*, the holders of Common Shares are entitled to receive notice of, to attend and vote at, all meetings of holders of Common Shares and are entitled to one vote, in person or by proxy, for each Common Share held.

Subject to the preferences given to the holders of preferred shares, the holders of Common Shares are entitled to receive such dividends as may be declared by our Board of Directors.

On the liquidation, dissolution or winding-up of Trican, whether voluntary or involuntary, the holders of the Common Shares will be entitled to receive pro rata all of the assets remaining for distribution after the payment to the holders of the preferred shares, in accordance with the preference or liquidation, dissolution or winding-up accorded to the holders of preferred shares.

## Preferred Shares

The rights and privileges of each series of preferred shares would be established by our Board of Directors prior to their issuance. No preferred shares are outstanding.

In the event of the liquidation, dissolution or winding-up of Trican, whether voluntary or involuntary, the holders of each series of preferred shares would be entitled, in priority to the holders of Common Shares and any other shares of Trican ranking junior to the preferred shares on a distribution of capital, to be paid ratably with the holders of each other series of preferred shares the amount, if any, specified as being payable preferentially to the holders of such series on a distribution of capital of Trican.

The holders of each series of preferred shares would also be entitled, in priority to the holders of Common Shares and any other shares of Trican ranking junior to the preferred shares with respect to the payment of cumulative dividends, to be paid ratably with the holders of each other series of preferred shares, the amount of cumulative dividends, if any, specified as being payable preferentially to the holders of such series.

## MARKET FOR SECURITIES

Our Common Shares are listed and posted for trading on the Toronto Stock Exchange ("TSX") under the symbol "TCW". The following table sets forth the monthly price range and trading volume of the Common Shares for 2010 as reported by the TSX for the periods indicated.

<b>Period</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
January	15.43	13.71	6,034,743
February	15.19	13.53	10,662,090
March	15.50	12.75	11,265,850
April	14.35	12.75	11,574,122
May	13.31	10.43	26,359,429
June	14.40	12.12	14,623,243
July	15.60	13.36	11,682,799
August	16.50	13.97	11,836,883
September	16.67	14.21	10,515,945
October	19.02	16.40	11,155,488
November	20.49	17.52	11,438,204
December	21.95	19.52	8,564,076

## DIRECTORS AND OFFICERS

The names, residence, positions with the Company, and principal occupation of the current directors and executive officers of the Company are set out below and in the case of directors, the period each has served as a director of the Company. Our directors hold office until the next annual general meeting of our shareholders or until each director's successor is appointed or elected pursuant to the *Business Corporations Act* (Alberta).

Name and Province and Country of Residence	Position Held	Principal Occupation during the last 5 years	Director Since
Murray L. Cobbe Alberta, Canada	Executive Chairman	Retired executive. Part-time advisor to the Company in strategic matters.  Murray Cobbe has been a director of Trican since September 20, 1996 and Executive Chairman since August 1, 2009. Prior to that date he was President and Chief Executive Officer of Trican, positions that he had held since September 1996.	Sept. 20, 1996
Dale M. Dusterhoft Alberta, Canada	Chief Executive Officer	Chief Executive Officer of the Company  Mr. Dusterhoft is a director and was appointed our Chief Executive Officer on August 1, 2009. From February 2008 to August 2009, Mr. Dusterhoft served as Senior Vice President. From April 1998 to February 2008, Mr. Dusterhoft served as Vice President, Technical Services. Mr. Dusterhoft joined Trican at its inception in November 1996.	Aug. 5, 2009
Donald R. Luft <sup>(4)</sup> Alberta, Canada	President and Chief Operating Officer	President and Chief Operating Officer of the Company  Mr. Luft is a director and was appointed our President and Chief Operating Officer on August 1, 2009. Prior thereto, Mr. Luft served as our Senior Vice President, Operations and Chief Operating Officer and has been employed by the Company since August 1996.	Sept. 20, 1996
G. Allen Brooks <sup>(1)(3)(5)</sup> Texas, United States	Lead Director	President, G. Allen Brooks, LLC (an energy market and financial consulting firm)  Mr. Brooks is the President of G. Allen Brooks, LLC, an energy market and financial consulting firm since January 2005. Mr. Brooks also serves as an advisor to PPHB, L.P., a boutique oilfield service investment banking firm. Prior to forming G. Allen Brooks, L.L.C., Mr. Brooks was an executive director of research of CIBC World Markets from 1997 to 2005.	Mar. 20, 2009

Name and Province and Country of Residence	Position Held	Principal Occupation during the last 5 years	Director Since
Kenneth M. Bagan <sup>(1)(2)</sup> Alberta, Canada	Director	<p>President of Enerchem International Inc. (a manufacturer of hydrocarbon based drilling and completions fluids)</p> <p>Prior to joining Enerchem International Inc. in April 2008, from December 2004 to March 2008, Mr. Bagan was President and Chief Executive Officer of Wellco Energy Services Trust. Prior to December 2004, Mr. Bagan, who is a Barrister and Solicitor, was employed with Tesco Corporation from July 1997 to July 2004, initially as its General Counsel and finally as its Senior Vice President, Service Operations.</p>	Sept. 20, 1996
Douglas F. Robinson <sup>(2)(3)(4)</sup> Alberta, Canada	Director	<p>Independent Businessman</p> <p>Since April 2008, Mr. Robinson has been an independent businessman. From January 2004 to March 2008 Mr. Robinson was President of Enerchem International Inc. From July 2002 to January 2004, Mr. Robinson was an independent businessman and from April 2000 until June 2002, Mr. Robinson was Chairman and Chief Executive Officer of Integrated Production Services Ltd. (a publicly traded oilfield services company).</p>	June 3, 1997
Kevin L. Nugent <sup>(1)</sup> Alberta, Canada	Director	<p>President, Livingstone Energy Management Ltd. (privately held corporation providing capital to oil and gas companies)</p> <p>Mr. Nugent is President of Livingstone Energy Management Ltd., a privately held corporation created for the purpose of sourcing, evaluating and providing capital to the oil and gas industry. Mr. Nugent is a Chartered Accountant with more than 21 years of experience in the oil and gas industry including serving from 2004 to 2006 as President, Chief Executive Officer and Director of NQL Energy Services Ltd., which was a leading provider of downhole drilling tools.</p>	Mar. 7, 2008

Name and Province and Country of Residence	Position Held	Principal Occupation during the last 5 years	Director Since
Gary L. Warren <sup>(2)(3)(4)</sup> Texas, United States	Director	Independent Businessman  Mr. Warren has been a retired businessman since 2005. From January 2001 to September 2005 Mr. Warren served as Division President and Senior Vice President of Weatherford International and as President of Weatherford's Drilling and Well Services Division. From 1980 to 1991 he worked with Petco Fishing and Rental Tools in a variety of quality, sales and operations roles including serving as Vice President, Gulf of Mexico Operations from 1987 to 1991. Prior to 1980 he held a number of quality assurance and engineering positions with oilfield equipment manufacturing companies.	May 13, 2009
Michael G. Kelly, C.A. Russia	Senior Vice President, Russia and the Middle East	Senior Vice President, Russia and the Middle East  Mr. Kelly has been employed by us since May 1997. Mr Kelly was appointed our Senior Vice President, Russia and the Middle East on June 1, 2010. From March 2009 to June 2010, Mr. Kelly served as our Senior Vice President, Corporate Development. Prior thereto, Mr. Kelly served as our Chief Financial Officer from June 1997 to March 2009 and was appointed Vice President, Finance and Administration in April 1998.	-
David L. Charlton Alberta, Canada	Vice President, Sales and Marketing	Vice President, Sales and Marketing of the Company  Mr. Charlton is our Vice President, Sales and Marketing, positions that he has held since April 1998. Mr. Charlton has been employed with Trican since September 1996.	-
Bonita M. Croft Alberta, Canada	Vice President, Legal, General Counsel and Corporate Secretary	Vice President, Legal, General Counsel and Corporate Secretary of the Company  Ms. Croft joined Trican as General Counsel in December 2005, was appointed Corporate Secretary in 2007 and was promoted to Vice President, Legal, General Counsel and Corporate Secretary in November 2008. Ms. Croft was a business owner and independent legal consultant from 2004 to 2005; from August 2000 to January 2004 Ms. Croft was employed with Tesco Corporation, initially as Senior Legal Counsel and finally as General Counsel. Prior to joining Tesco Corporation, Ms. Croft was employed as Legal Counsel with Talisman Energy Inc.	-

Name and Province and Country of Residence	Position Held	Principal Occupation during the last 5 years	Director Since
Michael A. Baldwin, C.A. Alberta, Canada	Vice President, Finance and Chief Financial Officer	Vice President, Finance and Chief Financial Officer of the Company  Mr. Baldwin re-joined Trican as Vice President, Finance in November 2008 and was appointed Chief Financial Officer in March 2009. Prior to re-joining us, Mr. Baldwin was the Chief Financial Officer of Pure Energy Services Ltd. from June 2005 to November 2008. Prior to Mr. Baldwin's employment at Pure Energy Services Ltd., Mr. Baldwin served various positions within the Company's finance department from October 1997 to June 2005 with the most recent position being Treasurer.	-
Robert J. Cox Alberta, Canada	Vice President, Canadian Geographic Region	Vice President of the Canadian Geographic Region of the Company  Mr. Cox has been employed by us since April 2000 and was promoted to Vice President of the Canadian Geographic Region in November 2008. Prior to that date Mr. Cox held the position of Manager of the General Canadian Geographic Region.	-
Steven J. Redmond Alberta, Canada	Vice President, Human Resources and Health, Safety and Environment	Vice President, Human Resources and Health, Safety and Environment of the Company  Mr. Redmond has been employed by us since July 1999 and was promoted to Vice President, Human Resources and Health, Safety and Environment in November 2007. Prior to that date Mr. Redmond held the position of Manager, Corporate Human Resources and Health, Safety and Environment.	-

## Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance Committee
- (4) Member of the Health, Safety and Environment Committee
- (5) Until February 21, 2010 Mr. Brooks was a director of Turnkey E&P Inc. ("**Turnkey**"), which is incorporated under the laws of Alberta and which formerly traded on the NEX board of the Toronto Stock Exchange ("**TSX**"). On November 17, 2008, Turnkey's principal operating subsidiary in the United States filed for protection under Chapter 11 of the United States Bankruptcy Code. On June 8, 2010 Turnkey was delisted from the NEX. In addition, Turnkey is the subject of a cease trade order by the Alberta Securities Commission on December 14, 2009 and by other securities commissions in Canada subsequent to that date for failing to file interim unaudited financial statements, interim management discussion and analysis and certification of interim filings for the interim period ended September 30, 2009. Such cease trade orders are still in effect as of the date hereof.

We do not have an executive committee of our Board of Directors.

As at March 24, 2011, our directors and executive officers, as a group, beneficially owned, or controlled or directed, directly or indirectly, 2,850,718 of our Common Shares, or approximately 2% of the issued and outstanding Common Shares. In addition, as at March 24, 2011 our directors and executive officers, as a group, have outstanding options to purchase 2,367,250 Common Shares under our stock option plan and our outside directors held 215,779 deferred share units. As at March 24, 2011, our executive officers held 182,640 performance share units.

### **Conflicts of Interest**

Circumstances may arise where members of our Board of Directors or our officers are directors or officers of corporations or other entities which are in competition to our interests. No assurances can be given that opportunities identified by such board members or officers will be provided to us. Pursuant to the *Business Corporations Act* (Alberta), a director or officer of a corporation who is a party to a material contract or proposed material contract with that corporation or is a director or an officer of or has a material interest in any person who is a party to a material contract or proposed material contract with that corporation shall disclose to the corporation the nature and extent of the director's or officer's interest. In addition, a director shall not vote on any resolution to approve a contract of the nature described except in limited circumstances.

Our management is not aware of any existing or potential material conflicts of interest between us or a subsidiary of us and one of our directors or officers or of one of our subsidiaries.

### **AUDIT COMMITTEE INFORMATION**

The Audit Committee of the Board of Directors operates under a written Mandate & Terms of Reference that sets out its responsibilities and composition requirements. A copy of the Mandate & Terms of Reference is attached as Schedule "A" to this Annual Information Form. As at the effective date of this Annual Information Form, the members of the Audit Committee were: Kevin Nugent (chair), Kenneth Bagan and G. Allen Brooks, each of whom is financially literate and independent. The following sets out the education and experience of each director relevant to the performance of his duties as a member of the Committee:

**Kevin Nugent** is chair of the Audit Committee. He is a chartered accountant and has held various senior financial positions with public companies. He has held the positions of Chief Executive Officer and Chief Financial Officer in public oil and gas service companies. Mr. Nugent is also currently a director of Savanna Energy Services Corp. (a publicly traded drilling and service rig provider) and Secure Energy Services Inc. (a private oilfield waste management company).

**Kenneth Bagan** is President of a company which was previously publicly traded and has held various senior positions requiring regular review of financial statements.

**G. Allen Brooks** has had a 40-year career in the energy and investment industries as an energy securities analyst, an oilfield service company manager, a consultant to energy company managements and a member of the board of directors of several oilfield service companies. Mr. Brooks currently serves as an advisor to PPHB, L.P., a boutique oilfield service investment banking firm. Mr. Brooks also has many years of experience working with oilfield service companies and currently serves on the board of directors of a number of publicly traded service companies in Canada and a private company the U.S.

The Audit Committee Mandate & Terms of Reference requires all members to be financially literate. Financially literate means the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by our financial statements. The Board of Directors believes that all of the current members of the Audit Committee are financially literate.

In addition, the Committee charter contains independence requirements applicable to each member and each member currently meets those requirements in addition to the independence requirement set out in National Instrument 52-110 *Audit Committees*.

The Audit Committee has adopted policies and procedures with respect to the pre-approval of audit and permitted non-audit services to be provided by the auditors of Trican, currently KPMG LLP. Any such services must be permitted services and must be pre-approved by the Audit Committee pursuant to this policy. The Audit Committee must also pre-approve the audit services and the fees to be paid.

The following table discloses fees billed to us by our auditors, KPMG LLP during the past 2 years.

<b>Type of Service Provided</b>	<b>2010</b>	<b>2009</b>
Audit Fees <sup>(1)</sup>	\$530,847	\$468,900
Audit-Related Fees <sup>(2)</sup>	81,000	77,300
Tax Fees <sup>(3)</sup>	465,690	105,400
All Other Fees <sup>(4)</sup>	87,500	19,500
<b>Total</b>	<b>\$1,165,037</b>	<b>\$671,100</b>

Notes:

- (1) Audit fees consist of fees for the audit or review of the Company's annual and quarterly financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as Audit Fees.
- (3) Tax fees are considered non-audit fees and consist of tax advice and review of tax returns.
- (4) All other fees consist largely of corporate finance advisory services and are considered non-audit fees.

## **LEGAL PROCEEDINGS**

There are no legal proceedings to which Trican or any of its subsidiaries is, or was during 2010, a party or that any of their property is, or was during 2010, the subject of, during 2010 that are anticipated to be material to the Company, nor is the Company aware of any contemplated or pending proceedings that might be material.

On March 5, 2010, Trican announced that a review of its past practice with regard to stock option grants had determined that, between 1998 and 2007, some of the Company's stock options had been improperly priced with retroactively selected grant dates. This review was conducted by a Special Committee of the Trican Board of Directors comprised of independent directors, none of whom had received any stock option grants.

Shortly after the Special Committee was formed, it made voluntary disclosure to the TSX and the Alberta Securities Commission ("ASC") that there may have been improper pricing of stock options. The Special Committee then conducted a comprehensive review of Trican's historical stock option granting practices with the assistance of independent legal counsel and independent accounting consultants.

Based on the results of its review and the advice of independent counsel, the Special Committee concluded, among other things, that Trican's historical option granting practices were not in accordance with the requirements of Trican's Stock Option Plan or those of the TSX. In its review, the Special Committee determined that there had been some cases in which grant dates were selected retroactively, resulting in the incorrect pricing of certain stock options in a manner which was not consistent with Trican's Stock Option Plan and the requirements of the TSX.

The Special Committee further concluded that while Trican's historical option granting practice was inappropriate, it was a practice adopted for a period of time in good faith reliance upon external legal advice and was not found to have been motivated by personal gain.

Based on the results of the Special Committee's review, Trican concluded that no adjustment to its audited consolidated financial statements for the year ended December 31, 2009 or restatement of its historical financial statements was required. The Special Committee further determined that Trican had significantly modified its option grant procedures prior to the commencement of its review. These modified option grant procedures, since implemented, have ensured the proper administration of Trican's Stock Option Plan in accordance with its terms and the TSX Policies. Subsequent to the adoption of its modified option grant procedures, no retroactive selection of grant dates has occurred.



Based upon the recommendations and report of the Special Committee, Trican's Board of Directors determined to take certain actions. All unexercised option grants that were identified as having been issued using incorrect dates were repriced according to correct grant dates.. The Company pursued all reasonable avenues for recovery of costs related to the review and the improper pricing of options. As best practices in corporate governance and stock option administrative practices continue to evolve, Trican will continue to identify, assess and if appropriate implement further measures to enhance its overall corporate governance including in relation to stock option granting procedures.

Directors and officers who received unintended benefits totaling approximately \$1.1 million from incorrectly-dated stock options have voluntarily repaid the full amount of those benefits.

Trican formed the Special Committee in 2009 after the receipt of a letter from the law firm May Jensen Shawa Solomon LLP, who, on behalf of a shareholder, alleged certain irregularities in the Company's option granting practices. The allegations contained in this letter have been addressed and the matter is considered by Trican to be resolved.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

None of our directors or executive officers, nor any shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, nor any known associate or affiliate of such persons, had a material interest, direct or indirect, in any transaction within the last three fiscal years nor in any proposed transaction that has materially affected or is reasonably expected to materially affect us.

### **TRANSFER AGENT AND REGISTRAR**

Computershare Trust Company of Canada, at its principal offices in Calgary, Alberta and Toronto, Ontario is the transfer agent and registrar of our Common Shares.

### **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, there were no material contracts entered into by the Company within the most recently completed financial year, or before the most recently completed financial year and which are still in effect.

### **INTERESTS OF EXPERTS**

The only person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by us during, or related to, our most recently completed financial year is KPMG LLP, our auditors. KPMG LLP has confirmed to us that it is independent of us in accordance with the relevant rules and related interpretation prescribed by the Institute of Chartered Accountants of Alberta. As at the date of this Annual Information Form, KPMG LLP and its partners did not hold any registered or beneficial interests, directly or indirectly, in our securities or the securities of any of our associates or affiliates.

### **ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans, is contained in our information circular for our most recent annual meeting of securityholders that involved the election of directors. Additional financial information is contained in our consolidated financial statements for the year ended December 31, 2010 and the Management's Discussion and Analysis dated February 28, 2011.

The aforementioned documents, as well as additional information relating to the Company, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**SCHEDULE A****MANDATE & TERMS OF REFERENCE OF THE AUDIT COMMITTEE****Role and Objectives**

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of Trican Well Service Ltd. (the "Corporation") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for board of director approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee are as follows:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the Corporation's financial statements and related matters;
2. To provide better communication between directors and external auditors;
3. To enhance the external auditors' independence;
4. To increase the credibility and objectivity of financial reports;
5. To monitor the performance and ensure the effectiveness of the Corporation's internal audit function; and
6. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

**Membership of the Committee**

1. The Committee shall be comprised of three members or such greater number as the Board may from time to time determine, all of whom shall be independent (in accordance with the definition of "independent" set out in Multilateral Instrument 52-110 – Audit Committees).
2. The Board shall designate one of the members of the Committee, who shall be unrelated, to be the Chair of the Committee.
3. All of the members of the Committee shall be "financially literate" (in accordance with the definition of "financial literacy" set out in MI 52-110.)
4. The Secretary to the Board shall act as Secretary to the Committee.

**Mandate and Responsibilities of the Committee**

1. In addition to any other duties and authorities delegated to it by the Board from time to time, the Committee will have the authority and responsibility for:
  - (a) overseeing the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting;
  - (b) satisfying itself on behalf of the Board that the Corporation's internal control systems are satisfactory for the purpose of:
    - i. identifying, monitoring and mitigating business risks; and

- ii. ensuring compliance with legal, ethical and regulatory requirements.
- (c) reviewing the Corporation's annual financial statements prior to their submission to the Board for approval, including without limitation the following:
- i. reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
  - ii. reviewing significant accruals or other estimates;
  - iii. reviewing accounting treatment of unusual or non-recurring transactions;
  - iv. ascertaining compliance with covenants under loan agreements;
  - v. reviewing disclosure requirements for commitments and contingencies;
  - vi. reviewing adjustments proposed by the external auditors, whether or not included in the financial statements;
  - vii. reviewing unresolved differences between management and the external auditors; and
  - viii. obtaining explanations of significant variances with comparative reporting periods and budgets/forecasts.
- (d) reviewing, and making a recommendation to the Board with respect to their approval of, the financial statements, prospectuses, management discussion and analysis ("MD&A"), annual information forms ("AIF") and all public disclosure containing audited or unaudited financial information before release and prior to board approval;
- (e) satisfying itself that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information and periodically assessing the accuracy of those procedures;
- (f) with respect to the appointment of external auditors by the Board:
- i. recommending to the Board the appointment of the external auditors;
  - ii. recommending to the Board the terms of engagement of the external auditors, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee;
  - iii. reviewing annually with the external auditors their plan for their audit;
  - iv. reviewing and approving any non-audit services to be provided by the external auditors' firm and considering the impact on the independence of the auditors; and
  - v. when there is to be a change in auditors, reviewing the issues related to the change and the information to be included in the required notice to securities regulators of such change.
- (g) Reviewing with external auditors and the internal auditor their assessment of the internal controls of the Corporation, their written reports containing recommendations for improvement and management's response and follow-up to any identified weaknesses;
- (h) Upon the external auditors' completion of the audit, reviewing the external auditors' reports upon the financial statements of the Corporation and its subsidiaries;

- (i) With respect to the internal audit function:
  - i. reviewing the performance and independence of the internal audit function and whether internal audit has had full access to the Corporation's books, records and personnel;
  - ii. ensuring that the senior internal audit executive has access to the chair of the Committee, the Chief Executive Officer and the Chief Financial Officer;
  - iii. reviewing with input from the Chief Financial Officer, and approving, the proposed annual internal audit plan including assessment of major risks, areas of focus, responsibilities and objectives and staffing;
  - iv. approve all elements of compensation for the senior internal audit executive;
  - v. receiving periodic reports from internal audit addressing: (1) progress on the annual internal audit plan, including any significant changes to it; (2) significant internal audit findings, including issues as to the adequacy of internal control over financial reporting and any procedures implemented in light of significant control deficiencies; and (3) any significant internal fraud issues;
  - vi. reviewing the mandate, budget plan, changes in the scope of the internal audit plan, activities, organizational structure and qualifications of the internal audit department, as needed;
  - vii. reviewing the appointment, performance, replacement or dismissal of the senior internal audit executive;
  - viii. reviewing significant reports prepared by the internal audit department together with management's response and follow-up to these reports; and
  - ix. reporting to the Board on any significant issues relating to the internal audit function.
- (j) reviewing the Corporation's risk management policies and procedures (e.g. regarding litigation and insurance);
- (k) establishing a procedure for the handling of whistleblower complaints which procedure shall include provisions for:
  - i. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - ii. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (l) reviewing and approving the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation;
- (m) investigating any financial activity of the Corporation (with which investigations all employees of the Corporation shall cooperate as requested by the Committee); and
- (n) retaining, as it determines appropriate, persons having special expertise and/or obtaining independent professional advice to assist in filling their responsibilities at the expense of the Corporation and without any further approval of the Board.

**Meetings and Administrative Matters**

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for the purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least four times per year and at such other times as the Chair of the Committee may determine.
5. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
6. The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and to assist in the discussion and consideration of the matters being considered by the Committee. However, the Committee shall ensure that its members meet regularly, and in no case less frequently than quarterly, on an *in camera* basis without the participation of non-independent directors, management, internal auditors or external auditors.
7. The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board. Minutes of the Committee will be recorded and maintained by the Secretary to the Committee, and shall be circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
8. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
9. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated by the Committee Chair to the Chairman of the Board or to the Lead Director, as appropriate.
10. The Committee shall meet with the external auditor at least once per year (in connection with the preparation of the year end financial statements) and at such other times as the external auditor and the Committee consider appropriate.
11. The Committee shall meet in separate, non-management, closed sessions with the senior internal audit executive at each regularly scheduled meeting.