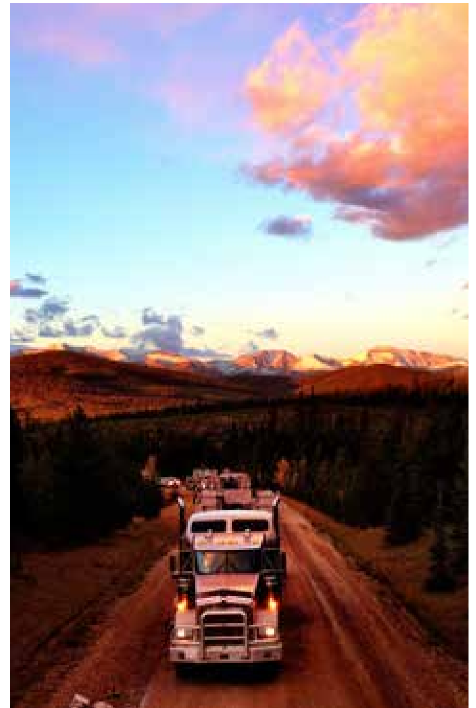
TRICAN



MANAGEMENT'S DISCUSSION & ANALYSIS AND CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

Page left intentionally blank.

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS 5

OVERVIEW 5

Financial Review 6

FINANCIAL AND OPERATING HIGHLIGHTS 7

2019 Significant Highlights 7

2019 Compared with 2018 7

Fourth Quarter 2019 vs. Fourth Quarter 2018 8

Fourth Quarter 2019 vs. Third Quarter 2019 Sequential Overview 8

BUSINESS ENVIRONMENT 9

OUTLOOK 10

Customer Environment 10

Q1 2020 Activity 10

Pricing for our Services 10

2020 Full Year Outlook 10

Hydraulic Fracturing Asset Requirements 11

Capital Expenditures 11

Primary Objectives 12

COMPARATIVE QUARTERLY INCOME STATEMENTS 13

Continuing Operations 13

Sales Mix 13

Fourth Quarter 2019 Overview (Compared to Prior Year) 14

Fourth Quarter 2019 Other Expenses and Income (Compared to Prior Year) 16

COMPARATIVE ANNUAL INCOME STATEMENTS 17

Continuing Operations 17

Sales Mix 17

2019 Overview (Compared to Prior Year) 18

2019 Other Expenses and Income (Compared to Prior Year) 20

Discontinued Operations and Assets Held for Sale 21

2019 Compared with 2018 22

LIQUIDITY AND CAPITAL RESOURCES 22

Working Capital and Cash Requirements 22

Operating Activities 22

Investing Activities 22

Financing Activities 23

Other Commitments and Contingencies 24

SUMMARY OF QUARTERLY RESULTS 25

FINANCIAL INSTRUMENTS 26

ACCOUNTING POLICIES AND ESTIMATES 26

Critical Accounting Estimates and Judgments 26

Key Sources of Estimation Uncertainty 26

Judgments 26

Estimates 28

BUSINESS RISKS 29

Credit Risk and Dependence on Major Customers 30

CONTROLS AND PROCEDURES 30
Disclosure Controls and Procedures 30
Internal Control over Financial Reporting 30

CHANGES IN ACCOUNTING POLICY AND INITIAL ADOPTION 31
New Accounting Policies 31

NON-GAAP MEASURES 32
Adjusted EBITDA 32
Adjusted EBITDA % 33

OTHER NON-STANDARD FINANCIAL TERMS 34

COMMON INDUSTRY TERMS 34
Measurement 34
Places and Currencies 34
Common Business Terms 34
Company Specific Industry Terms 35

FORWARD-LOOKING STATEMENTS 38

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS 40

INDEPENDENT AUDITOR'S REPORT 41

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION 44

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS 45

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY 46

CONSOLIDATED STATEMENTS OF CASH FLOWS 47

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 49
Note 1 - Nature of Business and Basis of Preparation 49
Note 2 - Significant Accounting Policies 51
Note 3 - Assets Held for Sale and Discounted Operations 59
Note 4 - Cash and Cash Equivalents 60
Note 5 - Trade and Other Receivables 60
Note 6 - Inventory 61
Note 7 - Right-of-Use Assets and Lease Liabilities 61
Note 8 - Property and Equipment 63
Note 9 - Intangible Assets and Goodwill 64
Note 10 - Trade and Other Payables 65
Note 11 - Loans and Borrowings 65
Note 12 - Share Capital 66
Note 13 - Earnings / (Loss) Per Share 67
Note 14 - Share-Based Payments 68
Note 15 - Cost of Sales and Administrative Expenses 70
Note 16 - Annual Impairment Assessment 71
Note 17 - Income Taxes 72
Note 18 - Financial Instruments 74
Note 19 - Capital Management 78
Note 20 - Other Commitments and Contingencies 78
Note 21 - Net Finance Costs 78
Note 22 - Related Party Transactions 79
Note 23 - Employee Benefit Expense 79
Note 24 - Subsequent Events 79

MANAGEMENT'S DISCUSSION AND ANALYSIS - 2019

This management's discussion and analysis (**"MD&A"**) is dated February 26, 2020. It should be read in conjunction with the audited consolidated financial statements and notes of Trican Well Service Ltd. (**"Trican"** or the **"Company"**) as at and for the year ended December 31, 2019. Additional information relating to the Company, including the Company's Annual Information Form (**"AIF"**) for the year ended December 31, 2018, is available online at www.sedar.com.

Basis of Presentation: Unless otherwise noted, all financial information is reported in Canadian dollars and has been prepared in accordance with International Financial Reporting Standards (**"IFRS"**) as issued by the International Accounting Standards Board (**"IASB"**). Certain figures have been reclassified to conform to the current year presentation in this MD&A.

The Company adopted IFRS 16 - ***Leases*** effective January 1, 2019 using the modified retrospective approach; therefore, comparative information has not been restated. Refer to the ***Critical Accounting Estimates and Judgments*** section of this MD&A.

Non-GAAP Measures: Trican makes reference to adjusted EBITDA and adjusted EBITDA percentage. These measures are not defined terms under IFRS and are considered non-GAAP measures. Management believes that, in addition to net income / (loss), adjusted EBITDA and adjusted EBITDA percentage are useful supplemental measures to our investors as management relies on adjusted EBITDA to better translate historical variability in Trican's principal business activities into future financial forecasts. Non-GAAP financial measures do not have a standardized meaning under IFRS and may not be comparable to similar financial measures presented by other issuers. These financial measures are reconciled to IFRS measures in the ***Non-GAAP Measures*** section of this MD&A.

Other Non-Standard Financial Terms: Trican makes use of other financial terms such as revenue per job. This term and / or calculation of amounts related to this term may not be comparable to other issuers. This term is described in the ***Other Non-Standard Financial Terms*** section of this MD&A.

Common Industry Terms: For a list of abbreviations and terms that may be used in this MD&A, refer to the ***Common Industry Terms*** section of this MD&A.

Risks and Forward-Looking Statements: The Company's financial and operational performance is potentially affected by a number of factors, including, but not limited to, the factors described in the ***Business Risks*** section in this MD&A, the Risk Factors described in the AIF, and the Company's other disclosure documents.

This MD&A includes forward-looking information based on the Company's current expectations, estimates, projections and assumptions. This information is subject to a number of risks and uncertainties, many of which are beyond the Company's control. Users of this information are cautioned that the actual results may differ materially from this forward-looking information. Refer to the ***Forward-Looking Statements*** section in this MD&A for information on material risk factors and assumptions underlying our forward-looking information.

OVERVIEW

Headquartered in Calgary, Alberta, Trican has a highly trained workforce dedicated to safety and operational excellence who provide a comprehensive array of specialized products and services using equipment required for the exploration and development of oil and gas reserves.

The following MD&A focuses on the financial and operating results of Trican's continuing operations. For further details related to Trican's discontinued operations in Canada (related to the Fluid Management Services), please refer to the discontinued operations section of the MD&A and the consolidated financial statements and accompanying notes as at and for the year ended December 31, 2019.

Financial Review

($ millions, except per share amounts; total proppant pumped[1] (thousands); internally sourced proppant pumped[1] (thousands); total job count[1]; and HHP[1] (thousands))	Three months ended			Year ended		
	Dec. 31, 2019	Dec. 31, 2018	Sept. 30, 2019	**Dec. 31, 2019**	Dec. 31, 2018	Dec. 31, 2017
Revenue	**$163.3**	$161.0	$129.9	**$636.1**	$864.5	$901.9
Gross (loss) / profit	**(6.1)**	(25.7)	(10.7)	**(44.6)**	8.5	130.5
Adjusted EBITDA [1]	**14.6**	(1.8)	3.5	**28.0**	83.2	183.3
Net (loss) / profit	**(20.6)**	(159.0)	(16.0)	**(72.7)**	(233.3)	11.1
Net (loss) / earnings per share - basic	**($0.07)**	($0.52)	($0.06)	**($0.26)**	($0.72)	$0.05
Net (loss) / earnings per share - diluted	**($0.07)**	($0.52)	($0.06)	**($0.26)**	($0.72)	$0.05
Total proppant pumped (tonnes) [1]	**262**	205	166	**898**	1,558	1,488
Internally sourced proppant pumped (tonnes) [1]	**241**	197	166	**877**	797	991
Total job count [1]	**1,806**	2,054	1,775	**7,635**	11,384	11,930
Hydraulic pumping capacity [1]	**583**	672	583	**583**	672	680
Active crewed HHP [1]	**324**	340	297	**324**	340	455
Active, maintenance / not crewed HHP [1]	**67**	242	86	**67**	242	114
Parked HHP [1]	**192**	90	200	**192**	90	111

($ millions)	**As at December 31, 2019**	As at December 31, 2018	As at December 31, 2017
Cash and cash equivalents	**$7.2**	$8.2	$12.7
Current assets - other	**$225.5**	$193.3	$279.3
Current portion of lease liabilities	**$4.5**	$--	$--
Current liabilities - other	**$88.4**	$85.8	$130.5
Lease liabilities - non-current portion	**$15.0**	$--	$--
Long-term loans and borrowings	**$46.2**	$45.9	$83.4
Total assets	**$926.5**	$1,037.8	$1,506.2

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

FINANCIAL AND OPERATING HIGHLIGHTS

2019 Significant Highlights

Some of the key events from 2019:

- The Company responded to weakness in market conditions by continuing to drive cost efficiencies deeper into the business, consolidating base locations to better align operations with market conditions, and implementing cost reductions that are anticipated to result in run-rate annualized savings of $40 million.
- Investments into our Coiled Tubing service line, that were started in 2018 and continued into 2019, enabled the business unit to add two Coiled Tubing units in response to customer demand. This business unit generated 27% higher year over year revenue and substantially improved profitability.
- Selective capital investments into our existing business increased our natural gas powered dual fuel equipment fleet and introduced new technology to reduce tractors on location. The investments into dual fuel will reduce fuel expenses and the tractor reduction technology will reduce fuel and maintenance expense. Both technologies have the potential to reduce green house gas (GHG) emissions by replacing diesel with cleaner burning natural gas and lowering the idling hours for tractors on location. Trican has approximately 145,000 HHP of dual fuel capacity, nearly half our active fleet.
- Significant progress on monetizing permanently idled assets that are no longer competitive or required in the WCSB[1]. Trican realized approximately $32 million in proceeds from non-core equipment and real estate asset sales in 2019.
- The Company has demonstrated capital discipline and has not invested in equipment or businesses that have not met return on capital hurdle rates. This discipline sustained the strong balance sheet, which will enable the Company to withstand the current industry volatility, take advantage of opportunities and / or return capital to our shareholders.
- Trican purchased and canceled approximately 30.1 million common shares during the year (11% of total shares outstanding) at a weighted average price per share of $1.15 pursuant to its Normal Course Issuer Bid ("NCIB"). Since the commencement of the Company's share repurchases in October 2017, Trican has repurchased and canceled over 22% of the outstanding share count.

2019 Compared with 2018

- Consolidated revenue from continuing operations for 2019 was $636.1 million, a 26% decrease compared to 2018.
- Net loss from continuing operations for 2019 was $71.4 million (2018 – net loss from continuing operations of $229.1 million). 2018 net loss was affected by $76.1 million of losses on investments in Keane Group, Inc. and $134.0 million of impairment charges primarily related to goodwill associated with the Company's Pressure Pumping cash generating unit ("CGU").
- Adjusted EBITDA[1] for the year was $28.0 million, which includes $7.9 million in expenses for stainless steel fluid ends[1] compared to $83.2 million in 2018, which includes $22.0 million in expenses for stainless steel fluid ends[1].
- The adoption of IFRS 16 - Leases in 2019 resulted in a $3.8 million decrease to rent expense (increase to adjusted EBITDA[1]), a $3.4 million increase to depreciation expense, and a $1.1 million increase to interest expense.

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

Fourth Quarter 2019 vs. Fourth Quarter 2018

- Consolidated revenue from continuing operations for Q4 2019 was $163.3 million, a $2.3 million increase compared to Q4 2018.
- Net loss for Q4 2019 was $20.6 million (Q4 2018 – net loss of $159.0 million).
- Adjusted EBITDA[1] for Q4 2019 was $14.6 million, which includes $1.6 million in expenses for stainless steel fluid ends[1] compared to $1.8 million for Q4 2018, which includes $5.1 million of severance costs and $1.6 million in expenses for stainless steel fluid ends[1].
- For the three months ended December 31, 2019, the Company purchased and canceled 10,841,500 common shares at a weighted average price per share of $0.94 pursuant to its NCIB program.
- The sale of surplus assets in Q4 2019 generated $10.2 million (Q4 2018 - $5.2 million) in proceeds which supported continued investment in our core business and NCIB program.
- The adoption of IFRS 16 - Leases for the three months ended December 31, 2019, resulted in a $0.9 million decrease to rent expense (increase to adjusted EBITDA[1]), a $0.6 million increase to depreciation expense, and a $0.2 million increase to interest expense in Q4 2019.

Fourth Quarter 2019 vs. Third Quarter 2019 Sequential Overview

Revenue in the fourth quarter of 2019 increased 26% compared to the third quarter of 2019. Activity levels increased compared to the previous quarter as improved gas prices resulted in customers being more active. October and November resulted in strong fracturing utilization, while December saw typical activity declines as customers completed their 2019 capital programs. Job count decreased by 5% and proppant volumes increased from the third quarter by 58%. Trican exited Q4 2019 with eight Fracturing Crews and 324,000 HHP operating compared to eight Fracturing Crews and 297,000 HHP operating in Q3 2019, a reflection of modestly larger crew sizes heading into the first quarter of 2020.

Cementing activity generally tracks closely with the WCSB Rig Count[1], although variation in job mix can affect revenue. The number of jobs completed was flat against Q3 2019, although revenue increased by 5% relative to Q3 2019. The number of Coiled Tubing Operating Days[1] for Q4 2019 increased by 20% from the third quarter of 2019 to 459 days, although revenue only rose sequentially by 3% in Q4 2019 relative to Q3 2019. The smaller increase in revenue is primarily driven by a job and customer mix that transitioned to smaller and less complex jobs.

Gross loss and adjusted EBITDA[1] for the fourth quarter of 2019 was $6.1 million and $14.6 million, compared to Q3 2019 of $11.2 million and $4.0 million, respectively. Increased activity levels, combined with the business optimization efforts undertaken throughout 2019, resulted in improved sequential gross loss and adjusted EBITDA[1] levels. During the fourth quarter of 2019, adjusted EBITDA[1] margins were positive across all of our core service lines.

The Company continues to look at opportunities to sell property and equipment that is no longer required or competitive in the WCSB[1]. During the fourth quarter of 2019, the Company received proceeds of $10.2 million through selling property and equipment with a net book value of $6.8 million. This compares to third quarter of 2019 asset sales resulting in proceeds of $5.2 million on equipment with a net book value of $3.7 million. All asset sales of specialized oil and gas equipment have been to purchasers outside of Canada.

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

BUSINESS ENVIRONMENT

Oil (NYMEX WTI[1]), Western Canadian Select (WCS[1]) and natural gas (AECO[1]) prices are important factors that affect the results of Trican's exploration and production (E&P) customers, and therefore ultimately affect Trican's financial results. The US$/CDN$ exchange rate provides context for WTI[1] oil prices which are priced in US$. Oilfield services' industry activity statistics help provide context to the operational and financial results of Trican relative to general oilfield service activity levels.

	Year Ended December 31,		
(Unaudited)	2019	2018	2017
WTI - Average Price (US$/bbl)	$57.04	$64.90	$50.85
AECO-C Spot Average Price (C$/mcf)	$1.78	$1.51	$2.19
WCS - Average Price (C$/bbl)	$57.60	$49.93	$49.54
Condensate - Average Price (C$/bbl)	$53.83	$61.39	$51.72
Average Exchange Rate (US$/C$)	$0.75	$0.77	$0.77
Thousands of Meters Drilled	14,560	17,950	17,740
Canadian Well Completions	4,773	6,117	6,429
Canadian Average Drilling Rig Count	134	191	206

Source: Bloomberg, Bank of Canada, Nickles Energy Group, Baker Hughes

Trican's revenue rates are influenced by crude oil, natural gas and natural gas liquids[1] pricing. Changes in these prices directly affect our customers' ability to generate cash flow and ultimately utilize Trican's services. The decline in commodity prices that began in the third quarter of 2018 started to show some signs of reversing, although the recovery did not bring broad-based relief. Canadian prices are influenced by the WTI[1] benchmark pricing, but in recent years the discount at which Canadian blends of oil have been sold has increased due to egress[1] bottlenecks and surplus supply in the United States, our largest export market. In 2019, WTI[1] prices were lower by 12%, but the price for Western Canadian Select (WCS[1]) increased by 15%, which led to a reduction to the discount between US and Canadian oil benchmark prices. This reduction was the result of the curtailment program introduced by the Alberta government in late 2018 which restricted the production of oil in Alberta. The lower production volumes offset part of the price gains. Prices for natural gas liquids[1] are closely linked to the WTI[1] prices, and were therefore down on the year. Canadian natural gas prices recovered from multi-year lows, with the Canadian AECO[1] benchmark up nearly 14%, which is a result of decreased supply and improvements made to certain of the WCSB[1] transportation systems. Beyond the challenges of soft commodity prices, our customers continued to exercise caution with capital expenditures preferring to focus on debt repayment and returning cash to shareholders. The result was reduced capital spending, resulting in a decline in the rig count[1] of 30%. Total metres drilled declined by 19% and total wells completed declined by 22%.

We expect that our customers will continue to take a cautious view of the next 12 months, and do not anticipate significant changes in their capital plans for 2020. There is some positive momentum towards improved takeaway capacity in the WCSB[1] for both natural gas and oil, which could be a positive catalyst for change in industry activity levels in the second half of 2020. We will remain disciplined in our capital allocation decisions and will not add capacity until we can achieve sustainable full cycle returns, and focus our investing decisions towards increasing our efficiency and / or improving our cost structure.

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

OUTLOOK

Customer Environment

Customers have maintained tight capital discipline in the face of challenging market dynamics, spending less than cash flow. The oil-directed activity continues to be impacted by the lack of pipeline take-away capacity, which creates little incentive for producers to invest capital beyond what is needed to maintain current production. There has been a recent improvement in AECO[1] natural gas prices as a result of enhancements to certain natural gas transmission lines and supply agreements, combined with reduced natural gas storage levels. Canadian natural gas storage levels are at their lowest level in five years and are a contributing factor to the steady improvement seen in the AECO[1] gas price since the summer pricing lows of 2019. United States natural gas prices have been weak throughout the winter which has countered some of the improvements to the AECO[1] price for those customers with diversified natural gas markets. Oil prices, until recently, had remained in a range that would promote activity similar to 2019.

Q1 2020 Activity

Q1 2020 has started strong, largely aligning to our expectations. Our eight Fracturing crews, 22 Cementing units and nine Coiled Tubing spreads are fully-booked through January, February and the first half of March, and we expect to see typical seasonal declines in the latter half of March heading into spring break up. We are operating less equipment relative to Q1 2019, and it is our belief that most competitors have similarly reduced their equipment and personnel complements. It is our belief that there is very little spare active fracturing and cementing capacity in the WCSB[1] in the first quarter, and that actively crewed fracturing supply only modestly exceeds fracturing demand. We will remain disciplined in our capital decisions and will not reactivate crews until long term fundamentals support additional capacity at full cycle sustainable returns.

Pricing for our Services

Pricing remains competitive, with pricing for contracted services in Q1 2020 remaining flat against Q4 2019. Given that the equipment supply and demand is in balance we do not anticipate further pricing erosion throughout the remainder of 2020 provided industry activity remains similar to last year. If this remains in equilibrium going into the second half of the year, we will be looking for small price increases from our clients that will help to improve our margins to more acceptable levels. We are not anticipating a price increase at this time, however, we will monitor the market for opportunities. The North American pressure pumping business remains competitive and companies that are able to improve efficiencies and offer low cost quality service will generate the best returns for shareholders.

2020 Full Year Outlook

Notwithstanding the strong start seen in Q1, we are anticipating similar well count and customer spending in 2020 relative to 2019. Steps taken over the past year to right size our business with anticipated activity will ensure that even with flat activity we should be able to generate modestly improved adjusted EBITDA[1]. We will continue to manage our balance sheet prudently, ensuring investment returns are commensurate with any balance sheet risk assumed. Our ability to monetize surplus property and equipment, combined with modest operating cash flows, will provide additional capital that will allow selective investments that meet our return hurdle rate and continued investment into our NCIB share buyback program.

There are positive catalysts that could drive activity higher, and we are cautiously optimistic that the industry will broadly benefit from increased egress[1] opportunities out of the WCSB[1] towards the end of 2020 as capacity will be added through various pipeline optimization efforts and increased crude by rail shipments. We also expect there will be greater clarity by mid to late 2020 on whether additional pipeline capacity will become a reality in 2021. These catalysts could cause customers to increase their spending in the latter part of the year.

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

Hydraulic Fracturing Asset Requirements

During 2019 Trican sold all of its 2,250 HHP fracturing pumps to buyers outside of the WCSB[1]. These legacy pumps ranged in age from 12 to 19 years old and were not well suited to the high intensity hydraulic fracturing work prevalent in today's market. The Company believes the pressure pumping industry will continue to skew towards hydraulic fracturing jobs that require heavy duty equipment that is capable of handling sustained 24 hour operations, and the sale of these pumps will not affect the Company's future earnings capacity even if WCSB[1] completions activity improves from 2020 forecast levels. Trican's fleet also includes an industry leading 145,000 HHP of dual fuel fracturing pumps, which reduces the cost of services to our customers. The Company's fleet of Hydraulic Fracturing equipment at December 31, 2019, is presented in the table below:

		At December 31, 2019		
Fracturing Fleet:	**Type of Pump**	**Pump (#)**	**HHP**	**% of Fleet**
Continuous Duty	2,700 / 3,000 HHP	126	345,000	59%
Mid Tier	2,500 HHP	95	237,500	41%
Total Fracturing Fleet		**221**	**582,500**	

The Mid Tier and Continuous Duty Fracturing pumps have lower operating costs and lower manpower requirements than legacy 2,250 HHP Hydraulic Fracturing pumps. It is our belief there will continue to be an increased demand in the high intensity formations such as the Montney, Duvernay, and others. Hydraulic Fracturing companies that have or can add Continuous Duty and Mid Tier equipment will be able to generate scale and create more efficient operations.

Capital Expenditures

Our capital expenditures for the year ended December 31, 2019 totaled $33.2 million have been focused primarily on maintenance and infrastructure projects, along with certain projects that brought immediate efficiencies and cost reductions; and significant components of our 2019 spend are as follows:

- $4 million for upgrades to our Fracturing equipment, including increasing the total number of dual fuel capable pumps by 10 to 53 (approximately 145,000 HHP), and a trial of technology that will reduce the number of tractors required on lease. Investments made offer incremental revenue and/or reduced costs;
- $4 million for the replacement of Fracturing equipment that was written-off in a 2018 insured fire event;
- $3 million for system infrastructure upgrades. Our information technology systems are being improved to provide our operators and customers with more precise and detailed data, all of which are driving higher pumping efficiency and lowering costs; and
- $2 million for upgrades to our Coiled Tubing fleet that has helped improve activity, revenue and cash flow of this service line. The modernization of our Coiled Tubing fleet has taken the form of legacy equipment refurbishments, as well as equipment to handle the demands of today's deeper wells.
- $17 million for sustaining capital expenditures.

We have funded the 2019 capital expenditures with approximately $31.8 million of proceeds from the sale of surplus or obsolete assets and $5.0 million of proceeds from an insured fire event that occurred in Q1 2018, allowing us to maintain our low debt levels.

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

Our focus for 2020 will be to complete the projects already underway and limit additional expenditures to maintenance items unless the investment meets our minimum return hurdle rate. This should result in similar levels of capital spending in 2020 relative to 2019. We have identified non-core real estate and obsolete or surplus equipment for disposal, and will be seeking out additional disposal opportunities provided we can earn a fair price on disposition.

Our strong financial position, potential incremental proceeds from asset sales, and modest operating cash flow, may allow us to make further investments that improve our business and/or provide a competitive advantage.

Primary Objectives

Our goal remains to achieve top quartile return on invested capital in our sector, and therefore our primary objectives are:

- Strengthen Existing Business: Maintain our market leading position in Fracturing and Cementing service lines and strengthen auxiliary service lines, specifically Coiled Tubing.
- Opportunities for Improved Profitability on Existing Asset Base: Improve operating efficiencies to generate more profit from existing assets, and implement Lean Six Sigma efficiency initiatives that will make us a leaner and more cost effective company.
- Shareholder Return: Continue our disciplined investment into future growth, ensuring full-cycle return hurdles can be met before investing in new equipment, and focus on returning value to shareholders through our share buyback program, and sell excess and permanently stranded capital equipment and return proceeds to the balance sheet.

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

COMPARATIVE QUARTERLY INCOME STATEMENTS

Continuing Operations

($ thousands, except total job count, and revenue per job[1], unaudited) **Three months ended**	**Dec. 31, 2019**	**% of Revenue**	Dec. 31, 2018	% of Revenue	Sept. 30, 2019	% of Revenue
Revenue	**$163,318**	**100%**	$160,990	100%	$129,933	100%
Cost of sales						
Cost of sales - other	**139,040**	**85%**	155,275	96%	112,075	86%
Cost of sales - depreciation and amortization	**30,402**	**19%**	31,458	20%	28,544	22%
Gross loss	**(6,124)**	**(4%)**	(25,743)	(16%)	(10,686)	(8%)
Administrative expenses - other	**10,716**	**7%**	8,516	5%	15,060	12%
Administrative expenses - depreciation	**1,356**	**1%**	1,519	1%	1,347	1%
Asset impairment	**10,091**	**6%**	131,116	81%	--	--
Other income	**(4,865)**	**(3%)**	(417)	-%	(4,779)	(4%)
Results from operating activities	**(23,422)**	**(14%)**	(166,477)	(103%)	(22,314)	(17%)
Finance costs	**1,219**	**1%**	6,386	4%	995	1%
Loss on investments in Keane	**--**	**--%**	4,265	3%	--	-%
Foreign exchange loss / (gain)	**136**	**--%**	(3,485)	(2%)	(285)	-%
Loss before income tax	**(24,777)**	**(15%)**	(173,643)	(108%)	(23,024)	(18%)
Income tax recovery	**(5,303)**	**(3%)**	(14,982)	(9%)	(7,045)	(5%)
Loss from continuing operations	**($19,474)**	**(12%)**	($158,661)	(99%)	($15,979)	(12%)
Adjusted EBITDA [1]	**$14,605**	**9%**	($1,808)	(1%)	$3,543	3%
Total job count [1]	**1,806**		2,054		1,775	
Revenue per job [1]	**90,431**		78,379		73,202	
Total proppant pumped (tonnes) [1]	**262,000**		205,000		166,000	

Sales Mix

(unaudited) **Three months ended,**	**December 31, 2019**	December 31, 2018	September 30, 2019
% of Total Revenue			
Fracturing	**70%**	63%	64%
Cementing	**16%**	18%	18%
Coiled Tubing	**8%**	5%	10%
Fluid Management	**4%**	4%	4%
Industrial Services	**2%**	2%	2%
Other	**--%**	8%	2%
Total	**100%**	100%	100%

[1] See *Non-GAAP Measures, Other Non-Standard Financial Terms* and *Common Industry Terms* described in this MD&A.

Fourth Quarter 2019 Overview (Compared to Prior Year)

Revenue

Industry activity was down, as the Rig Count[1] for Q4 2019 averaged 138 rigs, a 23% decline from the Rig Count[1] in Q4 2018. Reduced industry activity contributed to a more competitive market resulting in lower average pricing in Q4 2019 relative to Q4 2018. Despite reduced drilling activity and pricing pressures, Trican was able to increase market share and utilization in Hydraulic Fracturing compared to 2018 and as a result revenue increased 13%. Q4 2019 revenue per job increased 15% year-over-year as Hydraulic Fracturing revenue represented a larger proportion of overall revenue and typically has a higher revenue per job.

We experienced steady demand for our Hydraulic Fracturing services through October and November, before customer budget exhaustion and the typical December seasonal slowdown reduced our Q4 activity levels. Even though we ran two less Fracturing crews, revenue was 13% higher year over year as we improved our pumping efficiencies and gained new customers. We pumped 262,000 tonnes of proppant in Q4 2019, which was up from 205,000 tonnes of proppant pumped during Q4 2018.

Cementing activity closely tracks the Rig Count[1], and the Company saw a corresponding drop in job count and revenue. Job count was down by approximately 13%, while lower pricing and job mix resulted in a decrease to revenue of 19%. The available crew count was reduced through the year from 27 in Q4 2018 to 22 in Q4 2019 as Trican reduced its active fleet to better match customer demand. Trican retained a steady market position, and continued to generate a positive return on capital in this service line.

The investments made to upgrade our Coiled Tubing service line are earning higher customer acceptance. Revenue in Q4 2019 increased 22% relative to Q4 2018. We had nine 24-hour crews mobilized by the end of the fourth quarter (Q4 2018 - eight crews).

Cost of Sales

Cost of sales includes materials, products, transportation, repair costs, unit and base costs, personnel benefits expense and depreciation of equipment. The following table provides a summary of cost of sales:

($ thousands, unaudited) **Three months ended,**	**December 31, 2019**	**% of Revenue**	December 31, 2018	% of Revenue
Personnel expenses	**$41,616**	**25%**	$50,335	31%
Direct costs	**97,424**	**60%**	104,940	65%
Cost of sales - other	**139,040**	**85%**	155,275	96%
Cost of sales - depreciation and amortization	**30,402**	**19%**	31,458	20%
	$169,442	**104%**	$186,733	116%

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

Total cost of sales for Q4 2019 decreased 9% when compared to Q4 2018, primarily due to the Company's continued cost optimization efforts.

- Personnel expenses primarily relate to field operational employee day rates and job bonuses, operational support personnel costs (i.e. mechanics), senior operational personnel salaries, performance bonuses, and all operational benefits and employer portions of withholdings.
  - The decrease in personnel expenses was primarily a result of the decrease in operating activity and matching personnel levels with the reduced activity levels
- Direct costs primarily relate to repairs and maintenance, product costs, fuel, trucking expenses, and travel expenses for our operational personnel.
  - The overall decrease in direct expenses was primarily a result of the Company's continued cost optimization efforts.
  - Included in repairs and maintenance costs is $1.6 million for stainless steel fluid ends[1] for the three months ended December 31, 2019 (Q4 2018 - $1.6 million). Stainless steel fluid ends[1] have an expected life of less than 12 months, but the replacement is impacted by the type of work that the equipment was performing. The intensity of the work performed is correlated with useful life expectation, and this will vary from period to period.
  - The adoption of IFRS 16 - Leases resulted in reduced operating rent expense by $0.5 million in Q4 2019 relative to Q4 2018.
- Depreciation and amortization expense for the three months ended December 31, 2019 decreased by $1.1 million to $30.4 million compared to $31.5 million for the three months ended December 31, 2018, due to a decrease in the depreciable equipment base of the Company's property and equipment. The Company recorded $0.3 million in depreciation expense related to its operating right-of-use assets, representing the impact of the adoption of IFRS 16 - ***Leases*** as noted in the ***"Critical Accounting Estimates and Judgments"*** section.

Administrative Expenses

($ thousands, unaudited) **Three months ended,**	**December 31, 2019**	**% of Revenue**	December 31, 2018	% of Revenue
Administrative expenses - other	**$10,716**	**7%**	$8,516	5%
Administrative expenses - depreciation	**1,356**	**1%**	1,519	1%
	$12,072	**8%**	$10,035	6%

Administrative expenses - other for Q4 2019 were negatively affected by a $4.1 million dollar increase in cash-settled share-based compensation resulting from the increase in the Company's share price. Excluding the effect of cash-settled share-based compensation, Q4 2019 Administrative expenses - Other decreased by approximately 22%, relative to Q4 2018, as the comparative period included significant severance costs. Q4 2019 administrative expenses were affected by profit sharing plan expenses resulting from positive adjusted EBITDA[1] levels compared to Q4 2018 where negative adjusted EBITDA[1] resulted in a credit to the profit sharing plan expense.

Management separately identifies the following components of administrative expenses to better understand administrative expenses that are non-cash in nature or useful to predict future quarterly administrative expenses:

($ thousands, unaudited) **Three months ended,**	**December 31, 2019**	December 31, 2018
Severance costs	**$58**	$5,136
Equity-settled share-based compensation	**$1,043**	$993
Cash-settled share-based compensation	**$1,223**	($2,907)

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

Cash-settled share-based compensation includes restricted share unit expenses, deferred share unit expenses and performance share unit expenses. Increases or decreases in these expenses are correlated to the number of vested units and the movement in Trican's share price.

Corporate rent expense decreased by $0.4 million in Q4 2019 when compared to the previous period in 2018, as a result of the adoption of IFRS 16 - ***Leases***. Additionally, $0.4 million in depreciation was recorded in Q4 2019 for corporate assets as a result of IFRS 16 - ***Leases***. Administrative expenses, as a percentage of revenue increased in Q4 2019 due to lower revenue when compared to the prior year period.

Overall Results Summary

Gross loss for Q4 2019 was $6.1 million compared to $25.7 million for the fourth quarter of 2018 as the efforts made by the Company to reduce costs and improve efficiencies showed results.

Net loss in Q4 2019 improved by $138.3 million to $20.6 million from the net loss of $159.0 million recorded in Q4 2018. Q4 2018 results included $131.1 million of goodwill and asset impairment charges and a $4.3 million loss on Trican's investments in Keane Group, Inc. (**"Investments in Keane"**) during Q4 2018.

Adjusted EBITDA[1] for Q4 2019 was $14.6 million compared to negative $1.8 million for the fourth quarter of 2018. Adjusted EBITDA[1] was positively impacted by cost reduction initiatives, despite being negatively affected by reduced demand for pressure pumping services. Adjusted EBITDA[1] also benefited from a $0.9 million decrease to rent expense from the adoption of IFRS 16 - ***Leases***. Stainless steel fluid end[1] expense for Q4 2019 were $1.6 million (Q4 2018 - $1.6 million).

Fourth Quarter 2019 Other Expenses and Income (Compared to Prior Year)

Other Income / (Loss)

Other Income for the three months ended December 31, 2019 was due to a $5.9 million gain from the disposition of property and equipment. For the three months ended December 31, 2018, the Company realized a $0.2 million gain from the disposition of certain equipment.

Gain/Loss on Investments in Keane

The Company did not record a gain/loss on Investments in Keane in Q4 2019, as it sold its remaining Investments in Keane during Q4 2018. Net loss in Q4 2018 was negatively affected by a $4.3 million loss on Investments in Keane.

Finance Costs

Finance costs for the fourth quarter of 2019 decreased 81% when compared to the same period of 2018. The change is due to a $6.4 million decrease in interest expense as the Company repaid all its senior and subordinated notes during Q4 2018, which was offset by a $0.2 million increase in interest expense as a result of adopting IFRS 16 - ***Leases***. See ***Critical Accounting Estimates and Judgments*** for further discussion.

Foreign Exchange

A foreign exchange loss of $0.1 million was recorded in the fourth quarter of 2019, compared to a $3.5 million gain recorded for the same period in 2018. In 2018, the Company realized more significant foreign exchange fluctuations related to the Company's Investments in Keane. The Company sold its remaining Investments in Keane in Q4 2018.

Income Taxes

The Company recorded an income tax recovery of $5.3 million during the fourth quarter of 2019, compared to an income tax recovery of $15.0 million for the same period of 2018. The income tax recovery was recognized due to the net loss recorded during the period.

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

COMPARATIVE ANNUAL INCOME STATEMENTS

Continuing Operations

($ thousands, except total job count, and revenue per job[1], unaudited) **Year ended**	**Dec. 31, 2019**	**% of Revenue**	Dec. 31, 2018	% of Revenue	Year over Year Change	% of Change
Revenue	**$636,071**	**100%**	$864,482	100%	($228,411)	(26%)
Cost of sales						
Cost of sales - other	**562,303**	**88%**	739,414	86%	(177,111)	(24%)
Cost of sales - depreciation and amortization	**118,396**	**19%**	116,601	13%	1,795	2%
Gross (loss) / profit	**(44,628)**	**(7%)**	8,467	1%	(53,095)	(627%)
Administrative expenses - other	**49,941**	**8%**	47,319	5%	2,622	6%
Administrative expenses - depreciation	**5,670**	**1%**	4,983	1%	687	14%
Asset impairment	**10,091**	**2%**	131,116	15%	(121,025)	(92%)
Other income	**(15,369)**	**(2%)**	(308)	--%	(15,061)	4,890%
Results from operating activities	**(94,961)**	**(15%)**	(174,643)	(20%)	79,682	(46%)
Finance costs	**4,690**	**1%**	15,120	2%	(10,430)	(69%)
Loss / (gain) on investments in Keane	**--**	**--%**	76,062	9%	(76,062)	(100%)
Foreign exchange loss / (gain)	**176**	**--%**	(11,160)	(1%)	11,336	(102%)
(Loss) / profit before income tax	**(99,827)**	**(16%)**	(254,665)	(29%)	154,838	(61%)
Income tax (recovery) / expense	**(28,392)**	**(4%)**	(25,608)	(3%)	(2,784)	11%
(Loss) / profit from continuing operations	**($71,435)**	**(11%)**	($229,057)	(26%)	$157,622	(69%)
Adjusted EBITDA [1]	**$27,973**	**4%**	$83,183	10%	($55,210)	(66%)
Total job count [1]	**7,635**		11,384			
Revenue per job [1]	**83,310**		75,938			
Total proppant pumped (tonnes) [1]	**898,000**		1,558,000			

Sales Mix

(unaudited) **Year ended,**	**December 31, 2019**	December 31, 2018
% of Total Revenue		
Fracturing	**70%**	68%
Cementing	**16%**	16%
Coiled Tubing	**8%**	4%
Fluid Management	**4%**	3%
Industrial Services	**2%**	2%
Other	**--%**	7%
Total	**100%**	100%

[1] See *Non-GAAP Measures, Other Non-Standard Financial Terms* and *Common Industry Terms* described in this MD&A.

2019 Overview (Compared to Prior Year)

Revenue

Industry activity rates and overall profitability have been negatively affected by the challenging oil and gas business climate. As a result, revenue for the year ended December 31, 2019 was down 26% to $636.1 million when compared to the year ended December 31, 2018.

Revenue per job for the year ended December 31, 2019, increased 10% year-over-year primarily due to the lower proportion of activity weighted to customer supplied proppant (the Company earns revenue from selling proppant to clients).

Hydraulic Fracturing services pumped 898,000 tonnes of proppant[1] for the year ended December 31, 2019, down from the 1,558,000 tonnes of proppant pumped[1] for the year ended December 31, 2018. The decline in proppant pumped is representative of lower equipment and crew utilization in this service line, and forced a reduction in crew count from ten Fracturing crews at the start of 2019 to eight Fracturing crews at the close of 2019. Pricing was also impacted by the decline in activity, with prices trending lower through the year before stabilizing in the third quarter.

Trican continued to maintain a strong position in the cementing market, however, the decline in the WCSB Rig Count[1] led to a similar decline in cementing service revenue during the year ended December 31, 2019 relative to the 2018 period. Pricing trended downward through the year before stabilizing in the fourth quarter.

Coiled Tubing revenue grew during the year ended December 31, 2019, with nine crews mobilized compared to eight crews mobilized for the year ended December 31, 2018. We expect to see relative stability in this service line and will continue to selectively invest to meet customer demand.

Cost of Sales

Cost of sales includes materials, products, transportation and repair costs, unit and base costs, personnel benefits expense and depreciation of equipment. The following table provides a summary of cost of sales:

($ thousands, unaudited) **Year ended,**	**December 31, 2019**	**% of Revenue**	December 31, 2018	% of Revenue
Personnel expenses	**$166,432**	**26%**	$238,349	28%
Direct costs	**395,871**	**62%**	501,065	58%
Cost of sales - other	**562,303**	**88%**	739,414	86%
Cost of sales - depreciation and amortization	**118,396**	**19%**	116,601	13%
	$680,699	**107%**	$856,015	99%

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

Total cost of sales for the year ended December 31, 2019 decreased by 20% when compared to the same period in 2018 primarily due to lower operating activity levels, but increased as a percentage of revenue as the decline in activity forced pricing downward and fixed costs represented a larger proportion of overall costs. The increase is also attributable to the Company supplying 98% of proppant pumped (2018 - 51%). When Trican supplies proppant it earns a very small margin to reflect the cost of infrastructure and handling costs, but this drives up Cost of Sales as a percentage of revenue.

- Personnel expenses primarily relate to field operational employee day rates and job bonuses, operational support personnel costs (i.e. mechanics), senior operational personnel salaries and performance bonuses, and all operational benefits and employer portions of withholdings.
  - An overall decrease in personnel expenses was due to the decrease in operating activity and the Company's ongoing optimization efforts over the past year
- Direct costs primarily relate to repairs and maintenance, product costs, fuel, trucking expenses, and travel expenses for our operational personnel.
  - The overall decrease in direct expenses was primarily a result of lower activity, and also due to the Company's continued cost optimization efforts undertaken in response to the lower activity and pricing environment.
  - Direct costs as a percentage of revenue increased due to lower pricing, but also because the Company supplied 98% of the proppant for the year ended December 31, 2019. For the year ended December 31, 2018, 51% of proppant was supplied by Trican (the Company earns more revenue when it supplies the proppant, but at very low gross margin).
  - Included in repairs and maintenance costs is $7.9 million related to the inclusion of stainless steel fluid ends[1] (2018 - $22.0 million) within cost of sales. Stainless steel fluid ends[1] have an expected life of less than 12 months, but the replacement is impacted by the type of work that the equipment was performing. The intensity of the work performed is correlated with useful life expectation, and this will vary from period to period.
  - The adoption of IFRS 16 - Leases resulted in reduced operating rent expense by $2.2 million for the year ended December 31, 2019, relative to the comparable 2018 period.
- Depreciation and amortization expense for the year ended December 31, 2019 increased by $1.8 million to $118.4 million when compared to the same period in 2018. The adoption of IFRS 16 resulted in an incremental increase to right-of-use assets of $15.9 million with respect to property leases resulting in an increased depreciable asset base. The Company recorded $2.0 million in depreciation expense for the year ended December 31, 2019, related to Trican's operating right-of-use assets, representing the impact of the adoption of IFRS 16 - ***Leases*** as noted in the ***"Critical Accounting Estimates and Judgments"*** section.

Administrative Expenses

($ thousands, unaudited) **Year ended,**	**December 31, 2019**	**% of Revenue**	December 31, 2018	% of Revenue
Administrative expenses - other	**$49,941**	**8%**	$47,319	5%
Administrative expenses - depreciation	**5,670**	**1%**	4,983	1%
	$55,611	**9%**	$52,302	6%

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

Administrative expenses - other for 2019 were negatively affected by a $7.2 million dollar increase in cash-settled share-based compensation resulting from the increase in the Company's share price. Excluding the effect of cash-settled share-based compensation, 2019 Administrative expenses - Other decreased by approximately 10%, relative to 2018, following significant and ongoing cost reduction efforts. Administrative expenses as a percentage of revenue increased for the year ended December 31, 2019 due to lower revenue when compared to the prior year period and the aforementioned cash-settled share-based compensation changes.

Management separately identifies the following components of administrative expenses to better understand administrative expenses that are non-cash in nature or useful to predict future administrative expenses:

($ thousands, unaudited) **Year ended,**	**December 31, 2019**	December 31, 2018
Severance costs	**$9,005**	$8,804
Equity-settled share-based compensation	**$4,146**	$5,434
Cash-settled share-based compensation	**$2,444**	($4,730)

Cash-settled share-based compensation includes restricted share unit expenses, deferred share unit expenses and performance share unit expenses. Increases or decreases in these expenses are correlated to the number of vested units and the movement in Trican's share price.

Corporate rent expense decreased by $1.6 million for the year ended December 31, 2019, when compared to the previous years' comparative period as a result of the adoption of IFRS 16 - ***Leases***. Additionally, $1.4 million in depreciation was recorded for the year ended December 31, 2019, for corporate assets as a result of IFRS 16 - ***Leases***.

Overall Results Summary

Gross loss for 2019 widened relative to 2018 as continued volatility in oil and gas commodity prices resulted in a decline in activity across the WCSB[1]. The reduced well count as clients lowered spending was the primary reason for the increased gross loss for the year ended December 31, 2019 of $44.6 million, compared to $8.5 million gross profit for the year ended December 31, 2018.

Net loss for the year ended December 31, 2019, of $72.7 million improved by $160.6 million from a net loss of $233.3 million for the year ended December 31, 2018. Net loss for the year ended December 31, 2018, was negatively affected by $131.1 million of goodwill and asset impairment charges and a $76.1 million loss on Investments in Keane. The Company sold its remaining Investments in Keane during Q4 2018.

Adjusted EBITDA[1] for the year ended December 31, 2019 was $28.0 million, compared to $83.2 million for the year ended December 31, 2018. Adjusted EBITDA[1] for the year ended December 31, 2019, was negatively affected by reduced demand for pressure pumping services, but benefited from a $3.8 million decrease to rent expense from the adoption of IFRS 16 - ***Leases***. Stainless steel fluid end[1] expenses for the year ended December 31, 2019 was $7.9 million (2018 - $22.0 million).

2019 Other Expenses and Income (Compared to Prior Year)

Other Income / (Loss)

Other Income for the year ended December 31, 2019, included a $5.0 million insurance recovery from the settlement of a 2018 insurable event and a $11.0 million gain from the disposition of property and equipment. For the year ended December 31, 2018, the Company realized a $0.2 million loss on the disposition of certain property and equipment.

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

Gain/Loss on Investments in Keane

The Company did not record a gain/loss on Investments in Keane in 2019, as it sold its remaining Investments in Keane during Q4 2018. Net loss for the year ended December 31, 2018 was affected by the $76.1 million loss on Investments in Keane.

Finance Costs

Finance costs for the year ended December 31, 2019 decreased 69% when compared to the same period of 2018. The change is due to a $12.6 million decrease in interest expense as the Company repaid all its senior and subordinated notes during Q4 2018, which was offset by a $1.1 million increase in interest expense as a result of adopting IFRS 16 - ***Leases***. See ***Critical Accounting Estimates and Judgments*** for further discussion.

Foreign Exchange

The Foreign Exchange loss was $0.2 million at December 31, 2019. A $11.2 million foreign exchange gain was recorded for the year ended December 31, 2018. In 2018, the Company realized more significant foreign exchange movements due to the Company's Investments in Keane, as well as the valuation of the currency derivatives, which were tied to fluctuations in the exchange rate between Canadian and US dollars.

Income Taxes

For the year ended December 31, 2019, the deferred tax recovery includes $6.5 million attributable to the decrease in the Alberta provincial income tax rate for the periods from July 1, 2019 to January 1, 2022, which reduces the provincial rate to 11% effective July 1, 2019, and further reduces it by 1% on January 1st for the years 2020, 2021, and 2022, bringing the provincial rate to 8%.

The Company recorded an income tax recovery of $28.4 million for the year ended December 31, 2019, compared to an income tax recovery of $25.6 million for the comparative 2018 period. The 2019 income tax recovery was recognized due to the net loss recorded during the period and the aforementioned change to the Alberta provincial income tax rates. The recovery for the 2018 comparable period was primarily due to the reduction of the deferred tax liability associated with losses incurred by the Company for its Investments in Keane and a taxable loss in Canadian continuing operations.

Discontinued Operations and Assets Held for Sale

During the fourth quarter of 2019 the Company entered into an agreement to sell its Fluid Management business for $18.1 million. The assets were transferred into Assets Held For Sale as at December 31, 2019, and the sale was closed on January 15, 2020. The Company also classified certain non-core real estate assets into Assets Held for Sale during the fourth quarter of 2019 following the consolidation of operating bases in that quarter. The Company was able to redeploy certain of its Coiled Tubing assets that were held in Assets Held for Sale at December 31, 2018.

Revenue from discontinued operations related to the Fluid management business was $24.5 million, a decrease of $11.6 million from 2018, due to generally slower industry activity. Loss from discontinued operations was $2 million compared to a loss of $3.6 million in 2018. The loss in 2018 included an impairment expense of $2.9 million.

Results from discontinued operations have not been included in the continuing operations discussion and analysis. For information related to Trican's discontinued operations, please see the audited annual consolidated financial statements and accompanying notes for the years ended December 31, 2019 and 2018.

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

2019 Compared with 2018

2019 revenue, gross profit and adjusted EBITDA[1] were significantly lower than 2018 as a result of 2019 experiencing lower industry activity levels with 4,773 wells drilled compared to 6,117 in 2018. Revenue, gross loss and adjusted EBITDA[1] from continuing operations of $636.1, $44.6, and $28.0 million in 2019 compared to revenue, gross profit and adjusted EBITDA[1] from continuing operations of $864.5, $8.5, and $83.2 million in 2018. Lower industry activity levels were the primary contributor to the significant reduction in profitability.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital and Cash Requirements

As at December 31, 2019, the Company had a working capital (current assets less current liabilities) balance of $139.8 million compared to $115.7 million as at December 31, 2018. The increase is attributable to.

- $6.0 million increase in trade and other receivables primarily due to an increase in accrued sales tax refund;
- $6.7 million decrease in inventory due to the Company's ongoing efforts to reduce spare parts inventory;
- $32.2 million increase in net assets held for sale related to certain non-core assets as well as assets related to the pending sale of the Company's Fluid Management business;
- $1.6 million decrease in prepaid expenses as a result of the amortization of prepaid items; and
- $4.5 million increase in the current portion of lease liabilities as a result of the adoption of the new accounting standard, IFRS 16 - Leases. The increase includes $3.4 million that was previously included in trade accounts payable as it related to finance leases under the previous accounting standard, IAS 17.

At December 31, 2019, the Company's working capital and available operating credit facilities exceed the level required to manage timing differences between cash collections and cash payments.

Operating Activities

Cash flow from continuing operations was $30.9 million during the year ended December 31, 2019 (December 31, 2018 - $95.0 million). The net decrease in cash flows provided by continuing operations was primarily due to lower overall activity contributing to reduced adjusted EBITDA[1].

Investing Activities

Capital expenditures related to continuing operations for the year ended December 31, 2019 totaled $33.2 million (December 31, 2018 - $75.4 million) and proceeds from the sale of surplus and/or non-core property and equipment during the period totaled $31.8 million for the year ended December 31, 2019 (December 31, 2018 - $17.5 million).

Capital expenditures during the year ended December 31, 2019, primarily related to maintaining the productive capability of Trican's Hydraulic Fracturing services fleet and strategic selective investments in its Coiled Tubing business to expand our capabilities, improve our competitive position, and improve the profitability of our Coiled Tubing services. Trican regularly reviews its capital equipment requirements and will continue to follow its policy of adjusting the capital budget on a quarterly basis to reflect changing operating conditions, cash flow, and capital equipment needs. See Outlook for further discussion.

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

Subsequent to December 31, 2019, the Company completed the sale of substantially all of the assets of its Fluid Management service line for proceeds of $18 million, subject to customary closing adjustments of which $4 million has been paid by way of a secured vendor take-back loan. The loan is repayable within three years, has terms and covenants consistent with second lien debt, and bears interest at customary second lien rates.

Financing Activities

Revolving Credit Facility ("RCF")

On December 6, 2018, as part of an overall restructuring of the Company's credit facilities, Trican entered into an agreement with its RCF providers which amends and extends its RCF **("Amended RCF")**.

The Amended RCF matures December 5, 2021, a date that may be extended on an annual basis upon agreement of the RCF lenders, and the Company may draw up to $275.0 million (December 31, 2018 – $275.0 million). The Amended RCF has a general security charge against the assets of the Company and bears interest at the applicable Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 45 to 300 basis points (December 31, 2018 – Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 45 to 300 basis points). At December 31, 2019, the undrawn and accessible amount of the RCF, subject to financial covenants, is $227.6 million (December 31, 2018 – $229.1 million accessible) due to the Company's Letters of Credit and amounts drawn on the swing line as at December 31, 2019.

As at December 31, 2019, the Company had a $20.0 million (December 31, 2018 – $20.0 million) swing line facility with its lead bank included in the $275.0 million amended RCF described above. As at December 31, 2019, nil was drawn on the swing line facility (December 31, 2018 – $3.8 million).

As at December 31, 2019, the Company had a $10.0 million (December 31, 2018 – $10.0 million) Letter of Credit facility with its syndicate of banks included in the $275.0 million amended RCF described above. As at December 31, 2019, Trican had $0.4 million in letters of credit outstanding (December 31, 2018 – $2.1 million).

The Company is required to comply with covenants that are applicable to the Amended RCF. Trican is required to comply with the following leverage and interest coverage ratio covenants, based on the last twelve-month calculation basis:

- Leverage Ratio <3.5x
- Interest Coverage Ratio >2.5x

At December 31, 2019, Trican was in compliance with the required debt covenant ratios and we continue to forecast compliance with our covenants in future periods.

The Leverage Ratio is defined as debt excluding Non-Recourse Debt plus Letter of Credit facility minus cash divided by Bank EBITDA[1]. As at December 31, 2019, the Leverage Ratio was 1.3 (December 31, 2018 – 0.4).

The Interest Coverage Ratio is defined as Bank EBITDA[1] divided by interest expense. As at December 31, 2019, the Interest Coverage Ratio was 9.6 (December 31, 2018 – 15.6).

Certain non-cash expenses (including depreciation, amortization, impairment expenses, equity-settled stock based compensation), gains and losses resulting from Investments in Keane, certain personnel based expenses such as severance and certain other items, are permitted to be adjusted to EBITDA to arrive at bank EBITDA for covenant calculation purposes. In accordance with the definition under the Amended RCF, the covenant calculation excludes the impact of certain leases recognized under IFRS 16.

Share Capital

As at February 26, 2020, Trican had 267,081,435 common shares and 12,448,797 employee stock options outstanding.

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

Normal Course Issuer Bid

The Company completed its 2018-2019 NCIB announced on October 1, 2018. Pursuant to the 2018-2019 NCIB, the Company purchased and canceled the maximum allowable number of its common shares under the bid, totaling 30,923,345 common shares for a total consideration of $45.4 million at a weighted average price per share of $1.47 before broker commissions.

On September 30, 2019, the Company announced its renewal of its ongoing NCIB program, commencing October 3, 2019, to purchase up to 24.7 million of its common shares for cancellation before October 2, 2020.

All purchases are to be made at the prevailing market price at the time of purchase and are subject to a maximum daily purchase volume of 220,020 (being 25% of the average daily trading volume of the common shares traded on the TSX for the six months ending August 31, 2019 of 880,081 common shares) except as otherwise permitted under the TSX NCIB rules. All common shares purchased under the NCIB will be returned to treasury for cancellation.

For the year ended December 31, 2019, the Company purchased and canceled 30,102,845 common shares at a weighted average price per share of $1.15 (December 31, 2018 - 37,610,386 common shares at a weighted average price per share of $2.79).

For the period from January 1, 2020 to February 26, 2020, the Company purchased and canceled an additional 4,408,600 common shares at a weighted average price per share of $1.09 pursuant to its NCIB.

Other Commitments and Contingencies

The Company has commitments for financial liabilities and various lease agreements, primarily for office space, with minimum payments due as of December 31, 2019 as follows:

	Payments Due by Period			
December 31, 2019	**1 year or less**	**1 to 5 years**	**5 years & thereafter**	**Total**
Trade AP, other payables, liabilities held for sale	$88,428	$--	$--	$88,428
RCF (including interest)	1,661	48,544	--	50,205
Lease liabilities (IFRS 16)	5,733	13,196	4,792	23,721
Total Commitments	**$95,822**	**$61,740**	**$4,792**	**$162,354**

In addition to the above commitments, the Company has committed to, or expects to commit to:

- capital expenditures of $3.0 million.
- proppant supply arrangements to certain vendors with payments based on volumetric thresholds, due over the next two years. Prices and volumes in the contracts are subject to change based on market conditions.

The tax regulations and legislation in the various jurisdictions that the Company operates in, or has previously operated in, are continually changing. As a result, there are usually some tax matters under review. Management believes that it has adequately met, provided and/or recognized tax assets and liabilities based on the Company's interpretation of relevant tax legislation and regulations and likelihood of recovery and/or payment.

The Company received confirmation of final settlement on its equipment claim relating to a 2018 insured fire event. Net insurance recoveries of approximately $5.0 million were recognized during the year.

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

SUMMARY OF QUARTERLY RESULTS

($ millions, except per share, and adjusted EBITDA %[1]; total proppant pumped[1] (thousands); internally sourced proppant pumped[1] (thousands); HHP[1] (thousands); crews[1]; and total job count[1]; (unaudited)	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue from continuing operations	$163.3	$129.9	$105.2	$237.6	$161.0	$242.3	$164.4	$296.7
Loss on Investments in Keane	$--	$--	$--	$--	($4.3)	($9.0)	($8.4)	($54.4)
Profit / (loss) from continuing operations								
Per share – basic	($0.07)	($0.06)	($0.11)	($0.01)	($0.52)	($0.04)	($0.09)	($0.08)
Per share – diluted	($0.07)	($0.06)	($0.11)	($0.01)	($0.52)	($0.04)	($0.09)	($0.08)
Loss from discontinued operations								
Per share – basic and diluted	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	($0.01)	$0.00
Loss for the period	($20.9)	($16.7)	($29.0)	($6.9)	($158.5)	($12.6)	($34.2)	($27.4)
Per share – basic	($0.07)	($0.06)	($0.10)	($0.02)	($0.52)	($0.04)	($0.10)	($0.08)
Per share – diluted	($0.07)	($0.06)	($0.10)	($0.02)	($0.52)	($0.04)	($0.10)	($0.08)
Adjusted EBITDA [1]	$14.6	$3.5	($16.5)	$26.4	($1.8)	$35.2	($4.8)	$54.6
Adjusted EBITDA % [1]	9%	3%	(14%)	11%	(1%)	14%	(1%)	18%
Proppant pumped [1] (tonnes)	262	166	138	332	205	486	383	484
Internally sourced proppant pumped [1] (tonnes)	241	166	138	332	197	227	110	263
Hydraulic fracturing capacity (HHP) [1]	583	583	593	672	672	672	672	672
Active crewed HHP [1]	324	297	347	370	340	464	445	433
Active, maintenance, not crewed HHP [1]	67	86	235	212	242	201	185	162
Parked HHP [1]	192	200	11	90	90	7	42	77
Average active, crewed HHP [1]	155	105	73	225	121	283	207	322
Hydraulic fracturing crews [1]	8.0	8.0	9.0	10.0	10.5	11.0	11.5	11.5
Hydraulic fracturing utilization [1]	71%	57%	27%	83%	44%	75%	42%	90%
Coiled tubing crews [1]	9.0	9.0	8.0	8.0	7.5	7.0	6.0	6.0
Total job count [1]	1,806	1,775	1,215	2,839	2,054	3,390	1,997	3,943

Pipeline construction delays and ongoing imposed supply quotas for our customers' oil production contributed to reduced operating activity throughout all quarters in 2019 as well as Q4 2018. Continued optimization efforts to streamline operations contributed to stronger year over year results from continuing operations in Q4 2019 relative to the fourth quarter of 2018, although Q4 2018 included an asset impairment of $134 million. In Q2 2019 and Q2 2018, revenue was negatively impacted by seasonal weather-related delays typical of spring break-up[1]. Q3 2018 and Q1 2018 benefited from a more constructive operating environment. 2018 financial results were affected by fluctuations in value of the Company’s Investments in Keane. The Company sold its remaining Investments in Keane in Q4 2018.

[1] See ***Non-GAAP Measures, Other Non-Standard Financial Terms*** and ***Common Industry Terms*** described in this MD&A.

FINANCIAL INSTRUMENTS

The Company initially measures its financial instruments at fair value upon initial recognition of the transaction. Measurement in subsequent periods is dependent on whether the instrument is classified as "financial assets or liabilities measured at amortized cost", a "financial asset or financial liability at fair value through profit or loss", or "financial assets at fair value through other comprehensive income".

The Company's "financial assets and liabilities measured at amortized cost" consist of loans and borrowings and trade and other payables. They are recognized at amortized cost, using the effective interest rate method.

Transaction costs related to the issuance of any long-term debt are netted against the carrying value of the associated long-term debt and amortized as part of financing costs over the life of the debt using the effective interest rate method.

On January 24, 2018, Keane Holdings sold 15,320,015 shares of Keane at a price per share of USD $18.25. This resulted in a distribution of $33.6 million (USD $27.2 million) for Trican and a realized gain of $21.1 million.

On December 3, 2018, Trican announced the pricing of an underwritten secondary offering of its common shares of Keane by Keane Holdings, of 5,251,249 Keane shares for proceeds, after underwriting fees and discounts, of USD $55.1 million. Trican ceased to hold an equity interest and conceded all Class C shares in Keane Holdings, LLC.

ACCOUNTING POLICIES AND ESTIMATES

The Company's International Financial Reporting Standards (IFRS) accounting policies and future accounting pronouncements are provided in note 2 to the Annual Consolidated Financial Statements as at and for the years ended December 31, 2019 and 2018.

Critical Accounting Estimates and Judgments

In the preparation of the Company's Consolidated Financial Statements, management has made estimates that affect the recorded amounts of certain assets, liabilities, revenues and expenses. Actual results could differ from these estimates. Estimates and judgments used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the Consolidated Financial Statements are prepared. Please refer to note 2 to the Consolidated Financial Statements for the years ended December 31, 2019 and 2018 for a description of the accounting policies of the Company. The Company considers the following to be the significant accounting policies and practices involving the use of estimates and judgments that are critical to determining Trican's financial results.

Key Sources of Estimation Uncertainty

The following judgments and estimates are those deemed by management to be material to the Company's consolidated financial statements.

Judgments

Depreciation and Amortization

Depreciation and amortization methods are based on management's judgment of the most appropriate method to reflect the pattern of an asset's future economic benefit expected to be consumed by the Company. Among other factors, these judgments are based on industry standards and company-specific history and experience.

Impairment

Assessment of impairment indicators is based on management's judgment of whether there are internal and external factors that would indicate that a non-financial asset is impaired. The determination of a cash generating unit **("CGU")** is also based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets.

Annual Impairment Assessment

For the purposes of impairment testing, goodwill and intangible assets are allocated to the Company's CGUs. As required by IAS 36, the Company performed its annual impairment tests on goodwill for the Pressure Pumping CGU and the Cement Services CGU. Based on the results of the tests, no provision for impairment of the Company's CGUs was recorded for the year ended December 31, 2019 (2018 - $130.0 million impairment of goodwill for the Pressure Pumping CGU; and impairment of $2.9 million of intangible assets was recorded for the Fluid Management Services CGU).

a) Pressure Pumping Services

The impairment test for the Pressure Pumping Services CGU used a value in use approach based on internal cash flow estimates at December 31, 2019 at a pre-tax discount rate of 15.9% and a terminal growth rate of 2.0%. The discount rate was estimated based on the Company's weighted average cost of capital, adjusted for Pressure Pumping Services CGU specific risks. The estimated cash flows were based on a 5-year model with future revenues modestly increasing with forecasted oil and gas industry activity. Costs were based on historical contribution margins adjusted for anticipated revenue changes. A terminal value thereafter was applied. Based on the analysis, no provision for impairment on the Company's long-term pressure pumping assets was required for the year ended December 31, 2019 (2018 - $130.0 million). The estimated value in use for the Pressure Pumping Services CGU would require an impairment of $61.4 million with an increase to the pre-tax discount rate by 1% or an impairment of $39.4 million with a decrease to the terminal growth rate by 1%.

b) Cementing Services

The impairment test for Cementing Services CGU used a value in use approach based on internal cash flow estimates at December 31, 2019 at a pre-tax discount rate of 15.9% and a terminal growth rate of 2.0%. The discount rate was estimated based on the Company's weighted average cost of capital, adjusted for Cementing Services CGU specific risks. The estimated cash flows were based on a 5-year model with future revenues initially decreasing, and subsequently increasing, in correlation with forecasted oil and gas industry activity. Costs were based on historical contribution margins adjusted for anticipated revenue changes. A terminal value thereafter was applied. Based on the analysis, no provision for impairment on the Company's long-term cementing assets was required for the year ended December 31, 2019 (2018 - nil). The estimated value in use for the Cementing Services CGU continued to support no impairment with an increase to the pre-tax discount rate by 1% or with a decrease to the terminal growth rate by 1%.

c) Fluid Management Services

For the year ended December 31, 2019, the Fluid Management Services CGU was reclassified to assets held for sale at which time an assessment of fair value was completed with no impairment required (2018 - $2.9 million pre-tax impairment of intangible assets). Subsequent to December 31, 2019, the Company completed the sale of its Fluid Management business and the proceeds received approximated the carrying value of the Fluid Management Services CGU.

Assets Held for Sale

Assets held for sale contains judgments that the property and equipment classified in this category meet the criteria as "assets held for sale". As at the end of the reporting period these assets are recorded at the lower of cost or fair value less cost to sell.

Non-Financial Assets

The Company's assets are aggregated into Cash Generating Units (CGUs) for the purpose of calculating impairment. CGUs are based on management's judgments and assessment of the CGUs ability to generate independent cash inflows. Judgments are also required to assess when impairment indicators exist and impairment testing is required.

Provisions and Contingencies

The Company is required to exercise judgment in assessing whether the criterion for recognition of a provision or a contingency has been met. The Company considers whether a present obligation exists, the probability of loss, and if a reliable estimate can be formulated.

Right-of-Use Assets and Lease Liabilities

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amount of the right-of-use assets and lease liabilities, and the resulting interest and depreciation expense. Actual results could differ significantly as a result of these estimates. Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- Incremental borrowing rate: The rates used to present value future lease payments are based on judgments about the economic environment in which the Company operates and theoretical analyses about the security provided by the underlying leased asset, the amount of funds required to be borrowed in order to meet the future lease payments associated with the leased asset, and the term for which these funds would be borrowed.
- Lease term: In determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Estimates

Business Combinations

The measurement of acquired assets and assumed liabilities are based on information available to the Company on the acquisition date. The estimate of fair value of acquired assets and assumed liabilities requires significant judgment which is largely based on projected cash flows, discount rates and other market conditions that are present on the date of acquisition. The acquired assets and assumed liabilities are recognized at fair value on the date the Company obtains control in a business combination.

Allowance for Doubtful Accounts

The Company's trade and other receivables are typically short-term in nature and the Company recognizes an amount equal to the lifetime expected credit losses **("ECL")** on receivables for which there has been a significant increase in credit risk since initial recognition. The Company measures loss allowances at an amount equal to the expected 12-month ECL on balances for which a significant increase in credit risk has not been identified based on the Company's historical experience and including forecasted economic conditions. The amount of ECLs is sensitive to changes in circumstances of forecast economic conditions. Information about the ECLs on the Company's trade receivables is disclosed in note 18.

Impairment of Inventories

The Company regularly reviews the nature and quantities of inventory on hand and evaluates the net realizable value of items based on historical usage patterns, known changes to equipment or processes and customer demand for specific products. Significant or unanticipated changes in business conditions could impact the magnitude and timing of impairment recognized.

Depreciation and Amortization

Depreciation and amortization are calculated to write off the cost, less estimated residual value, of assets on a systematic and rational basis over their expected useful lives. Estimates of residual value and useful lives are based on data and information from various sources including industry practice and historic experience. Expected useful lives and residual values are reviewed annually for any change to estimates and assumptions. Although management believes the estimated useful lives of the Company's property and equipment and intangibles are reasonable, it is possible that changes in estimates could occur, which may affect the expected useful lives and salvage values of the property and equipment and intangibles.

Taxes

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in Canadian and foreign tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to Canadian and foreign tax law and bases its estimates on the best available information at each reporting date.

Fair Value of Equity-Settled Share-Based Payments

The Company uses an option pricing model to determine the fair value of equity-settled share-based payments. Inputs to the model are subject to various estimates relating to volatility, interest rates, dividend yields and expected life of the units issued. Fair value inputs are subject to market factors as well as internal estimates. The Company considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

Impairment of Non-Financial Assets

In determining the recoverable amount of assets subject to impairment testing, the Company measures the recoverable amount of non-financial assets as the higher of a fair value less costs of disposal and its value in use. Recoverable amounts of the non-financial assets are evaluated and calculated using various factors and assumptions. The factors and assumptions used in the estimates are assessed for reasonableness based on the information available at the time the estimates are prepared. As circumstances change and new information becomes available, the estimates could change (i.e. discount rates, growth rates, working capital requirements, sustaining capital, etc.).

BUSINESS RISKS

Our business is subject to certain risks and uncertainties. Prior to making any investment decision regarding Trican, investors should carefully consider, among other things, the risks described herein (including the risks and uncertainties listed in the Forward-Looking Statements section in this MD&A) and the risk factors set forth in the most recently filed AIF of the Company available on SEDAR and can be accessed at www.sedar.com. Other than risks described within this MD&A, including within this section, the Company's risk factors and management of those risks has not changed substantially from the most recently filed AIF.

Credit Risk and Dependence on Major Customers

The Company's accounts receivable are due from customers that operate in the oil and gas exploration and production industry and are subject to typical industry credit risks that include oil and natural gas price fluctuations and the customers' ability to secure appropriate financing. The Company has a customer base of more than 60 exploration and production entities, ranging from large multinational public entities to small private companies. Notwithstanding the Company's significant customer base, for the year ended December 31, 2019, one customer accounted for 26.8% (2018 – one customer accounted for 28.7%) of the Company's accounts receivable while two customers accounted for 25.3% (2018 – two customers accounted for 25.7%) of its revenues.

Standard payment terms for the industry are 30-60 days from the invoice date, however industry practice allows payment for up to 70 days after the invoice date.

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The calculation reflects the probability-weighted outcome, the time value of money and reasonable supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures **("DC&P")**, as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), are designed to provide reasonable assurance that information required to be disclosed in reports filed with, or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities law. DC&P include controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The Chief Executive Officer and the Chief Financial Officer of Trican evaluated the effectiveness of the design and operation of the Company's DC&P. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that Trican's DC&P were effective as at December 31, 2019.

Internal Control over Financial Reporting

Trican's Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting **("ICFR")**, as such term is defined in NI 52-109. They have, as at the financial year ended December 31, 2019, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework the officers used to design Trican's ICFR is the Internal Control - Integrated Framework (2013) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Trican's ICFR includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions, acquisitions and dispositions of assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles; and
- Provide reasonable assurance regarding prevention, or timely detection, of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Trican conducted an evaluation of the design and operating effectiveness of its ICFR as at December 31, 2019, based on the COSO Framework, under the supervision of the Chief Executive Officer and the Chief Financial Officer. Based on this evaluation, the Officers concluded that as of December 31, 2019, the design and operating effectiveness Trican's ICFR is sufficient.

While the Officers believe that Trican's controls are effective, they do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, provides reasonable, but not absolute, assurance that the objectives of the control system are met.

There have been no changes in Trican's ICFR that occurred during the year ended December 31, 2019, which have materially affected or are reasonably likely to materially affect the Company's ICFR.

CHANGES IN ACCOUNTING POLICY AND INITIAL ADOPTION

New Accounting Policies

IFRS 16 Leases

Trican has adopted IFRS 16 - Leases effective January 1, 2019. The new standard requires lessees to recognize assets and liabilities for most leases on their statements of financial position under a single accounting model for all leases based on a "right-of-use". The Company applied IFRS 16 using the modified retrospective approach, whereby the incremental increase to right-of-use assets and lease obligations was $15.9 million in respect to property leases. The Company had pre-existing vehicle finance lease assets and liabilities of $10.2 million. The right-of-use assets recognized were measured at amounts equal to the lease obligation.

Comparative information in the Company's consolidated statements of financial position, consolidated statements of comprehensive loss, consolidated statement of changes in equity and consolidated statements of cash flows are not restated. The impact of the adoption of IFRS 16 - Leases to the consolidated statements of financial position is disclosed in the table below:

(Stated in thousands)	Reported as at Dec. 31, 2018	Incremental lease under IFRS 16	Pre-existing lease adjustments [1]	**Restated as at January 1, 2019**
Property and equipment	$660,395	$--	($10,187)	**$650,208**
Right-of-use assets	--	15,928	10,187	**26,115**
Trade and other payables	(85,833)	--	3,385	**(82,448)**
Current portion of lease liabilities	--	(2,242)	(3,385)	**(5,627)**
Lease liabilities - non-current portion	--	(13,686)	(6,802)	**(20,488)**
Loans and borrowings	(45,910)	--	6,802	**(39,108)**
Total	$528,652	$--	$--	**$528,652**

[1] Recategorized previous finance leases under IAS 17.

Capitalized leased assets are depreciated over the shorter of the lease term and their useful lives unless it is expected that the Company will obtain ownership by the end of the lease term.

The right-of-use assets and lease obligations recognized consist of property and vehicle leases. The weighted average incremental borrowing rate used to determine the lease obligation at adoption is approximately 7%.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Applied the exemption not to recognize right-of-use assets and liabilities for low-value leases. The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

As at December 31, 2018, the Company had an existing lease obligation of $10.2 million. The total current and non-current lease liability recognized on January 1, 2019 of $26.1 million represented an increase of $15.9 million from the Company's pre-existing finance leases under IAS 17. The total exemption recognized for low-value and short-term leases at adoption was $0.5 million. The impact of the adoption of IFRS 16 - Leases to the commitments is described in the table below:

($ thousands)	**January 1, 2019**
Operating lease commitment at December 31, 2018	20,835
Finance lease commitment at December 31, 2018	11,008
Less: Discounted using the incremental borrowing rate at January 1, 2019	(5,728)
Lease liabilities recognized at January 1, 2019	26,115

Accounting Policy

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Company's incremental borrowing rate. Payments are applied against the lease obligation and interest expense is recognized on the lease obligations using the effective interest method.

The Company applies judgment to determine the lease term for some lease contracts which include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease liabilities and right-of-use assets recognized. The Company does not recognize short-term leases with a term of 12 months or less, or leases of low-value assets.

NON-GAAP MEASURES

Certain terms in this MD&A, including adjusted EBITDA and adjusted EBITDA percentage, do not have any standardized meaning as prescribed by IFRS and therefore, are considered non-GAAP measures and may not be comparable to similar measures presented by other issuers.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP term and has been reconciled to profit / (loss) for the applicable financial periods, being the most directly comparable measure calculated in accordance with IFRS. Management relies on adjusted EBITDA to better translate historical variability in our principal business activities into future forecasts. By isolating incremental items from net income, including income / expense items related to how the Company chooses to manage financing elements of the business, management can better predict future financial results from our principal business activities. The items included in this calculation have been specifically identified as they are either non-cash in nature, subject to significant volatility

between periods, and / or not relevant to our principal business activities. Items adjusted in the non-GAAP calculation of adjusted EBITDA, are as follows:

- non-cash expenditures, including depreciation, amortization, and impairment expenses; and equity-settled share-based compensation;
- consideration as to how we chose to generate financial income and incur financial expenses, including foreign exchange expenses and gains/losses on Investments in Keane;
- taxation in various jurisdictions;
- transaction costs, as this cost is subject to significant volatility between periods and is dependent on the Company making significant acquisitions and divestitures which may be less reflective, and / or useful in segregating, for purposes of evaluating the Company's ongoing financial results; and
- costs resulting in payment of the legal claims made against the Company as they can give rise to significant volatility between periods that are less likely to correlate with changes in the Company's activity levels.

IFRS 16 - Leases was adopted January 1, 2019, using the modified retrospective approach therefore, comparative information for adjusted EBITDA has not been restated. For the year ended December 31, 2019, the adoption of IFRS 16 provided a net benefit of $3.8 million to adjusted EBITDA due to a $3.8 million decrease in rent expense.

	Three months ended			Year ended	
($ thousands, unaudited)	**Dec. 31, 2019**	Dec. 31, 2018	Sept. 30, 2019	**Dec. 31, 2019**	Dec. 31, 2018
Profit / (loss) from continuing operations (IFRS financial measure)	**($19,474)**	($158,661)	($15,979)	**($71,435)**	($229,057)
Adjustments:					
Cost of sales - depreciation and amortization	**30,402**	31,458	28,544	**118,396**	116,601
Administrative expenses - depreciation	**1,356**	1,519	1,347	**5,670**	4,983
Income tax expense / (recovery)	**(5,303)**	(14,982)	(7,045)	**(28,392)**	(25,608)
Loss on Investments in Keane	**--**	4,265	--	**--**	76,062
Finance costs and amortization of debt issuance costs	**1,219**	6,386	995	**4,690**	15,120
Foreign exchange (gain) / loss	**136**	(3,485)	(285)	**176**	(11,160)
Asset impairment	**10,091**	131,116	--	**10,091**	131,116
Other income	**(4,865)**	(417)	(4,779)	**(15,369)**	(308)
Administrative expenses - other: equity-settled share-based compensation	**1,043**	993	745	**4,146**	5,434
Adjusted EBITDA	**$14,605**	($1,808)	$3,543	**$27,973**	$83,183

Adjusted EBITDA %

Adjusted EBITDA % is determined by dividing adjusted EBITDA by revenue from continuing operations. The components of the calculation are presented below:

	Three months ended			Year ended	
($ thousands, unaudited)	**Dec. 31, 2019**	Dec. 31, 2018	Sept. 30, 2019	**Dec. 31, 2019**	Dec. 31, 2018
Adjusted EBITDA	**$14,605**	($1,808)	$3,543	**$27,973**	$83,183
Revenue	**$163,318**	$160,990	$129,933	**$636,071**	$864,482
Adjusted EBITDA %	**9%**	(1%)	3%	**4%**	10%

OTHER NON-STANDARD FINANCIAL TERMS

In addition to the above non-GAAP financial measures, this MD&A makes reference to the following non-standard financial terms. These terms may differ and may not be comparable from similar terms used by other companies.

Revenue per Job: Calculation is determined based on total revenue from continuing operations divided by total job count. This calculation may fluctuate based on both pricing, sales mix and method with which the client requests its invoices be prepared.

COMMON INDUSTRY TERMS

The following is a list of abbreviations, terms and other items that are commonly referred to in the oilfield services business and internally at Trican. The terms, calculations and definitions may differ from those used by other oilfield services businesses and may not be comparable. Some of the terms which may be used in this MD&A are as follows:

Measurement

Tonne: Metric tonne

Places and Currencies

US: United States

$ or CDN$: Canadian dollars.

US$ or USD: United States dollars.

WCSB: Western Canadian Sedimentary Basin (an oil and natural gas producing area of Canada generally considered to cover a region from south west Manitoba to north east BC).

Montney / Duvernay: An oil and natural gas formation in the WCSB with oilfield activity focused in north west Alberta and north east BC.

Deep Basin: A natural gas and liquids rich formation in the WCSB with oilfield activity primarily focused in north west Alberta.

Cardium: A light oil formation in the WCSB with oilfield activity primarily focused in west central Alberta.

Bakken: A light oil formation in the WCSB with oilfield activity focused in south eastern Saskatchewan and, for purposes of this MD&A, excludes the US Bakken.

Shaunavon: A light oil formation in the WCSB with oilfield activity primarily focused in south western Saskatchewan.

Viking: A light oil formation in the WCSB with oilfield activity primarily focused in central Alberta and west central Saskatchewan.

Common Business Terms

AECO: The CDN$ Alberta natural gas price traded on the Natural Gas Exchange. The price is generally quoted per thousand cubic feet of natural gas (MCF).

CLS: A light sweet crude conventionally produced in Western Canada.

Differentials:	The difference between the WTI price and the prices received by producers of WCS and CLS. There are three main variables that drive price differences between the different benchmarks, namely (1) Quality, which is mostly defined by API density and sulphur content; (2) Marketability, which is governed by supply and demand fundamentals; and (3) Logistics, which refers to the transportation method used to get a specific crude from the producer to its final customer.
Dry Gas:	Natural gas that produces little condensable heavier hydrocarbon compounds such as propane and butane when brought to the surface.
Dual Fuel Engine:	A dual fuel engine utilizes a mixture of diesel and natural gas when a load is applied.
Market Egress:	The means that producers use to transport their oil and gas out of the WCSB, which is typically done through pipelines or train rail car.
Natural Gas Liquids:	Natural gas liquids (NGL), typically found in liquids rich natural gas, include ethane, propane, butane, isobutane, pentane, and condensate. These liquids are produced as part of natural gas production, but their pricing is influenced by crude oil pricing rather than natural gas pricing.
Rig Count:	The estimated average number of drilling rigs operating in the WCSB at a specified time reported in this MD&A as annual and quarterly averages, sourced from Baker Hughes North American Rotary Rig Count.
Spring Break-Up:	During the spring season in the WCSB, provincial governments and rural municipalities (or counties) ban heavy equipment from roads to prevent damage. It becomes difficult and, in some cases, impossible to continue to work during this period and, therefore, activity in the oilfield is often reduced.
Stainless Steel Fluid End:	Hydraulic fracturing pumpers have a multiplex pump that pressurizes fracturing fluid for transfer down the wellbore. The multiplex pump consists of a power end and a stainless steel fluid end. The power end houses a crankshaft that is connected to a spacer block that contains connecting rods that drive the individual plungers contained in the fluid end. The abrasive proppant and fluid mixture are pumped through the stainless steel fluid end at pressures of up to 15,000 pound-force per square inch (PSI), or 103 megapascals (MPA), which will cause wear on the stainless steel fluid end. It is a modular unit that can be replaced independent of the power end and spacer block.
WCS:	A grade of heavy crude oil derived from of a mix of heavy crude oil and crude bitumen blended with diluents. The price of WCS is often used as a representative price for Canadian heavy crude oils.
WTI:	The US$ quoted price on the New York Stock Exchange for West Texas Intermediate crude oil is a trading classification of crude oil and a benchmark in oil prices. The price is generally quoted per barrel (bbl).

Company Specific Industry Terms

Active Crewed HHP:	Represents the total HHP that Trican has activated or is currently operating. This figure is presented as at the end of a specified period.

Active, Maintenance / Not Crewed HHP:	This is fracturing equipment that is in the periodic maintenance cycle, which includes equipment that has completed a routine maintenance period and is ready for work, but no available crew is available to operate the equipment.
Bank EBITDA:	An EBITDA based measure used in the calculation of covenants, based on a definition contained in the Company's borrowing agreements that permits certain non-cash expenses (including depreciation, amortization, impairment expenses, equity settled stock based compensation), gains and losses resulting from Investments in Keane, personnel based expenses (such as severance), and certain other items, to be adjusted to EBITDA.
Cementing:	After drilling a well, steel casing is inserted into the wellbore. Cement is then pumped down the pipe and circulated up the annulus to create a strong barrier of protection between the well and rock formations, preventing any unintended water or hydrocarbon penetration.
Coiled Tubing:	Coiled Tubing is a continuous length of steel pipe, spooled onto a large diameter reel. The pipe comes in a variety of sizes and can be run into any well. Coiled Tubing is commonly used to convey tools, mill out fracturing ports or ball seats, and circulate liquids and gases into and out of the wellbore without relieving the wellbore pressure.
Coiled Tubing Crews:	The average number of 24-hour coiled tubing crews available for operations during the period.
Coiled Tubing Operating Days:	The number of 24-hour periods (days) coiled tubing crews operate within a reporting period.
Growth Capital:	Capital expenditures primarily for items that will expand our revenue and/or reduce our expenditures through operating efficiencies.
Hard or Soft Commitments:	Contracts with firm commitments for a period of time lasting at least one quarter are considered hard commitments. Contracts for a shorter duration, or on a best efforts basis, are considered soft commitments.
HHP:	Hydraulic horsepower, which is generally the measure of an individual hydraulic fracturing pump and a company's hydraulic fracturing fleet size.
Hydraulic Fracturing:	Many formations are too tight to produce oil and natural gas and require a stimulation process to extract the resources. In Hydraulic Fracturing, fluids carrying proppant are pumped into the ground with enough pressure to crack the rock. The proppant is left behind to hold open the cracks, while the fluid is flowed back allowing oil and gas the ability to flow to the surface.
Hydraulic Fracturing Crews/ Fracturing Crews:	The number of 24-hour hydraulic fracturing crews operating at the end of a reporting period.
Hydraulic Fracturing Job Intensity:	Generally measured in terms of the amount of hydraulic fracturing pumps required for a specific job and / or by the pressure rating generally measured in megapascals (MPa). The Company considers jobs at pressure ratings below 50 MPa to be low intensity jobs, 50 to 65 MPa as moderate intensity jobs, and jobs greater than 65 MPa to be high intensity rate jobs.
Hydraulic Fracturing Utilization:	The number of fracturing crews that are operating (fracturing job revenue day) in proportion to the Company's total fracturing crews available.

Hydraulic Fracturing Pump Capability: The pressure pumping industry utilizes different types of pumps to complete hydraulic fracturing services for its customers. Some of the most common types of pumps are as follows:

<u>Continuous Duty:</u> Capable of operating efficiently and on a continuous duty basis and for competitive prices in approximately 80% of the WCSB (based on 2018 wells drilled data and our internal estimates). Currently not strategic to operate a Continuous Duty pump in low HHP intensity formations such as the Viking.

<u>Mid Tier:</u> Capable of operating efficiently and on an intermittent duty basis in approximately 70% of the WCSB (based on 2018 wells drilled data and our internal estimates).

<u>Legacy / 2250:</u> Capable of operating efficiently in approximately 20% of the WCSB (based on 2018 wells drilled data and our internal estimates).

Hydraulic Pumping Capacity: Refers to the total available HHP in the Trican hydraulic fracturing fleet. The figures are presented in both the average available during the given period and the HHP available at the end of a specified period.

Infrastructure Capital: Capital expenditures primarily for the improvement of operational and base infrastructure.

Internally Sourced Proppant Pumped: Proppant purchased by the Company and resold to its customers in conjunction with a fracturing operation utilizing the Company's equipment. Certain of the Company’s customers purchase proppant directly from third party suppliers. As the Company does not generate revenue from selling proppant to these customers, this metric assists in evaluating changing job mix with changing revenue levels.

Sustaining Capital: Capital expenditures primarily for the replacement or refurbishment of worn out equipment.

Parked HHP: Fracturing equipment that is not included in the Active Crewed HHP category or the Active, Maintenance/not crewed HHP category and would require minimal reactivation costs to move into the Active Crewed HHP category.

Average Active, Crewed HHP: Fracturing equipment that has, on average, been active and crewed for the period. Fracturing equipment is considered active if it is on a customer location.

Proppant: A solid material, typically sand, treated sand or man-made ceramic materials, designed to keep an induced hydraulic fracture open during and following a fracturing treatment.

Total Job Count: A job is typically represented by an invoice. The frequency of invoices may differ as to how often the customer requests to be billed during a project. Additionally, the size and scope of a job can impact the length of time and cost on a job. Therefore, a job can vary greatly in time and expense.

Total Proppant Pumped: The Company uses this as one measure of activity levels of hydraulic fracturing activity. The correlation of proppant pumped to pressure pumping activity may vary in the future depending upon changes in hydraulic fracturing intensity, weight of proppant used, and job mix.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document 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 "anticipate", "achieve", "estimate", "expect", "intend", "plan", "planned", and other similar terms and phrases. 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 these 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 document should not be unduly relied upon. These statements speak only as of the date of this document.

In particular, this document contains forward-looking statements pertaining to, but not limited to, the following:

- anticipated industry activity levels in jurisdictions where the Company operates, as well as expectations regarding our customers' work programs and expectations on timing of completion thereof, Trican's capital expenditure plans, business plans and equipment utilization levels;
- expectations on the level of increase in the Rig Count in the WCSB for the remainder of the year;
- the anticipated impact of production curtailment and pipeline capacity;
- expectation that we are adequately staffed for current industry activity levels;
- expectations regarding the Company's cost structure, cost savings and optimization levels;
- anticipated pricing for Hydraulic Fracturing services;
- expectations regarding demand for our services in higher intensity formations;
- expectations regarding the Company's equipment utilization levels and demand for our services in 2020;
- expectation that we will maintain pricing levels to generate positive cash flow margins on our equipment;
- anticipation that commodity price improvements will not result in increased customer spending for the remainder of 2020, and that if Canadian commodity prices fall, our customers could reduce spending levels;
- expectation that Trican's strong financial position will allow the Company to withstand uncertainty and invest opportunistically;
- expectation as to the type of Hydraulic Fracturing equipment required and which operating regions the equipment is appropriate to operate in;
- expectations regarding the Company's financial results, working capital levels, liquidity and profits;
- expectations regarding Trican's capital spending to be similar to 2019 spending rates and asset sales for 2020;
- expectations that certain components of administrative expenses will be useful in future predictions of quarterly administrative expenses;
- expectations that adjusted EBITDA will help predict future earnings;
- anticipated ability of the Company to meet foreseeable funding requirements;
- anticipated compliance with debt and other covenants under our revolving credit facilities;

- expectations regarding the potential outcome of contingent liabilities;
- expectations regarding provincial income tax rates;
- expectations surrounding weather and seasonal slowdowns; and
- expectations regarding the impact of new accounting standards and interpretations not yet adopted.

Our actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and in the ***"Risk Factors"*** section of our AIF dated March 28, 2019:

- 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
- changes in political, business, military and economic conditions in key regions of the world.

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: crude oil and natural gas prices; the impact of increasing competition; the general stability of the economic and political environment; the timely receipt of any required regulatory approvals; the Company's ability to continue its operations for the foreseeable future and to realize its assets and discharge its liabilities and commitments in the normal course of business; industry activity levels; 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 resources and adequate sources of liquidity; 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 document 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.

Additional information regarding Trican including Trican's most recent AIF, is available under Trican's profile on SEDAR (www.sedar.com).

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Trican Well Service Ltd. is responsible for the preparation and integrity of the accompanying consolidated financial statements and all other information contained in these financial statements. The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards and include amounts that are based on management's informed judgments and estimates where necessary.

The Company maintains internal accounting control systems which are adequate to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and accounting records are reliable as a basis for the preparation of the consolidated financial statements.

The Board of Directors, through its Audit Committee, monitors management's financial and accounting policies and practices and the preparation of these financial statements. The Audit Committee meets periodically with the external auditors and management to review the work of each and the propriety of the discharge of their responsibilities. Specifically, the Audit Committee reviews with management and the external auditors the financial statements and management's discussion and analysis of the Company prior to submission to the Board of Directors for final approval. The external auditors have full and free access to the Audit Committee to discuss auditing and financial reporting matters.

The shareholders have appointed KPMG LLP as the external auditors of the Company and, in that capacity, they have examined the financial statements for the year ended December 31, 2019. The Auditors' Report to the shareholders is presented herein.

SIGNED "DALE M. DUSTERHOFT"
DALE M. DUSTERHOFT
PRESIDENT & CHIEF EXECUTIVE OFFICER

SIGNED "ROBERT SKILNICK"
ROBERT SKILNICK
CHIEF FINANCIAL OFFICER

February 26, 2019

KPMG LLP
Suite 3100, 205 - 5th Avenue SW
Calgary, Alberta T2P 4B9
Telephone: (403) 691-8000
Fax: (403) 691-8008
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Trican Well Service Ltd.

Opinion

We have audited the consolidated financial statements of Trican Well Service Ltd. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2019 and December 31, 2018;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies.

Hereinafter referred to as the "financial statements".

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Prospective Change in Accounting Policy

We draw attention to Note 2 to the financial statements which indicates that the Company has changed its accounting policy for leases and has applied that change prospectively.

Our opinion is not modified in respect to this matter.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this auditors' report is Gregory Ronald Caldwell.

KPMG LLP

Chartered Professional Accountants
Calgary, Canada
February 26, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Stated in thousands) As at December 31,	**2019**	2018
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	**$7,202**	$8,246
Trade and other receivables (note 5)	**146,374**	140,417
Current tax assets	**2,091**	2,364
Inventory (note 6)	**29,585**	36,261
Prepaid expenses	**9,381**	11,008
Assets held for sale (note 3)	**38,102**	3,247
	232,735	201,543
Property and equipment (note 8)	**510,391**	660,395
Intangible assets (note 9)	**34,415**	44,872
Right-of-use assets (note 2, 7)	**17,983**	--
Goodwill (note 9)	**131,000**	131,000
	$926,524	$1,037,810
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables (note 10)	**$85,543**	$85,833
Current portion of lease liabilities (note 2, 7)	**4,498**	--
Liabilities held for sale (note 3)	**2,885**	--
	92,926	85,833
Lease liabilities - non-current portion (note 2, 7)	**15,028**	--
Loans and borrowings (note 11)	**46,218**	45,910
Deferred tax liabilities (note 17)	**31,242**	61,925
Shareholders' equity		
Share capital (note 12)	**989,044**	1,099,352
Contributed surplus	**87,731**	83,615
Accumulated other comprehensive loss	**(376)**	(1,111)
Deficit	**(335,289)**	(337,714)
Total equity attributable to equity holders of the Company	**741,110**	844,142
	$926,524	$1,037,810

See accompanying notes to the consolidated financial statements.

SIGNED "DALE M. DUSTERHOFT"

DALE M. DUSTERHOFT

PRESIDENT & CHIEF EXECUTIVE OFFICER

SIGNED "KEVIN L. NUGENT"

KEVIN L. NUGENT

DIRECTOR

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Stated in thousands, except per share amounts) For the year ended December 31	**2019**	2018
Continuing operations		
Revenue	**$636,071**	$864,482
Cost of sales - other (note 15)	**562,303**	739,414
Cost of sales - depreciation and amortization (note 15)	**118,396**	116,601
Gross (loss) / profit	**(44,628)**	8,467
Administrative expenses - other (note 15)	**49,941**	47,319
Administrative expenses - depreciation (note 15)	**5,670**	4,983
Asset impairments (note 8, 16)	**10,091**	131,116
Other income (note 8)	**(15,369)**	(308)
Results from operating activities	**(94,961)**	(174,643)
Net finance cost (note 21)	**4,690**	15,120
Loss on investments in Keane	**--**	76,062
Foreign exchange loss / (gain)	**176**	(11,160)
Loss before income tax	**(99,827)**	(254,665)
Income tax recovery (note 17)	**(28,392)**	(25,608)
Loss from continuing operations	**($71,435)**	($229,057)
Discontinued operations		
Loss from discontinued operations, net of taxes (note 3)	**(2,024)**	(3,600)
Loss for the year	**($73,459)**	($232,657)
Other comprehensive (loss) / profit		
Foreign currency translation gain / (loss)	**735**	(686)
Total comprehensive loss	**($72,724)**	($233,343)
Loss per share - basic and diluted (note 13)		
Continuing operations - basic and diluted	**($0.25)**	($0.71)
Discontinued operations - basic and diluted	**($0.01)**	($0.01)
Net loss - basic and diluted	**($0.26)**	($0.72)
Weighted average shares outstanding - basic and diluted	**288,528**	322,125

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Stated in thousands)	Share capital	Contributed surplus	Accumulated other comprehensive income / (loss)	Deficit	Total Equity
Balance at January 1, 2018	$1,236,618	$78,629	$36,222	($175,421)	$1,176,048
Adoption of IFRS 9 on January 1, 2018	--	--	(36,419)	36,419	--
Loss for the year	--	--	--	(232,657)	(232,657)
Foreign currency translation loss	--	--	(914)	228	(686)
Share-based compensation expense	--	5,434	--	--	5,434
Share options exercised	1,315	(448)	--	--	867
Shares cancelled under Normal Course Issuer Bid	(138,581)	--	--	33,717	(104,864)
Balance at December 31, 2018	$1,099,352	$83,615	($1,111)	($337,714)	$844,142
Balance at January 1, 2019	**$1,099,352**	**$83,615**	**($1,111)**	**($337,714)**	**$844,142**
Loss for the year	**--**	**--**	**--**	**(73,459)**	**(73,459)**
Foreign currency translation gain	**--**	**--**	**735**	**--**	**735**
Share-based compensation expense	**--**	**4,146**	**--**	**--**	**4,146**
Share options exercised	**104**	**(30)**	**--**	**--**	**74**
Shares cancelled under Normal Course Issuer Bid	**(110,412)**	**--**	**--**	**75,884**	**(34,528)**
Balance at December 31, 2019	**$989,044**	**$87,731**	**($376)**	**($335,289)**	**$741,110**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Stated in thousands) For the year ended December 31,	**2019**	2018
Cash (used in) / provided by:		
Operations		
Loss from continuing operations	**($71,435)**	($229,057)
Charges to income not involving cash:		
Depreciation and amortization	**124,066**	121,584
Share-based compensation	**4,146**	5,434
(Gain) / loss on disposal of property and equipment	**(11,023)**	174
Finance costs / amortization of debt issuance costs	**4,690**	15,120
Unrealized foreign exchange loss	**421**	3,312
Asset impairments	**10,091**	131,116
Realized loss on Keane	**--**	76,062
Tax recovery	**(28,392)**	(25,498)
Change in inventories	**6,277**	529
Change in trade and other receivables	**(11,342)**	70,427
Change in prepaid expenses	**1,380**	(6,132)
Change in trade and other payables	**5,747**	(39,719)
Interest paid	**(4,291)**	(16,974)
Income tax received / (paid)	**522**	(11,418)
Continuing operations	**$30,857**	$94,960
Discontinued operations	**(2,230)**	5,981
Cash flow from operating activities	**$28,627**	$100,941
Investing		
Purchase of property and equipment	**(33,227)**	(75,418)
Proceeds from the sale of property and equipment	**31,753**	17,484
Proceeds from investment in Keane	**--**	106,314
Net proceeds from Insurance recovery	**4,980**	6,141
Net change in non-cash working capital	**(300)**	(1,141)
Continuing operations	**$3,206**	$53,380
Discontinued operations	**(557)**	(2,221)
Cash flow (used in) / from investing activities	**$2,649**	$51,159
Financing		
Net proceeds from issuance of share capital	**74**	867
Proceeds from / (repayment) of Revolving Credit Facility	**7,000**	(3,666)
Net proceeds from settlement of currency derivatives	**--**	17,066
Repayment of Senior Notes	**--**	(61,453)
Payment of lease	**(5,022)**	(3,559)
Repurchase and cancellation of shares under NCIB	**(34,528)**	(104,864)
Continuing operations	**(32,476)**	($155,609)
Discontinued operations	**(362)**	(60)
Cash flow used in financing activities	**(32,838)**	($155,669)
Effect of exchange rate changes on cash	**518**	(924)
(Decrease) / increase in cash and cash equivalents		
Continuing operations	**1,587**	(7,269)
Discontinued operations	**(2,631)**	2,776
Cash and cash equivalents, beginning of year	**8,246**	12,739
Cash and cash equivalents, end of year	**$7,202**	$8,246

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended 2019 and 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended 2019 and 2018

NOTE 1 – NATURE OF BUSINESS AND BASIS OF PREPARATION

Nature of Business

Trican Well Service Ltd. (the "Company" or "Trican") is an equipment services company incorporated under the laws of the province of Alberta. These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. The Company provides a comprehensive array of specialized products, equipment, services and technology for use in the drilling, completion, stimulation and reworking of oil and gas wells primarily through its pressure pumping operations in Canada. Until December 2018, the Company also owned a minority ownership interest in Keane Investor Holdings, LLC ("Keane Holdings"), a Delaware limited liability company whose only asset was common shares in Keane Group, Inc. ("Keane"), a New York Stock Exchange listed company that operates in the United States. The Company's head office is Suite 2900, 645 – 7th Avenue S.W., Calgary, Alberta, T2P 4G8.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments at fair value and liabilities for cash-settled share-based payment arrangements which are measured at fair value in the consolidated statement of financial position.

The consolidated financial statements are presented in Canadian dollars and have been rounded to the nearest thousands, except where indicated. Certain figures have been reclassified to conform to the current presentation of these financial statements. Changes to significant accounting policies are described in note 2.

These consolidated financial statements were approved by the Board of Directors on February 26, 2020.

Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates that could materially affect the amounts recognized in the financial statements. By their nature, judgments and estimates may change in light of new facts and circumstances in the internal and external environment. The following judgments and estimates are those deemed by management to be material to the Company's consolidated financial statements.

Judgments

Depreciation and Amortization

Depreciation and amortization methods are based on management's judgment of the most appropriate method to reflect the pattern of an asset's future economic benefit expected to be consumed by the Company. Among other factors, these judgments are based on industry standards and company-specific history and experience.

Impairment

Assessment of impairment indicators is based on management's judgment of whether there are internal and external factors that would indicate that a non-financial asset is impaired. The determination of a cash generating unit (CGU) is also based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets.

Assets Held for Sale

Assets held for sale contains judgments that the property and equipment classified in this category meet the criteria as "assets held for sale". As at the end of the reporting period these assets are recorded at the lower of cost or fair value less cost to sell.

Non-Financial Assets

The Company's assets are aggregated into Cash Generating Units (CGUs) for the purpose of calculating impairment. CGUs are based on management's judgments and assessment of the CGUs ability to generate independent cash inflows. Judgments are also required to assess when impairment indicators exist and impairment testing is required.

Provisions and Contingencies

The Company is required to exercise judgment in assessing whether the criterion for recognition of a provision or a contingency has been met. The Company considers whether a present obligation exists, the probability of loss, and if a reliable estimate can be formulated.

Right-of-Use Assets and Lease Liabilities

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amount of the right-of-use assets and lease liabilities, and the resulting interest and depreciation expense. Actual results could differ significantly as a result of these estimates. Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- Incremental borrowing rate: The rates used to present value future lease payments are based on judgments about the economic environment in which the Company operates and theoretical analyses about the security provided by the underlying leased asset, the amount of funds required to be borrowed in order to meet the future lease payments associated with the leased asset, and the term for which these funds would be borrowed.
- Lease term: In determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Estimates

Business Combinations

The measurement of acquired assets and assumed liabilities are based on information available to the Company on the acquisition date. The estimate of fair value of acquired assets and assumed liabilities requires significant judgment which is largely based on projected cash flows, discount rates and other market conditions that are present on the date of acquisition. The acquired assets and assumed liabilities are recognized at fair value on the date the Company obtains control in a business combination.

Allowance for Doubtful Accounts

The Company's trade and other receivables are typically short-term in nature and the Company recognizes an amount equal to the lifetime expected credit losses (ECL) on receivables for which there has been a significant increase in credit risk since initial recognition. The Company measures loss allowances at an amount equal to the expected 12-month ECL on balances for which a significant increase in credit risk has not been identified based on the Company's historical experience and including forecasted economic conditions. The amount of ECLs is sensitive to changes in circumstances of forecast economic conditions. Information about the ECLs on the Company's trade receivables is disclosed in note 18.

Impairment of Inventories

The Company regularly reviews the nature and quantities of inventory on hand and evaluates the net realizable value of items based on historical usage patterns, known changes to equipment or processes and customer demand for specific products. Significant or unanticipated changes in business conditions could impact the magnitude and timing of impairment recognized.

Depreciation and Amortization

Depreciation and amortization are calculated to write off the cost, less estimated residual value, of assets on a systematic and rational basis over their expected useful lives. Estimates of residual value and useful lives are based on data and information from various sources including industry practice and historic experience. Expected useful lives and residual values are reviewed annually for any change to estimates and assumptions. Although management believes the estimated useful lives of the Company's property and equipment and intangibles are reasonable, it is possible that changes in estimates could occur, which may affect the expected useful lives and salvage values of the property and equipment and intangibles.

Taxes

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in Canadian and foreign tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to Canadian and foreign tax law and bases its estimates on the best available information at each reporting date.

Fair Value of Equity-Settled Share-Based Payments

The Company uses an option pricing model to determine the fair value of equity-settled share-based payments. Inputs to the model are subject to various estimates relating to volatility, interest rates, dividend yields and expected life of the units issued. Fair value inputs are subject to market factors as well as internal estimates. The Company considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

Impairment of Non-Financial Assets

In determining the recoverable amount of assets subject to impairment testing, the Company measures the recoverable amount of non-financial assets as the higher of a fair value less costs of disposal and its value in use. Recoverable amounts of the non-financial assets are evaluated and calculated using various factors and assumptions. The factors and assumptions used in the estimates are assessed for reasonableness based on the information available at the time the estimates are prepared. As circumstances change and new information becomes available, the estimates could change (i.e. discount rates, growth rates, working capital requirements, sustaining capital, etc.).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Consolidation

Subsidiaries are entities controlled by the Company. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated on consolidation.

Transaction costs, other than those associated with the issuance of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognized as a result of such transactions.

Inventory

Inventory is measured at the lower of cost and net realizable value. The cost of inventory is determined using a standard costing method which approximates weighted average cost. Spare parts are valued at weighted average cost. Inventory balances include all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its existing location and condition.

Net realizable value is the estimated selling prices in the ordinary course of business, less estimated costs of completion and selling expenses.

Inventories are written down to net realizable when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, slow moving or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling prices, the amount of the write down previously recorded is reversed.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, and subsequent expenditures to the extent that they can be measured and future economic benefit is probable. The carrying values of replaced parts are derecognized when they are replaced. The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. Repairs and maintenance expenditures, which do not extend the useful life of the property and equipment, are expensed in the period in which they are incurred.

Management bases the estimate of the useful life and salvage value of property and equipment, with the exception of land which is not depreciated, on expected utilization, technological change and effectiveness of maintenance programs. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in profit or loss.

Depreciation is calculated using the straight-line method over the estimated useful life less residual value of the asset as follows:

Buildings and improvements	20 years
Equipment	2 to 10 years
Furniture and fixtures	2 to 10 years

Residual value varies depending upon the underlying asset and is generally a percentage of the original cost of the asset (5% - 20%).

Depreciation methods, useful lives and residual values are reviewed each financial year end and adjusted if appropriate.

Costs related to assets under construction are capitalized when incurred. These assets are not depreciated until they are complete and available for use in the manner intended by management. When this occurs, the asset is transferred to property and equipment and classified by the nature of the asset.

Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets including right-of-use assets consisting of vehicle and property leases, property and equipment, intangibles, and goodwill and excluding inventory, prepaid expenses and deferred tax assets are reviewed at each reporting date to determine whether there is an indicator of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated yearly in the fourth quarter, or more frequently, if triggers are identified.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill

The Company measures goodwill as the fair value of the consideration transferred upon an acquisition, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Goodwill is allocated to the Company's cash generating units that are expected to benefit from the synergies of the business combination. Goodwill is not amortized but is tested for impairment annually or more frequently in the event that a trigger is identified. An impairment loss in respect of goodwill is not reversed.

Intangible Assets

Customer relationships relate to the Company's acquisitions and are recorded at their estimated fair value on the acquisition date and amortized on a straight line basis over 6 years.

All amortization of intangible assets is charged to cost of sales in the consolidated statement of comprehensive income.

Financial Instruments

Non-Derivative Financial Assets

Financial Assets at Fair Value Through Profit and Loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial Assets at Amortized Cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial Instruments – Fair Value Through Profit and Loss

Prior to December 2018, the Company owned 10% of the Class A shares and 100% of the Class C shares in Keane Holdings (collectively, "Investments in Keane"), which was categorized as a derivative asset. At December 31, 2018, the Company no longer has an equity interest in Keane Holdings following a liquidation event. All financial derivative instruments are initially recognized at fair value. Subsequent changes in the fair value are recognized through profit or loss.

Cash and Cash Equivalents

The Company's short-term deposits with original maturities of three months or less are considered to be cash equivalents and are recorded at cost, which approximates fair value. Bank overdrafts that are repayable on demand mirror the netting agreements with the bank as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment of Financial Assets

The carrying amount of the Company's financial assets includes cash and cash equivalents and trade and other receivables. A lifetime ECL is recognized on financial assets when there is objective evidence of a significant increase in credit risk as a result of one or more events that occurred after the initial recognition of the asset.

Evidence of impairment would include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers or economic conditions that correlate with defaults.

Financial assets at amortized cost consist of trade and other receivables. Trade receivables are recorded at its original invoice value less any amounts estimated to be uncollectable. Loss allowances are measured at fair value in the statement of financial position, with value changes recognized in profit or loss. Changes in ECL at the end of each reporting date involves a two stage approach:

- 12-month ECL - credit risk has not increased significantly since initial recognition
- Lifetime ECL - credit risk has increased significantly since initial recognition

Impairment is assessed using historical trends of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment in relation to how the current economic and credit environment will impact losses being greater or less than historical trends.

An impairment loss is determined as the difference between an asset's carrying amount and the present value of future cash flows. Losses are recognized in profit and loss and reflected in a provision account against loans and receivables. When an event occurring after the impairment was recognized causes the amount of impairment to decrease, the recovery is reversed through profit and loss.

Non-Derivative Financial Liabilities

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest rate method. Transaction costs related to the issuance of any long term debt are netted against the carrying value of the associated long term debt and amortized as part of financing costs over the life of the debt using the effective interest rate method.

The Company derecognizes a financial liability when its contractual obligations are discharged, canceled or expire.

The Company has the following non-derivative financial liabilities: loans and borrowings, and trade and other payables.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue and repurchase of common shares are recognized as a deduction from equity, net of any tax effects.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable. When the realization of income is virtually certain, then the related asset is no longer a contingent asset and amounts are recognized in the statement of comprehensive income.

Revenue Recognition

The Company's revenue comprises services and other revenue and is sold based on fixed or agreed upon priced purchase orders or contracts with the customer. Revenue is considered recognized over time when services are provided at the applicable rates as stipulated in the contract. In general, the Company does not enter into long-term contracts. Revenue is recognized daily upon completion of services. Operating days are measured through field tickets. Customer contract terms do not include provisions for significant post-service delivery obligations. The Company generates revenue primarily from pressure pumping and other related services and has one reportable segment at December 31, 2019, and in the comparative periods. The nature of the services provided by the Company are affected by the same economic factors and follow the same policies as it relates to both measurement and timing of recognition. The timing and uncertainty of revenue and cash flows are similar.

Finance Income and Finance Costs

Finance costs are made up of amortization of debt issue costs, interest expense on borrowings, lease interest, fees charged in connection with early extinguishment of debt and impairment losses recognized on financial assets other than trade receivables.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit and loss using the effective interest method.

Taxes

The Company uses the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and liabilities are recognized as the difference between the carrying amounts of assets and liabilities and their respective income tax basis (temporary differences). A deferred tax asset may also be recognized for the benefit expected from unused tax losses available for carry forward, to the extent that it is probable that future taxable earnings will be available against which the tax losses can be applied.

Deferred income tax assets and liabilities are measured based on income tax rates and tax laws that are enacted or substantively enacted by the end of the reporting period and that are expected to apply in the years in which temporary differences are expected to be realized or settled. Deferred income tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change. As such, taxes are subject to measurement uncertainty and the interpretations can impact net earnings through the income and other tax expense arising from changes in deferred income and other tax assets or liabilities.

Foreign Currency Translation and Transactions

For entities whose functional currency is the Canadian dollar, the Company translates monetary assets and liabilities at period-end exchange rates, and foreign denominated non-monetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the period. Gains or losses from changes in exchange rates are recognized in profit and loss in the period of occurrence. Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative amount of foreign currency translation differences.

For foreign entities whose functional currency is not the Canadian dollar, the Company translates assets, including goodwill, and liabilities at period-end rates and income and expense accounts at average exchange rates. Adjustments resulting from these translations are reflected in other comprehensive income as unrealized gains or losses as foreign currency translation differences.

When a foreign operation is substantially disposed of, the cumulative amount of foreign currency gains or losses are reclassified to profit or loss. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is re-attributed to non-controlling interest.

Employee Benefits

Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonuses or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be reliably estimated.

Share-Based Payment Transactions

The Company has an equity-settled share option plan and accounts for share options by expensing the fair value of share options measured using a Black Scholes option pricing model. The fair value of the share options is determined on their grant date and is recognized in administrative expense and in shareholders' equity over the vesting period.

The Company has a cash-settled deferred share unit (DSU) plan for its Directors. The DSUs vest immediately and the fair value of the liability and the corresponding expense is charged to profit and loss at the grant date. Subsequently, at each reporting date between grant date and settlement date, the fair value of the liability is re-measured with any changes in fair value recognized in profit and loss for the period.

The Company has a cash-settled restricted share unit (RSU) plan for its employees and the fair value of the RSUs is expensed into profit and loss evenly over the unit vesting period. At each reporting date between grant date and settlement, the fair value of the liability is re-measured with any changes in fair value recognized in profit and loss for the period.

The Company has a cash-settled performance share unit plan (PSU) plan for Executive Officers of the Company. Under the terms of the PSU plan, PSUs granted thereunder vest when certain performance conditions are met and expire on a date no later than December 31 of the third calendar year following the calendar year in which the grant occurs. Management makes an assessment for each grant of PSUs with respect to the timing and likelihood of vesting of such PSUs. Upon vesting, it is the intention of the Board of Directors to settle PSUs currently outstanding in cash. The fair value of the PSUs is expensed over the vesting period until it is estimated that the vesting conditions will be met, at which time the full value of the liability is recognized and then revalued each period to fair value until paid.

Earnings / (Loss) Per Share

Basic earnings (loss) per share are calculated using the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by using the treasury stock method for equity based compensation arrangements. The treasury stock method assumes that any proceeds obtained on exercise of equity based compensation arrangements would be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the difference between the number of shares issued from the exercise of equity based compensation arrangements and shares repurchased from the related proceeds.

Operating Segments

The Company generates revenue primarily from pressure pumping and other related services for use in the drilling, completion, stimulation and reworking of oil and gas wells in Canada. Management has determined that the Company has one reportable segment as the nature of services provided are organized based on the operating results of its business activities. Discrete financial information is reviewed by the Company's chief operating decision makers for the purpose of resource allocation and assessing performance.

New Accounting Policies

IFRS 16 Leases

Trican has adopted IFRS 16 - Leases effective January 1, 2019. The new standard requires lessees to recognize assets and liabilities for most leases on their statements of financial position under a single accounting model for all leases based on a "right-of-use". The Company applied IFRS 16 using the modified retrospective approach, whereby the incremental increase to right-of-use assets and lease obligations was $15.9 million in respect to property leases. The Company had pre-existing vehicle finance lease assets and liabilities of $10.2 million. The right-of-use assets recognized were measured at amounts equal to the lease obligation.

Comparative information in the Company's consolidated statements of financial position, consolidated statements of comprehensive loss, consolidated statement of changes in equity and consolidated statements of cash flows are not restated. The impact of the adoption of IFRS 16 - Leases to the consolidated statements of financial position is disclosed in the table below:

(Stated in thousands)	Reported as at Dec. 31, 2018	Incremental lease under IFRS 16	Pre-existing lease adjustments [1]	**Restated as at January 1, 2019**
Property and equipment	$660,395	$--	($10,187)	**$650,208**
Right-of-use assets	--	15,928	10,187	**26,115**
Trade and other payables	(85,833)	--	3,385	**(82,448)**
Current portion of lease liabilities	--	(2,242)	(3,385)	**(5,627)**
Lease liabilities - non-current portion	--	(13,686)	(6,802)	**(20,488)**
Loans and borrowings	(45,910)	--	6,802	**(39,108)**
Total	$528,652	$--	$--	**$528,652**

[1] Recategorized previous finance leases under IAS 17.

Capitalized leased assets are depreciated over the shorter of the lease term and their useful lives unless it is expected that the Company will obtain ownership by the end of the lease term.

The right-of-use assets and lease obligations recognized consist of property and vehicle leases. The weighted average incremental borrowing rate used to determine the lease obligation at adoption is approximately 7%.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Applied the exemption not to recognize right-of-use assets and liabilities for low-value leases. The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.
- Trican also applied practical expedient to measure portfolios of leases using the same discount rate.

As at December 31, 2018, the Company had an existing lease obligation of $10.2 million. The total current and non-current lease liability recognized on January 1, 2019 of $26.1 million represented an increase of $15.9 million from the Company's pre-existing finance leases under IAS 17. The total exemption recognized for low-value and short-term leases at adoption was $0.5 million. The impact of the adoption of IFRS 16 - Leases to the commitments is described in the table below:

(Stated in thousands)	**January 1, 2019**
Operating lease commitment at December 31, 2018	$20,835
Finance lease commitment at December 31, 2018	11,008
Less: Discounted using the incremental borrowing rate at January 1, 2019	(5,728)
Lease liabilities recognized at January 1, 2019	**$26,115**

Accounting Policy

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement of the lease, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, at the Company's incremental borrowing rate. Payments are applied against the lease obligation and interest expense is recognized on the lease obligations using the effective interest method.

The Company applies judgment to determine the lease term for some lease contracts which include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease liabilities and right-of-use assets recognized. The Company does not recognize short-term leases with a term of 12 months or less, or leases of low-value assets.

NOTE 3 - ASSETS HELD FOR SALE AND DISCOUNTED OPERATIONS

Assets and Liabilities Held for Sale

The Company has classified certain assets and liabilities as held for sale.

The following table represents assets and liabilities held for sale:

(Stated in thousands)	**As at December 31, 2019**	As at December 31, 2018
Trade and other receivables	**$4,237**	$3
Inventory	**446**	--
Prepaid expenses	**169**	31
Current tax asset	**--**	90
Property and equipment	**32,346**	3,123
Right-of-use assets	**904**	--
Total assets held for sale	**$38,102**	$3,247
Trade and other payables [1]	**$1,893**	$192
Current portion of lease liabilities	**524**	--
Lease liabilities - non-current portion	**468**	--
Total liabilities held for sale	**$2,885**	$192

[1] 2018 amount included in Trade and other payables.

Results of Discontinued Operations

The following table represents discontinued operations:

(Stated in thousands) **Total Discontinued Operations for the year ended December 31,**	**2019**	2018
Revenue	**$24,504**	$36,110
Cost of sales - other	**20,406**	24,952
Cost of sales - depreciation and amortization	**7,250**	10,928
Gross (loss) / profit	**(3,152)**	230
Administrative expenses - other	**2,444**	6,177
Asset Impairments	**--**	2,900
Other income	**(958)**	(1,654)
Results from operating activities	**(4,638)**	(7,193)
Finance (income) / costs	**(980)**	60
Foreign exchange (gain) / loss	**906**	(1,288)
Loss before income tax	**(4,564)**	(5,965)
Income tax recovery	**(2,540)**	(2,365)
Loss from discontinued total operations	**($2,024)**	($3,600)

For the year ended December 31, 2019, management was committed to a plan to sell its Fluid management business with a net carrying value of approximately $17.0 million, as well as assets relating to non-core operational bases at a net carrying value of $18.2 million (2018 – $3.1 million).

NOTE 4 - CASH AND CASH EQUIVALENTS

(Stated in thousands)	**As at December 31, 2019**	As at December 31, 2018
Bank balances	**$7,194**	$8,238
Short-term deposits	**8**	8
Cash and cash equivalents	**$7,202**	$8,246

NOTE 5 - TRADE AND OTHER RECEIVABLES

(Stated in thousands)	**As at December 31, 2019**	As at December 31, 2018
Trade receivables	**$147,964**	$132,051
Allowance for doubtful accounts (note 18)	**(1,590)**	(1,559)
Other receivables	**--**	9,925
Total	**$146,374**	$140,417

The Company's exposure to credit risk related to trade and other receivables is disclosed in note 18.

NOTE 6 - INVENTORY

(Stated in thousands)	As at December 31, 2019	As at December 31, 2018
Chemicals and consumables	**$16,744**	$17,260
Parts	**10,880**	17,318
Coiled tubing	**1,961**	1,683
Total	**$29,585**	$36,261

The total amount of inventory recognized as cost of sales during the year was $205.9 million (2018 – $242.9 million).

Trican also reviews the carrying value of inventory on a quarterly basis to verify that inventory is measured at the lower of cost or net realizable value. The Company reduced its spare parts reserve to $4.6 million down from $5.3 million in 2018 to reflect the consumption of parts during the year and lower parts inventory balance at December 31, 2019.

NOTE 7 - RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(Stated in thousands)	Property [1]	Vehicles [2]	Total
Cost			
Balance, January 1, 2019	$15,928	$17,314	$33,242
Additions	251	128	379
Termination of Leases	--	(4,081)	(4,081)
Reclassification to assets held for sale	(840)	(1,326)	(2,166)
Balance at December 31, 2019	**$15,339**	**$12,035**	**$27,374**
Accumulated Depreciation			
Balance, January 1, 2019	$--	$7,127	$7,127
Depreciation [3]	3,772	3,173	6,945
Termination of leases	--	(3,419)	(3,419)
Reclassification to assets held for sale	(336)	(926)	(1,262)
Balance at December 31, 2019	**$3,436**	**$5,955**	**$9,391**
Carrying Amounts			
At January 1, 2019	$15,928	$10,187	$26,115
At December 31, 2019	**$11,903**	**$6,080**	**$17,983**

[1] Incremental lease per IFRS 16 (note 2).
[2] Recategorized previous finance leases under IAS 17 (note 2).
[3] $784 now recognized in discontinued operations (note 3).

The Company incurs lease payments related to properties and vehicles. Leases are entered into and exited in coordination with specific business requirements which includes the assessment of the appropriate durations for the related leased assets. The Company has recognized lease liabilities in relation to all lease arrangements measured at the present value of the remaining lease payments at an incremental borrowing rate of approximately 7%.

The Company has the following future commitments associated with its lease obligations:

(Stated in thousands)	**Amount**
Balance as at January 1, 2019	$26,115
Interest expense [1]	1,585
Additions	379
Lease payments	(6,969)
Termination of leases	(592)
Reclassification to assets held for sale	(992)
Balance as at December 31, 2019	19,526
Current portion of lease liabilities	4,498
Non-current portion of lease liabilities	15,028

[1] $24 recognized in discontinued operations (note 3).

(Stated in thousands)	**As at December 31, 2019**
Less than 1 year	**$5,733**
1 - 3 years	**8,978**
4 - 5 years	**4,218**
After 5 years	**4,792**
Total lease payments	**23,721**
Amounts representing interest over the term of the lease	**(4,195)**
Present value of net lease payments	**19,526**
Current portion of lease liabilities	**(4,498)**
Non-current portion of lease liabilities	**$15,028**

For the year ended December 31, 2019, cash flow used in financing of $5.0 million primarily relate to the principal component of lease payments, interest expense of $1.6 million and an incremental increase of $3.8 million to depreciation was recognized in relation to the Company's lease obligations.

For the year ended December 31, 2019, the Company had $0.9 million of variable lease payments. The Company did not have any low value assets and short-term leases with a lease term of twelve months or less for the year.

NOTE 8 - PROPERTY AND EQUIPMENT

(Stated in thousands)	Buildings & Improvements	Equipment	Furniture and Fixtures	Total
Cost				
Balance at January 1, 2018	$136,264	$1,129,205	$52,399	$1,317,868
Additions	634	79,466	2,312	82,412
Disposals	(624)	(75,529)	(28,464)	(104,617)
Reclassification to assets held for sale	(1,770)	241	0	(1,529)
Balance at December 31, 2018	$134,504	$1,133,383	$26,247	$1,294,134
Lease adjustments to right-of-use assets	**--**	**(17,314)**	**--**	**(17,314)**
Additions	**91**	**31,522**	**2,803**	**34,416**
Disposals	**(6,288)**	**(128,140)**	**(451)**	**(134,879)**
Reclassification to assets held for sale	**(25,775)**	**(44,590)**	**(11,527)**	**(81,892)**
Balance at December 31, 2019	**$102,532**	**$974,861**	**$17,072**	**$1,094,465**
Accumulated depreciation				
Balance at January 1, 2018	$39,467	$514,965	$44,772	$599,204
Depreciation [1]	7,315	109,242	4,987	121,544
Disposals	(87)	(58,895)	(28,027)	(87,009)
Balance at December 31, 2018	$46,695	$565,312	$21,732	$633,739
Lease adjustments to right-of-use assets	**--**	**(7,127)**	**--**	**(7,127)**
Depreciation [2]	**4,667**	**105,832**	**3,445**	**113,944**
Disposals	**(5,315)**	**(108,137)**	**(451)**	**(113,903)**
Reclassification to assets held for sale	**(7,683)**	**(33,771)**	**(11,216)**	**(52,670)**
Impairment	**1,882**	**8,209**	**--**	**10,091**
Balance at December 31, 2019	**$40,246**	**$530,318**	**$13,510**	**$584,074**
Carrying amounts				
At December 31, 2018	$87,809	$568,071	$4,515	$660,395
At December 31, 2019	**$62,286**	**$444,543**	**$3,562**	**$510,391**

[1] $10,009 recognized in discontinued operations (note 3).

[2] $7,281 recognized in discontinued operations (note 3).

In connection with the Company's ongoing asset evaluations, certain underutilized assets were identified for which the carrying value is not expected to be fully recoverable. An impairment charge of $10.1 million (2018 – nil) was determined based on the estimated fair value of these assets.

For the year ended December 31, 2019, the Company had a $11.0 million gain (2018 – $0.2 million loss) from its disposition of property and equipment.

At December 31, 2019, Trican had $13.4 million of assets under construction and not available for use (2018 – $61.2 million).

NOTE 9 - INTANGIBLE ASSETS AND GOODWILL

(Stated in thousands) **Intangible Assets**	**CBM Process**	**Customer Relationships**	**Other**	**Total Intangible Assets**
Cost				
Balance at January 1, 2018	$8,500	$69,714	$241	$78,455
Disposition	(8,500)	--	(241)	(8,741)
Balance at December 31, 2018 and 2019	**$--**	**$69,714**	**$--**	**$69,714**
Amortization				
Balance at January 1, 2018	$8,500	$12,237	$25	$20,762
Amortization [1]	--	9,708	70	9,778
Impairment [2]	--	2,897	--	2,897
Disposition	(8,500)	--	(95)	(8,595)
Balance at December 31, 2018	$--	$24,842	$--	$24,842
Amortization	**--**	**10,457**	**--**	**10,457**
Balance at December 31, 2019	**$--**	**$35,299**	**$--**	**$35,299**
Carrying amounts				
At December 31, 2018	$--	$44,872	$--	$44,872
At December 31, 2019	**$--**	**$34,415**	**$--**	**$34,415**

[1] $398 recognized in discontinued operations (note 3).
[2] $2,897 recognized in discontinued operations (note 3).

Goodwill

(Stated in thousands)	**Amount**
Carrying value, January 1, 2018	$261,031
Impairment	(130,031)
Carrying value, December 31, 2018 and 2019	**131,000**

The aggregate carrying amount of goodwill allocated to each CGU is as follows:

Goodwill

(Stated in thousands)	**As at December 31, 2019**	As at December 31, 2018
Pressure pumping	**$128,925**	$128,925
Cementing	**2,075**	2,075
Total goodwill	**$131,000**	$131,000

NOTE 10 - TRADE AND OTHER PAYABLES

(Stated in thousands)	**As at December 31, 2019**	As at December 31, 2018
Trade payables	**$48,650**	$70,337
Accrued liabilities	**33,194**	9,406
Liabilities for cash-settled share-based payments	**3,699**	2,705
Finance lease obligations (note 18)	**--**	3,385
Total trade and other payables	**$85,543**	$85,833

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 18.

NOTE 11 - LOANS AND BORROWINGS

(Stated in thousands)	**As at December 31, 2019**	As at December 31, 2018
RCF, net of transaction costs	**$46,218**	$39,108
Finance lease obligations	**--**	10,187
Total	**$46,218**	$49,295
Current portion of finance lease obligations [1]	**--**	3,385
Non-current	**$46,218**	$45,910

[1] Amount previously included in Trade and other payables.

Revolving Credit Facility ("RCF")

On December 6, 2018, as a part of an overall restructuring of the Company's credit facilities, Trican entered into an agreement with its RCF providers which amends and extends its RCF **("Amended RCF")**.

The Amended RCF matures December 5, 2021, a date that may be extended on an annual basis upon agreement of the RCF lenders, and the Company may draw up to $275.0 million (December 31, 2018 – $275.0 million). The Amended RCF has a general security charge against the assets of the Company and bears interest at the applicable Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 45 to 300 basis points (December 31, 2018 – Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 45 to 300 basis points). At December 31, 2019, the undrawn and accessible amount of the RCF, subject to financial covenants, is $227.6 million (December 31, 2018 – $229.1 million accessible) due to the Company's Letters of Credit and amounts drawn on the swing line as at December 31, 2019.

As at December 31, 2019, the Company had a $20.0 million (December 31, 2018 – $20.0 million) swing line facility with its lead bank included in the $275.0 million amended RCF described above. As at December 31, 2019, nil was drawn on the swing line facility (December 31, 2018 – $3.8 million).

As at December 31, 2019, the Company had a $10.0 million (December 31, 2018 – $10.0 million) Letter of Credit facility with its syndicate of banks included in the $275.0 million amended RCF described above. As at December 31, 2019, Trican had $0.4 million in letters of credit outstanding (December 31, 2018 – $2.1 million).

Covenants

The Company is required to comply with covenants that are applicable to the Amended RCF. Trican is required to comply with the following leverage and interest coverage ratio covenants, based on the last twelve-month calculation basis:

- Leverage Ratio <3.5x
- Interest Coverage Ratio >2.5x

Certain non-cash expenses (including depreciation, amortization, impairment expenses, equity-settled stock based compensation), gains and losses resulting from Investments in Keane, certain personnel based expenses such as severance and certain other items, are permitted to be adjusted to EBITDA to arrive at bank EBITDA for covenant calculation purposes. In accordance with the definition under the Amended RCF, the covenant calculation excludes the impact of certain leases recognized under IFRS 16.

The Leverage Ratio is defined as debt excluding Non-Recourse Debt plus Letter of Credit facility minus cash divided by bank EBITDA. As at December 31, 2019, the Leverage Ratio was 1.3 (December 31, 2018 – 0.4).

(Stated in thousands)	**December 31, 2019**	December 31, 2018
Senior Net Debt	**$45,525**	$45,224
Bank EBITDA	**34,305**	114,103
Leverage Ratio	**1.3**	0.4

The Interest Coverage Ratio is defined as bank EBITDA divided by interest expense. As at December 31, 2019, the Interest Coverage Ratio was 9.6 (December 31, 2018 – 15.6).

(Stated in thousands)	**December 31, 2019**	December 31, 2018
Interest Expense	**$3,557**	$7,297
Bank EBITDA	**34,305**	114,103
Interest Coverage Ratio	**9.6**	15.6

The Company is in compliance with its financial covenants for the quarter ended December 31, 2019.

NOTE 12 – SHARE CAPITAL

Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares, issuable in series. The shares have no par value. All issued shares are fully paid.

Issued and Outstanding - Common Shares:

(Stated in thousands, except share amounts)	**Number of Shares**	**Amount**
Balance, January 1, 2018	338,505,628	$1,236,618
Exercise of stock options	609,708	867
Reclassification from contributed surplus on exercise of options	--	448
Shares repurchased and cancelled under NCIB	(37,610,386)	(138,581)
Balance, December 31, 2018	301,504,950	$1,099,352
Exercise of stock options	**87,930**	**74**
Reclassification from contributed surplus on exercise of options	**--**	**30**
Shares repurchased and cancelled under NCIB	**(30,102,845)**	**(110,412)**
Balance, December 31, 2019	**271,490,035**	**$989,044**

Normal Course Issuer Bid

The Company completed its 2018-2019 Normal Course Issuer Bid ("NCIB") announced on October 1, 2018. Pursuant to the 2018-2019 NCIB, the Company purchased and canceled the maximum allowable number of its common shares under the bid, totaling 30,923,345 common shares for a total consideration of $45.4 million at a weighted average price per share of $1.47 before broker commissions.

On September 30, 2019, the Company announced its renewal of its ongoing NCIB program, commencing October 3, 2019, to purchase up to 24.7 million of its common shares for cancellation before October 2, 2020.

All purchases are to be made at the prevailing market price at the time of purchase and are subject to a maximum daily purchase volume of 220,020 (being 25% of the average daily trading volume of the common shares traded on the TSX for the six months ending August 31, 2019 of 880,081 common shares) except as otherwise permitted under the TSX NCIB rules. All common shares purchased under the NCIB will be returned to treasury for cancellation.

(Stated in thousands, except per share amounts)	**As at December 31, 2019**	As at December 31, 2018
Number of common shares repurchased	**30,102,845**	37,610,386
Weighted average price per share	**$1.15**	$2.79
Amount of repurchase [1]	**$34,528**	$104,864

[1] Includes brokerage fees

NOTE 13 – EARNINGS / (LOSS) PER SHARE

(Stated in thousands, except share and per share amounts)	**Year ended December 31, 2019**	Year ended, December 31,2018
Basic & diluted weighted average number of common shares	**288,528,340**	322,125,394
Attributable to Owners of the Company		
Loss from continuing operations	**($71,435)**	($229,057)
Per share - basic and diluted	**($0.25)**	($0.71)
Loss from discontinued operations	**($2,024)**	($3,600)
Per share - basic and diluted	**($0.01)**	($0.01)
Loss for the year	**($73,459)**	($232,657)
Per share - basic and diluted	**($0.26)**	($0.72)

For the years ended December 31, 2019 and 2018, all shares issued under the stock option plan were excluded in calculating the weighted average number of diluted shares outstanding as they were considered anti-dilutive as there was a net loss during the period.

NOTE 14 – SHARE-BASED PAYMENTS

The Company has four shared-based compensation plans which are described below.

Incentive Stock Option Plan (Equity-Settled):

Options may be granted at the discretion of the Board of Directors and all officers and employees of the Company are eligible for participation in the Plan. The option price equals the volume-weighted-average closing price of the Company's shares on the Toronto Stock Exchange, for the five trading days preceding the date of grant. Options granted in 2010 and thereafter vest on three equal tranches on each of the first, second and third anniversary dates with an expiry date of five years from the date of the grant. From 2016 onward, the life of stock options have changed from five years to seven years.

The compensation expense recognized in profit for the year is $4.1 million (2018 - $5.4 million). The corresponding amount has been recognized in contributed surplus. The weighted average grant date fair value of options granted during 2019 has been estimated at $0.78 per option (2018 – $1.87) using the Black-Scholes option pricing model. Expected volatility is estimated by considering historic average share price volatility. The Company has applied the following assumptions in determining the fair value of options for grants during the periods ended:

Year ended December 31,	**2019**	2018
Share price	**$1.47**	$3.17
Exercise price	**$1.47**	$3.17
Expected life (years)	**3.73**	3.72
Expected volatility	**73%**	83%
Risk-free interest rate	**1.8%**	1.9%
Dividend yield	**0.0%**	0.0%

The Company has reserved 25,791,553 common shares as at December 31, 2019, (December 31, 2018 – 28,642,970) for issuance under a stock option plan for officers and employees. The maximum number of options permitted to be outstanding at any point in time is limited to 9.5% of the Common Shares then outstanding. As of December 31, 2019, 12,652,860 options (December 31, 2018 – 10,787,126) were outstanding at exercise prices ranging from $0.82 to $4.57 per share with expiry dates ranging from 2020 to 2026.

The following table provides a summary of the status of the Company's stock option plan and changes during the years ending December 31:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	**10,787,126**	**$3.81**	10,533,085	$5.01
Granted	**4,184,100**	**1.47**	3,734,850	3.17
Exercised	**(87,930)**	**0.82**	(609,708)	1.42
Forfeited	**(1,326,860)**	**3.46**	(1,841,799)	4.52
Expired	**(903,576)**	**14.39**	(1,029,302)	13.98
Outstanding at the end of the year	**12,652,860**	**$2.33**	10,787,126	$3.81
Exercisable at the end of the year	**6,010,939**	**$2.44**	4,940,953	$4.52

The weighted-average share price for the period ended December 31, 2019, was $1.20 (December 31, 2018 – $2.73).

The following table summarizes information about stock options outstanding at December 31, 2019.

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.00 to $1.00	1,320,601	0.76	$0.82	1,320,601	$0.82
$1.01 to $3.00	5,898,392	5.26	1.98	1,970,192	1.98
$3.01 to $4.57	5,433,867	4.75	3.55	2,720,146	3.55
$0.00 to $4.57	12,652,860	4.57	$2.33	6,010,939	$2.44

Deferred Share Unit Plan (Cash-Settled)

Under the terms of the deferred share unit plan, DSUs awarded will vest immediately and will be settled with cash in the amount equal to the closing price of the Company's common shares on the date the director specifies upon tendering his / her resignation from the Board, which in any event must be after the date on which the notice of redemption is filed with the Company and within the period from the Director's resignation date to December 15th of the first calendar year commencing after the Director's termination date. There were 1,721,109 DSUs outstanding at December 31, 2019 (2018 – 1,597,849).

Restricted Share Unit Plan (Cash-Settled)

Under the terms of the restricted share unit plan, the RSUs awarded will vest in three equal portions on the first, second and third anniversary of the grant date and will be settled in cash in the amount equal to the volume-weighted-average trading price for the twenty trading days preceding the particular vesting date of the award. The fair value of the RSUs is expensed into income evenly over the same period that the units vest and at each reporting date between grant date and settlement, the fair value of the liability is re-measured with any changes in fair value recognized in profit or loss for the period. All officers and employees of the Company are eligible for participation in the plan. There were 62,500 RSUs outstanding at December 31, 2019 (2018 – 157,669).

Performance Share Unit Plan (Cash-Settled)

Under the terms of the performance share unit plan, grants awarded will vest in three equal portions on the first, second and third anniversary of the grant date if the Company meets certain financial targets and expire otherwise. Grants prior to 2014 will be paid out upon vesting yearly and grants issued in 2014 and going forward will be paid out 3 years from the grant date. PSU grants will be settled in cash, at Trican's discretion, in the amount equal to the volume-weighted-average trading price for the five trading days preceding the vesting date of the Common Shares of the Company. The fair value of the PSUs is expensed into income evenly over the same period that the units vest and at each reporting date between grant date and settlement, the fair value of the liability is re-measured with any changes in fair value recognized in profit or loss for the period. There were 2,144,200 PSUs outstanding at December 31, 2019 (2018 – 1,235,200). As of the date of these financial statements the Company's intention is to settle the PSUs in cash.

The following table provides a summary of the status of the Company's cash-settled compensation plans and changes during the years ending December 31:

(Units)	DSU	RSU	PSU
Balance, January 1, 2018	1,399,002	424,566	920,200
Granted	198,847	--	611,700
Exercised	--	(99,003)	(296,700)
Forfeited	--	(167,894)	--
Balance, December 31, 2018	1,597,849	157,669	1,235,200
Granted	**389,007**	**--**	**1,187,000**
Exercised	**(265,747)**	**(84,004)**	**(217,700)**
Forfeited	**--**	**(11,165)**	**(60,300)**
Balance at December 31, 2019	**1,721,109**	**62,500**	**2,144,200**
Vested at December 31, 2019	**1,721,109**	**62,500**	**--**

The closing share price used in the fair value calculation of DSU, RSU and PSU obligations at December 31, 2019 was $1.14 (2018 - $1.19).

	Year ended December 31,	
(Stated in thousands)	**2019**	2018
Cash-settled share-based compensation expense		
Expense / (recovery) arising from DSUs	**$1,096**	($3,903)
Expense / (recovery) arising from RSUs	**24**	(492)
Expense / (recovery) arising from PSUs	**1,324**	(335)
Total expense / (recovery) cash-settled share-based compensation expense	**$2,444**	($4,730)
Equity-settled share-based compensation expense		
Stock Options	**$4,146**	$5,434
Total expense related to share-based payments	**$6,590**	$704

The outstanding liabilities for cash-settled compensation plans at December 31, 2019, of $3.7 million (2018 – $2.7 million) are included in accounts payable and accrued liabilities.

NOTE 15 – COST OF SALES AND ADMINISTRATIVE EXPENSES

The Company classifies the consolidated statement of comprehensive loss using the function of expense method, which presents expenses according to their function, such as cost of sales and administrative expenses. This method is more closely aligned to the Company business structure and provides more relevant information to the public.

The following table provides additional information on the nature of the expenses:

(Stated in thousands)	Year ended December 31,	
Cost of sales	**2019**	2018
Personnel expenses	**$166,432**	$238,349
Direct costs	**395,871**	501,065
Cost of sales - other	**$562,303**	$739,414
Cost of sales - depreciation and amortization	**118,396**	116,601
	$680,699	$856,015
Administrative expenses		
Personnel expenses - other	**$31,398**	$32,973
Personnel expenses / (recovery) - share-based compensation	**6,590**	704
General organizational expenses	**11,581**	13,551
Bad debt expense	**372**	91
Administrative expenses - other	**$49,941**	$47,319
Administrative expenses - depreciation	**5,670**	4,983
	$55,611	$52,302

NOTE 16 – ANNUAL IMPAIRMENT ASSESSMENT

For the purposes of impairment testing, goodwill and intangible assets are allocated to the Company's CGUs. As required by IAS 36, the Company performed its annual impairment tests on goodwill for the Pressure Pumping CGU and the Cement Services CGU. Based on the results of the tests, no provision for impairment of the Company's CGUs was recorded for the year ended December 31, 2019 (2018 - $130.0 million impairment of goodwill for the Pressure Pumping CGU; and impairment of $2.9 million of intangible assets was recorded for the Fluid Management Services CGU).

a. Pressure Pumping Services

The impairment test for the Pressure Pumping Services CGU used a value in use approach based on internal cash flow estimates at December 31, 2019 at a pre-tax discount rate of 15.9% and a terminal growth rate of 2.0%, as measured by the Consumer Price Index (CPI). The discount rate was estimated based on the Company's weighted average cost of capital, adjusted for Pressure Pumping Services CGU specific risks. The estimated cash flows were based on a 5-year model with future revenues modestly increasing with forecasted oil and gas industry activity. Costs were based on historical contribution margins adjusted for anticipated revenue changes. A terminal value thereafter was applied. Based on the analysis, no provision for impairment on the Company's long-term pressure pumping assets was required for the year ended December 31, 2019 (2018 - $130.0 million). The estimated value in use for the Pressure Pumping Services CGU would require an impairment of $61.4 million with an increase to the pre-tax discount rate by 1% or an impairment of $39.4 million with a decrease to the terminal growth rate by 1%.

b. Cementing Services

The impairment test for Cementing Services CGU used a value in use approach based on internal cash flow estimates at December 31, 2019 at a pre-tax discount rate of 15.9% and a terminal growth rate of 2.0%, as measured by the CPI. The discount rate was estimated based on the Company's weighted average cost of capital, adjusted for Cementing Services CGU specific risks. The estimated cash flows were based on a 5-year model with future revenues initially decreasing, and subsequently increasing, in correlation with forecasted oil and gas industry activity. Costs were based on historical contribution margins adjusted for anticipated revenue changes. A terminal value thereafter was applied.

Based on the analysis, no provision for impairment on the Company's long-term cementing assets was required for the year ended December 31, 2019 (2018 - nil). The estimated value in use for the Cementing Services CGU continued to support no impairment with an increase to the pre-tax discount rate by 1% or with a decrease to the terminal growth rate by 1%.

c. Fluid Management Services

For the year ended December 31, 2019, the Fluid Management Services CGU was reclassified to assets held for sale at which time an assessment of fair value was completed with no impairment required (2018 - $2.9 million pre-tax impairment of intangible assets). Subsequent to December 31, 2019, the Company completed the sale of its Fluid Management business and the proceeds received approximated the carrying value of the Fluid Management Services CGU.

NOTE 17 – INCOME TAXES

	Year ended December 31,	
(Stated in thousands)	**2019**	2018
Current tax (recovery) / expense		
Current year	**$16**	$--
Adjustment for prior years	**($265)**	$5,896
	($249)	$5,896
Deferred tax recovery		
Current year	**($27,905)**	($23,816)
Adjustment for prior years	**(238)**	(7,688)
	($28,143)	($31,504)
Total tax recovery from continuing operations	**($28,392)**	($25,608)

Loss Before Income Taxes

	Year ended December 31,	
(Stated in thousands)	**2019**	2018
Canada	**$104,184**	$193,667
Foreign	**(4,357)**	60,998
Loss before income taxes from continuing operations	**$99,827**	$254,665

Alberta's new government tabled legislation on May 28, 2019 to decrease the general corporate rate to 11% (from 12%) on July 1, 2019, with further 1% rate reductions every year on January 1 until the general corporate tax rate is 8% on January 1, 2022. Following these reductions, which were included in Alberta Bill 3 (Job Creation Tax Cut Act), Alberta will have the lowest provincial general corporate tax rate in Canada.

The $0.5 million deferred income tax recovery estimates the effect of the Alberta corporate tax rate change on the Company's deferred tax liability position.

The income tax expense differs from that expected by applying the combined federal and provincial income tax rate of 26.6% (2018 – 27.0%) to loss from continuing operations before income taxes for the following reasons:

	Year ended December 31,	
(Stated in thousands)	**2019**	2018
Expected combined federal and provincial income tax	**($26,540)**	($70,400)
Statutory and other rate differences	**(473)**	360
Unrecognized current year losses	**--**	2,372
Non-deductible expenses	**(762)**	1,740
Adjustments related to prior years	**(503)**	(2,790)
Change in assets not recognized	**(2,338)**	(2,545)
Stock-based compensation	**1,102**	1,271
Impairment of goodwill	**--**	35,108
Non-deductible portion of disposition of Keane investments	**--**	9,511
Other	**1,122**	(235)
Total tax recovery from continuing operations	**($28,392)**	($25,608)

Unrecognized Deferred Tax Assets

Deferred tax assets are recognized only to the extent that it is probable that the assets can be recovered. At December 31, 2019, the Company had $882.0 million (2018 - $938.7 million) of deductible temporary differences where no deferred tax asset was recognized. These deductible temporary differences are predominantly losses incurred in the United States and expire between 2029 and 2036.

Deferred Tax Balances

The components of the deferred tax asset and liability are as follows:

	Year ended December 31,	
(Stated in thousands)	**2019**	2018
Deferred tax assets		
Non-capital loss carryforward	**$45,867**	$34,712
Other	**3,720**	4,571
	$49,587	$39,283
Deferred tax liabilities		
Property, equipment and other assets	**($72,512)**	($89,637)
Goodwill and intangibles	**(8,317)**	(11,571)
	($80,829)	($101,208)
Deferred tax liabilities (net)	**($31,242)**	($61,925)

Movement in Deferred Tax Balances During the Year

	January 1, 2018	Recognized in Profit or Loss	Recognized in Discontinued Profit or Loss	Other	December 31, 2018	**Recognized in Continuing Profit or Loss**	**Recognized in Discontinued Profit or Loss**	**December 31, 2019**
Goodwill Intangible Assets	($15,123)	$2,833	$719	$--	($11,571)	**$1,617**	**$1,637**	**($8,317)**
Non-Capital Loss Carry Forwards	48,315	(14,537)	934	--	34,712	**10,397**	**758**	**45,867**
Property and Equipment	(92,055)	1,672	746	--	(89,637)	**16,980**	**145**	**(72,512)**
Unrealized Gain in Keane Investments	(45,917)	45,917	--	--	--	**--**	**--**	**--**
Other	8,913	(4,385)	15	28	4,571	**(851)**	**--**	**3,720**
	($95,867)	$31,500	$2,414	$28	($61,925)	**$28,143**	**$2,540**	**($31,242)**

NOTE 18 – FINANCIAL INSTRUMENTS

Fair Values of Financial Assets and Liabilities

Trican adopted IFRS 9, Financial Instruments effective January 1, 2019. A transitional adjustment was recognized at this time to reclassify the accumulated other comprehensive income balance of $36.4 million associated with the Class A shares held in Keane Holdings to retained earnings.

The fair values of cash and cash equivalents, trade and other receivables, and trade and other payables included in the consolidated statement of financial position approximate their carrying amount due to the short-term maturity of these instruments.

The fair value of the Amended RCF was determined by calculating future cash flows, including interest at current rates. The fair value of capital lease obligations was determined by calculating the future cash flows, including interest, using market rates.

On December 3, 2018, Trican announced the pricing of an underwritten secondary offering of its common shares of Keane by Keane Holdings, of 5,251,249 Keane shares for proceeds, after underwriting fees and discounts, of USD $55.1 million. Trican ceased to hold an equity interest and conceded all Class C shares in Keane Holdings, LLC. On January 24, 2018, Keane Holdings sold 15,320,015 shares of Keane at a price per share of USD $18.25. This resulted in a distribution of $33.6 million (USD $27.2 million) for Trican and a realized gain of $21.1 million.

	Investments in Keane
Balance at December 31, 2017	$176,747
Realized liquidity events	(106,314)
Realized loss on Keane	(76,062)
Foreign exchange gain	5,629
Balance at December 31, 2018	$--

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

			Fair Value	
December 31, 2019	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Financial liabilities				
Financial liabilities at amortized cost				
RCF	$46,218	$-	$48,661	$--

			Fair Value	
December 31, 2018	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Financial liabilities				
Financial liabilities at amortized cost				
RCF	$39,108	$-	$41,487	$--

Market Risk

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market rates and is comprised of the following:

Interest Rate Risk

The impact of a one percent change in interest rates to the Company's floating rate debt would be approximately $0.5 million for the year ended December 31, 2019 (2018 - $0.6 million), based on the average debt balances for the year.

Foreign Exchange Rate Risk

As the Company operates primarily in Canada, fluctuations in exchange rates do not have a significant effect on operating results however, the Company holds financial assets and liabilities denominated in U.S. dollars where fluctuations between the U.S. dollar/Canadian dollar can have a significant effect on the fair value or future cash flows of these assets and liabilities.

For the years ended December 31, 2019 and 2018, fluctuations in the value of foreign currencies would have the following impact on net income and other comprehensive income:

	Impact to Net Income		**Impact to Other Comprehensive Income**	
(Stated in thousands)	**2019**	2018	**2019**	2018
1% change in the value of U.S. dollar	**$56**	$119	**$48**	$173

Credit Risk

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations and as a result, create a financial loss for the Company.

Customer

The Company's accounts receivables are predominantly with customers who explore for and develop natural gas and petroleum reserves and are subject to normal industry credit risks that include fluctuations in oil and natural gas prices and the ability to secure adequate debt or equity financing. The Company assesses the creditworthiness of its customers on an ongoing basis as well as monitoring the amount and age of balances outstanding. Accordingly, the Company views the credit risks on these amounts as normal for the industry. The carrying amount of accounts receivable represents the maximum credit exposure on this balance. As at December 31, 2019, one customer accounted for 26.8% (2018 – one customer accounted for 28.7%) of the Company's accounts receivable while two customers accounted for 23.1% (2018 – two customers accounted for 25.7%) of its revenues.

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The calculation reflects the probability-weighted outcome, the time value of money and reasonable supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Payment terms with customers vary by contract; however, standard payment terms are 30 days from invoice date. Historically, industry practice allows for payment up to 70 days from invoice date. The Company considers its accounts receivable excluding doubtful accounts to be aged as follows:

	Year ended December 31,	
(Stated in thousands)	**2019**	2018
Current (0 - 30 days from invoice date)	**$67,018**	$93,711
31 - 60 days past due	**46,405**	32,189
60 - 90 days past due	**27,926**	5,397
Greater than 90 days past due	**6,615**	10,679
Total	**$147,964**	$141,976
Provision for doubtful accounts	**$1,590**	$1,559

Movement in Provision

	Year ended December 31,	
(Stated in thousands)	**2019**	2018
Provision for doubtful accounts at January 1	**$1,559**	$2,476
(Decrease) / Increase in provision	**403**	(826)
Write-off of provision	**(372)**	(91)
Provision for doubtful accounts at December 31	**$1,590**	$1,559

The Company's objectives, processes and policies for managing credit risk have not changed from the prior year.

Counterparties

Counterparties to financial instruments expose the Company to credit losses in the event of non-performance. Counterparties to cash transactions are limited to high credit-quality financial institutions. The Company does not anticipate non-performance that would materially impact the Company's financial statements.

Liquidity Risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial liability obligations. The Company manages its liquidity risk through cash and debt management, which includes monitoring forecasts of the Company's cash and cash equivalents and borrowing facilities on the basis of projected cash flow. This is generally carried out at the consolidated level in accordance with practices and policies established by the Company.

In managing liquidity risk, the Company has access to a wide range of funding at competitive rates through capital markets and banks. As at December 31, 2019, the Company had accessible unused committed bank credit facilities in the amount of $227.6 million (2018 – $229.1 million), cash of $7.2 million (2018 – $8.2 million), trade and other receivables of $146.4 million (2018 – $140.4 million) for a total of $381.2 million (2018 – $377.7 million) available to fund the cash outflows relating to its financial liabilities. The Company believes it has sufficient funding through the use of these sources to meet foreseeable liquidity requirements.

The Company anticipates that its existing capital resources including availability under its RCF and cash flows from operations will be adequate to satisfy its liquidity requirements through fiscal 2020. If available liquidity is not sufficient to meet Trican's operating and debt servicing obligations as they come due, management's plans include reducing expenditures as necessary or pursuing alternative financing arrangements and additional asset sales. However, there is no assurance that, if required, the Company will be able to reduce expenditures or secure alternative financing arrangements to provide the required liquidity.

The timing of cash outflows relating to financial liabilities are outlined in the table below:

(Stated in thousands) **December 31, 2019**	**Carrying value**	**Less than 1 year**	**1 to 3 years**	**4 to 5 years**	**Greater than 5 years**	**Total**
Trade and other payables	$88,428	$88,428	$--	$--	$--	**$88,428**
RCF (including interest)	46,218	1,661	48,544	--	--	**50,205**
Lease liabilities - current	4,498	5,733	--	--	--	**5,733**
Lease liabilities - non-current	15,028	--	8,978	4,218	4,792	**17,988**
		$95,822	**$57,522**	**$4,218**	**$4,792**	**$162,354**

NOTE 19 – CAPITAL MANAGEMENT

The Company's strategy is to carry a capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Company seeks to maintain a balance between the level of long-term debt and shareholders' equity to ensure access to capital markets to fund growth and working capital given the cyclical nature of the oilfield services sector. The Company may occasionally need to increase these levels to facilitate acquisition or expansionary activities.

As at December 31, these ratios were as follows:

		As at December 31,
(Stated in thousands, except ratios)	**2019**	2018
Loans and borrowings	**$46,218**	$45,910
Shareholders' equity	**741,110**	844,142
Total capitalization	**$787,328**	$890,052
Long-term debt to total capitalization	**0.06**	0.05

NOTE 20 – OTHER COMMITMENTS AND CONTINGENCIES

The Company has committed to, or expects to commit to:

- capital expenditures of $3.0 million in the next 12 months.
- proppant supply arrangements to certain vendors with payments based on volumetric thresholds, due over the next two years. Prices and volumes in the contracts are subject to change based on market conditions.

Management is satisfied that the Company has sufficient liquidity and capital resources to meet the Company's obligations and commitments as they come due.

Other Commitments

The tax regulations and legislation in the various jurisdictions that the Company operates in, or has previously operated in, are continually changing. As a result, there are usually some tax matters under review. Management believes that it has adequately met, provided and/or recognized tax assets and liabilities based on the Company's interpretation of relevant tax legislation and regulations and likelihood of recovery and/or payment.

The Company received confirmation of final settlement on its equipment claim relating to a 2018 insured fire event. Net insurance recoveries of approximately $5.0 million were recognized during the year.

NOTE 21 – NET FINANCE COSTS

		Year ended December 31,
(Stated in thousands)	**2019**	2018
Finance cost		
Interest on loans and borrowings	**$3,129**	$14,665
Interest on lease	**1,561**	455
Total finance cost	**$4,690**	$15,120

NOTE 22 – RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

In addition to their salaries, the Company also provides non-cash benefits to executive officers. Executive officers also participate in the Company's share and option-based awards program (see note 14).

Key management personnel compensation comprised of:

	Year ended December 31,	
(Stated in thousands)	**2019**	2018
Salaries	**$2,147**	$2,425
Share-based awards	**1,386**	1,452
Option-based awards	**1,097**	1,170
All other compensation	**160**	559
Total	**$4,790**	$5,606

NOTE 23 – EMPLOYEE BENEFIT EXPENSE

	Year ended December 31,	
(Stated in thousands)	**2019**	2018
Wages and salaries	**$156,396**	$221,473
Termination payments	**9,005**	8,804
Employee benefits	**29,626**	27,319
Share based compensation	**5,493**	4,606
Total	**$200,520**	$262,202

NOTE 24 – SUBSEQUENT EVENTS

Normal Course Issuer Bid

For the period from January 1, 2020 to February 26, 2020, the Company purchased and canceled an additional 4,408,600 common shares at a weighted average price per share of $1.09 pursuant to its NCIB.

Sale of Fluid Management Business

Subsequent to December 31, 2019, the Company completed the sale of substantially all of the assets of its Fluid Management service line for cash proceeds of $18.1 million, subject to customary closing adjustments of which $4.0 million has been paid by way of a secured vendor take-back loan. The loan is repayable within three years, has terms and covenants consistent with second lien debt, and bears interest at customary second lien rates.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Bradley P.D. Fedora (4)
Chairman

G. Allen Brooks (2, 3, 5)
President
G. Allen Brooks, LLC

Kevin L. Nugent (1, 2, 3)
Independent Businessman

Deborah S. Stein (1, 2, 3)
Independent Businesswoman

Michael B. Rapps (1, 4)
President, CEO & Director
Clarke Inc.

Dale M. Dusterhoft (4)
President & Chief Executive Officer
Trican Well Service Ltd.

OFFICERS

Dale M. Dusterhoft
President & Chief Executive Officer

Michael A. Baldwin, C.A.
Executive Vice President

Robert Skilnick
Chief Financial Officer

Robert J. Cox
Senior Vice President, Operations

Chika B. Onwuekwe
Vice President, Legal, General Counsel and Corporate Secretary

(1) Member of the Audit Committee
(2) Member of the Human Resources and Compensation Committee
(3) Member of the Corporate Governance Committee
(4) Member of the Health, Safety and Environment Committee
(5) Lead Director

CORPORATE OFFICE

Trican Well Service Ltd.
2900, 645 – 7th Avenue S.W.
Calgary, Alberta T2P 4G8
Telephone: (403) 266-0202
Facsimile: (403) 237-7716
Website: www.TricanWellService.com

AUDITORS

KPMG LLP, Chartered Accountants
Calgary, Alberta

BANKERS

The Bank of Nova Scotia
Calgary, AB

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: TCW

INVESTOR RELATIONS INFORMATION

Requests for information should be directed to:

Dale M. Dusterhoft
President & Chief Executive Officer

Robert Skilnick
Chief Financial Officer