



TRICAN WELL SERVICE LTD. Q2 2019 INTERIM REPORT

Condensed Consolidated Interim Financial Statements
Three and Six Months Ended June 30, 2019 and 2018
(Unaudited)

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Stated in thousands; unaudited)	June 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$24,473	\$8,246
Trade and other receivables	98,224	140,417
Current tax assets	2,189	2,364
Inventory	33,181	36,261
Prepaid expenses	6,846	11,008
Assets held for sale	-	3,247
	164,913	201,543
Property and equipment	601,006	660,395
Intangible assets	39,644	44,872
Right-of-use assets (note 3, 4)	22,504	-
Goodwill	131,000	131,000
	\$959,067	\$1,037,810
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	\$87,069	\$85,833
Current portion of lease liabilities (note 3, 4)	5,350	-
	92,419	85,833
Lease liabilities - non-current portion (note 3, 4)	18,126	-
Loans and borrowings (note 5)	11,981	45,910
Deferred tax liabilities	42,049	61,925
Shareholders' equity		
Share capital (note 6)	1,054,430	1,099,352
Contributed surplus	85,953	83,615
Accumulated other comprehensive loss	(481)	(1,111)
Deficit	(345,410)	(337,714)
Total equity attributable to equity holders of the Company	794,492	844,142
	\$959,067	\$1,037,810

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Stated in thousands, except per share amounts; unaudited)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Continuing operations				
Revenue	\$110,028	\$171,989	\$355,705	\$478,708
Cost of sales - other (note 9)	115,248	160,550	320,976	398,661
Cost of sales - depreciation and amortization (note 9)	32,337	29,468	64,132	59,197
Gross (loss) / profit	(37,557)	(18,029)	(29,403)	20,850
Administrative expenses - other (note 9)	10,205	15,123	25,158	30,957
Administrative expenses - depreciation (note 9)	1,562	1,268	2,967	2,082
Other (income) / loss	(3,439)	732	(5,426)	1,089
Results from operating activities	(45,885)	(35,152)	(52,102)	(13,278)
Net finance cost	1,121	2,870	2,476	5,641
Loss on investments in Keane	-	8,393	-	62,839
Foreign exchange loss / (gain)	250	(3,222)	325	(8,599)
Loss before income tax	(47,256)	(43,193)	(54,903)	(73,159)
Income tax recovery (note 10)	(18,662)	(8,798)	(20,156)	(10,352)
Loss from continuing operations	(\$28,594)	(\$34,395)	(\$34,747)	(\$62,807)
Discontinued operations				
(Loss) / profit from discontinued operations, net of taxes	(400)	203	(1,118)	1,261
Loss for the period	(\$28,994)	(\$34,192)	(\$35,865)	(\$61,546)
Other comprehensive profit / (loss)				
Foreign currency translation gain / (loss)	394	(422)	630	(258)
Total comprehensive loss	(\$28,600)	(\$34,614)	(\$35,235)	(\$61,804)
Loss per share - basic and diluted (note 7)				
Continuing operations - basic and diluted	(\$0.10)	(\$0.10)	(\$0.12)	(\$0.19)
Discontinued operations - basic and diluted	(0.00)	\$0.00	(0.00)	\$0.00
Net loss - basic and diluted	(\$0.10)	(\$0.10)	(\$0.12)	(\$0.19)
Weighted average shares outstanding - basic and diluted	291,750	328,658	294,926	331,500

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Stated in thousands; unaudited)	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 period	-	-	-	(61,546)	(\$61,546)
Foreign currency translation loss	-	-	(258)	-	(\$258)
Share-based compensation expense	-	3,017	-	-	\$3,017
Share options exercised	991	(342)	-	-	\$649
Shares cancelled under Normal Course Issuer Bid	(45,553)	-	-	1,816	(\$43,737)
Balance at June 30, 2018	\$1,192,056	\$81,304	(\$455)	(\$198,732)	\$1,074,173
Balance at January 1, 2019	\$1,099,352	\$83,615	(\$1,111)	(\$337,714)	\$844,142
Loss for the period	-	-	-	(35,865)	(35,865)
Foreign currency translation gain	-	-	630	-	630
Share-based compensation expense	-	2,358	-	-	2,358
Share options exercised	71	(20)	-	-	51
Shares cancelled under Normal Course Issuer Bid	(44,993)	-	-	28,169	(16,824)
Balance at June 30, 2019	\$1,054,430	\$85,953	(\$481)	(\$345,410)	\$794,492

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Stated in thousands; unaudited)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Cash provided by / (used in):				
Operations				
Loss from continuing operations	(\$28,594)	(\$34,395)	(\$34,747)	(\$62,807)
Charges to income not involving cash:				
Depreciation and amortization	33,899	30,736	67,099	61,279
Share-based compensation	1,077	1,623	2,358	3,016
(Gain) / loss on disposal of property and equipment	(3,105)	1,062	(4,622)	1,069
Finance costs / amortization of debt issuance costs	1,121	3,464	2,476	6,918
Unrealized foreign exchange gain	572	4,997	453	1,001
Realized gain on Keane	-	-	-	(21,083)
Unrealized loss on investments in Keane	-	8,393	-	83,922
Tax recovery	(18,662)	(8,798)	(20,156)	(10,352)
Change in inventories	(2,849)	(3,463)	3,111	1,114
Change in trade and other receivables	112,246	82,061	42,190	44,404
Change in prepaid expenses	1,696	(2,235)	4,164	(15,238)
Change in trade and other payables	(35,169)	(30,363)	5,420	(33,747)
Interest paid	(1,121)	(5,395)	(2,476)	(6,614)
Income tax received / (paid)	324	(2,622)	542	(11,245)
Continuing operations	\$61,435	\$45,065	\$65,812	\$41,637
Discontinued operations	(608)	582	(1,464)	465
Cash flow from operating activities	\$60,827	\$45,647	\$64,348	\$42,102
Investing				
Purchase of property and equipment	(6,156)	(15,742)	(18,869)	(28,507)
Proceeds from the sale of property and equipment	12,527	7,388	17,008	12,621
Proceeds from investment in Keane	-	-	-	33,592
Insurance recovery	-	-	-	6,141
Net change in non-cash working capital	-	5,000	-	(1,141)
Continuing operations	\$6,371	(\$3,354)	(\$1,861)	\$22,706
Discontinued operations	-	-	-	-
Cash flow from / (used in) investing activities	\$6,371	(\$3,354)	(\$1,861)	\$22,706
Financing				
Net proceeds from issuance of share capital	10	512	51	649
Repayment of Revolving Credit Facility	(45,000)	(17,000)	(27,283)	(18,000)
Net proceeds from settlement of currency derivatives	-	17,066	-	17,066
Repayment of senior notes	-	(20,684)	-	(20,882)
Payment of lease	(1,389)	(1,058)	(2,722)	(1,910)
Repurchase and cancellation of shares under NCIB	(7,231)	(14,920)	(16,824)	(43,737)
Continuing operations	(\$53,610)	(\$36,084)	(\$46,778)	(\$66,814)
Discontinued operations	-	-	-	-
Cash flow used in financing activities	(\$53,610)	(\$36,084)	(\$46,778)	(\$66,814)
Effect of exchange rate changes on cash	282	-	518	707
Increase of cash and cash equivalents				
Continuing operations	14,196	6,293	17,173	(2,471)
Discontinued operations	(326)	582	(946)	1,172
Cash and cash equivalents, beginning of period	10,603	4,565	8,246	12,739
Cash and cash equivalents, end of period	\$24,473	\$11,440	\$24,473	\$11,440

See accompanying notes to the condensed consolidated interim financial statements.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Three and Six Months Ended June 30, 2019 and 2018

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 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 oilfield services company incorporated under the laws of the province of Alberta. These condensed consolidated interim 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 continuing pressure pumping operations in Canada. The Company’s head office is Suite 2900, 645 – 7th Avenue S.W., Calgary, Alberta, T2P 4G8.

Basis of Presentation

These condensed consolidated interim financial statements for the three and six months period ended June 30, 2019, have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s 2018 consolidated annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements follow the same policies as in the Company’s 2018 consolidated annual financial statements except as noted below.

The condensed consolidated interim 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 3.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on July 31, 2019.

NOTE 2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed consolidated interim financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas where significant judgment and estimates have been made in preparing the financial statements and their effect are disclosed in Note 1 of the Company’s 2018 consolidated annual financial statement.

NOTE 3 - CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

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 condensed consolidated interim statements of financial position, condensed consolidated interim statements of comprehensive loss, condensed consolidated interim statement of changes in equity and condensed consolidated interim statements of cash flows are not restated. The impact of the adoption of IFRS 16 - *Leases* to the condensed 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	(39,108)	-	6,802	(32,306)
Total	\$535,454	\$-	\$-	\$535,454

1) Recategorized previous finance leases under IAS 17.

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:

(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 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.

NOTE 4 - 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	-	251
Termination of Leases	-	(1,393)	(1,393)
Balance at June 30, 2019	\$16,179	\$15,921	\$32,100
Accumulated Depreciation			
Balance, January 1, 2019	\$-	\$7,127	\$7,127
Depreciation	1,871	1,702	3,573
Termination of leases	-	(1,104)	(1,104)
Balance at June 30, 2019	\$1,871	\$7,725	\$9,596
Carrying Amounts			
At January 1, 2019	\$15,928	\$10,187	\$26,115
At June 30, 2019	\$14,308	\$8,196	\$22,504

1) Incremental lease per IFRS 16 (note 3).

2) Recategorized previous finance leases under IAS 17 (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)	As at June 30, 2019
Less than 1 year	\$6,813
1 - 3 years	11,476
4 - 5 years	4,526
After 5 years	5,709
Total lease payments	28,524
Amounts representing interest over the term of the lease	(5,048)
Present value of net lease payments	23,476
Current portion of lease liabilities	(5,350)
Non-current portion of lease liabilities	\$18,126

For the six-month period ended June 30, 2019, cash flow used of \$2.7 million relate to the principal component of lease payments, interest expense of \$0.9 million and an incremental increase of \$1.9 million to depreciation was recognized in relation to the Company's lease obligations.

Short-term leases with a lease term of twelve months or less and low-value assets are expensed in the condensed consolidated interim statements of comprehensive loss.

NOTE 5 - LOANS AND BORROWINGS

(Stated in thousands)	As at June 30, 2019	As at December 31, 2018
RCF, net of transaction costs	\$11,981	\$39,108
Finance lease obligations	-	10,187
Total	\$11,981	\$49,295
Current portion of finance lease obligations ⁽¹⁾	-	3,385
Non-current	\$11,981	\$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 June 30, 2019, the undrawn amount of the RCF is \$262.0 million (December 31, 2018 – \$235.0 million) of which \$256.8 million is accessible (December 31, 2018 – \$229.1 million accessible) due to the Company's Letters of Credit and amounts drawn on the Canadian dollar swing line as at June 30, 2019.

As at June 30, 2019, Trican had a \$10 million (December 31, 2018 – \$10 million) Letter of Credit facility with its syndicate of banks included in the \$275.0 million amended RCF described above. As at June 30, 2019, Trican had \$2.1 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, 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 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 June 30, 2019, the Leverage Ratio was 0.0 (December 31, 2018 – 0.4).

The Interest Coverage Ratio is defined as bank EBITDA divided by interest expense. As at June 30, 2019, the Interest Coverage Ratio was 13.4 (December 31, 2018 – 15.6)..

(Stated in thousands)	June 30, 2019	Dec. 31, 2018	(Stated in thousands)	June 30, 2019	Dec. 31, 2018
Senior Net Debt	\$-	\$45,224	Interest Expense	\$5,338	\$7,297
Bank EBITDA	71,568	114,103	Bank EBITDA	71,568	114,103
Leverage Ratio	0.0	0.4	Interest Coverage Ratio	13.4	15.6

The Company is in compliance with its financial covenants for the quarter ended June 30, 2019.

NOTE 6 - 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 Normal Course Issuer Bid	(37,610,386)	(138,581)
Balance, December 31, 2018	301,504,950	\$1,099,352
Exercise of stock options	60,198	50
Reclassification from contributed surplus on exercise of options	-	21
Shares repurchased and cancelled under NCIB	(12,303,600)	(44,993)
Balance, June 30, 2019	289,261,548	\$1,054,430

Normal Course Issuer Bid

On October 1, 2018, the Company announced a new NCIB program, commencing October 3, 2018, to purchase up to 30.9 million common shares for cancellation before October 2, 2019.

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 645,952 (being 25% of the average daily trading volume of the common shares traded on the TSX for the six months ending August 31, 2018 of 2,583,808 common shares) except as otherwise permitted under the TSX NCIB rules. All common shares purchased under the NCIB will be returned to treasury and canceled. From October 3, 2018 to June 30, 2019, the Company purchased 24.0 million shares at a weighted average price per share of \$1.66 under the new NCIB program.

(Stated in thousands, except share and per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Number of common shares repurchased	5,262,000	4,634,700	12,303,600	12,415,800
Weighted average price per share	\$1.37	\$3.22	\$1.37	\$3.52
Amount of repurchase⁽¹⁾	\$7,231	\$14,920	\$16,824	\$43,737

1) Includes brokerage fees.

For the period from July 1, 2019 to July 31, 2019, the Company purchased and canceled 786,600 common shares at a weighted average price per share of \$1.06 pursuant to its NCIB.

NOTE 7 - EARNINGS / (LOSS) PER SHARE

(Stated in thousands, except share and per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Basic & diluted weighted average number of common shares	291,749,806	328,658,084	294,926,282	331,499,921
Attributable to Owners of the Company	2019	2018	2019	2018
Loss from continuing operations	(\$28,594)	(\$34,395)	(\$34,747)	(\$62,807)
Per share - basic and diluted	(\$0.10)	(\$0.10)	(\$0.12)	(\$0.19)
Loss from discontinued operations	(\$400)	\$203	(\$1,118)	\$1,261
Per share - basic and diluted	(0.00)	\$0.00	(0.00)	\$0.00
Loss for the period	(\$28,994)	(\$34,192)	(\$35,865)	(\$61,546)
Per share - basic and diluted	(\$0.10)	(\$0.10)	(\$0.12)	(\$0.19)

For the three and six months ended June 30, 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 8 - SHARE-BASED PAYMENTS

The Company has four share-based compensation plans as described in the Notes to the Consolidated Financial Statements for the year ended December 31, 2018.

(Stated in thousands)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Cash-settled share-based compensation expense				
Expense / (recovery) arising from DSUs	(\$118)	\$8	\$669	(\$784)
Expense / (recovery) arising from RSUs	(83)	33	(85)	(121)
Expense / (recovery) arising from PSUs	(79)	(22)	372	(140)
Total expense / (recovery) cash-settled share-based compensation expense	(\$280)	\$19	\$956	(\$1,045)
Equity-settled share-based compensation expense				
Stock Options	1,077	1,624	2,358	3,017
Total expense / (recovery) equity-settled share-based compensation expense	\$1,077	\$1,624	\$2,358	\$3,017
Total expense / (recovery) share-based compensation expense	\$797	\$1,643	\$3,314	\$1,972

Incentive Stock Option Plan (Equity-Settled):

The weighted average grant date fair value of options granted during the six months ended June 30, 2019 has been estimated at \$0.78 per option (six months ended June 30, 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:

Six months ended June 30,	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 27,479,847 common shares as at June 30, 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 June 30, 2019, 13,905,228 options (December 31, 2018 – 10,787,126) were outstanding at exercise prices ranging from \$0.82 to \$15.91 per share with expiry dates ranging from 2019 to 2026.

The following table provides a summary of the status of the Company's stock option plan and changes during the six months ended June 30:

	Six months ended June 30, 2019		Year ended December 31, 2018	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at the beginning of the period	10,787,126	\$3.81	10,533,085	\$5.01
Granted	4,184,100	1.47	3,734,850	3.17
Exercised	(60,198)	0.82	(609,708)	1.42
Forfeited	(537,386)	4.47	(1,841,799)	4.52
Expired	(468,414)	13.67	(1,029,302)	13.98
Outstanding at the end of the period	13,905,228	\$2.76	10,787,126	\$3.81
Exercisable at the end of the period	6,717,683	\$3.26	4,940,953	\$4.52

The weighted-average share price for the period ended June 30, 2019, was \$1.36 (December 31, 2018 – \$2.73).

The following table summarizes information about stock options outstanding at June 30, 2019:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$0.00 to \$1.00	1,366,963	1.26	\$0.82	1,366,963	\$0.82
\$1.01 to \$3.00	6,190,053	5.75	1.64	2,077,803	1.98
\$3.01 to \$10.00	5,909,450	5.25	3.45	2,834,155	3.54
\$10.01 to \$15.91	438,762	0.19	15.16	438,762	15.16
\$0.00 to \$15.91	13,905,228	4.92	\$2.76	6,717,683	\$3.26

Share Unit Plans (Cash-Settled)

The following table provides a summary of the status of the Company's cash-settled compensation plans and changes during the six months ended June 30, 2019:

(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	345,015	-	1,187,000
Exercised	-	(84,004)	(217,700)
Forfeited	-	(11,165)	-
Balance, June 30, 2019	1,942,864	62,500	2,204,500
Vested at June 30, 2019	1,942,864	109,637	-

The outstanding liabilities for cash-settled compensation plans at June 30, 2019, of \$3.7 million (December 31, 2018 – \$2.7 million) are included in accounts payable and accrued liabilities.

NOTE 9 - 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)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Cost of sales				
Personnel expenses	\$37,848	\$57,263	\$95,533	\$125,189
Direct costs	77,400	103,287	225,443	273,472
Cost of sales - other	\$115,248	\$160,550	\$320,976	\$398,661
Cost of sales - depreciation and amortization	32,337	29,468	64,132	59,197
	\$147,585	\$190,018	\$385,108	\$457,858
(Stated in thousands)				
Administrative expenses				
Personnel expenses	\$6,838	\$8,537	\$17,635	\$18,700
General and organizational expenses	3,333	6,896	7,211	12,443
Bad debt expense	34	(310)	312	(186)
Administrative expenses - other	\$10,205	\$15,123	\$25,158	\$30,957
Administrative expenses - depreciation	1,562	1,268	2,967	2,082
	\$11,767	\$16,391	\$28,125	\$33,039

NOTE 10 - INCOME TAXES

(Stated in thousands)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Current income tax expense / (recovery)	(\$280)	\$1,005	(\$280)	\$3,717
Deferred income tax expense / (recovery)	(18,382)	(9,803)	(19,876)	(14,069)
Total tax expense / (recovery) from continuing operations	(\$18,662)	(\$8,798)	(\$20,156)	(\$10,352)

For the six months ended June 30, 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%.

NOTE 11 - FINANCIAL INSTRUMENTS

Fair Values of Financial Assets and Liabilities

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 and capital lease obligations was determined by calculating future cash flows, including interest at current rates.

For the three and six month period ended June 30, 2019, two customers accounted for 36.7% and 16.7% respectively, of the Company's revenue (year ended December 31, 2018 - two customers accounted for 25.7% of revenue).

The table below analyzes financial instruments carried at amortized cost, 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).

June 30, 2019	Carrying amount	Level 1	Fair Value Level 2	Level 3
Financial liabilities				
Financial liabilities at amortized cost				
RCF	\$11,981	\$-	\$13,446	\$-
Lease liabilities - current	5,350	-	5,350	-
Lease liabilities - non-current	18,126	-	18,126	-

NOTE 12 – OTHER COMMITMENTS AND CONTINGENCIES

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

- capital expenditures of \$3.9 million.
- proppant supply arrangements to certain vendors with payments based on volumetric thresholds, due over the next four years. Prices and volumes in the contracts are subject to change based on market conditions.

The remainder of our 2019 capital budget will be reviewed quarterly and adjusted as market conditions dictate in order to sustain operations reflected by current activity levels. 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 expects to receive final settlement on its property claim relating to a 2018 insured fire event. Net insurance proceeds of approximately \$3.5 million are expected to be received and recognized in the second half of 2019.

NOTE 13 – SUBSEQUENT EVENTS

Normal Course Issuer Bid

For the period from July 1, 2019 to July 31, 2019, the Company purchased and canceled 786,600 common shares at a weighted average price per share of \$1.06 pursuant to its NCIB.

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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, 3)
Independent Businessman

Alexander J. Pourbaix ^(2, 3)
President & Chief Executive Officer
Cenovus Energy Inc.

Deborah S. Stein ^(1, 2)
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

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

(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