MANAGEMENT'S DISCUSSION AND ANALYSIS – 2018

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This management's discussion and analysis (***MD&A***) is dated February 20, 2019. 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, 2018. Additional information relating to the Company, including the Company's Annual Information Form (***AIF***) for the year ended December 31, 2017, 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 financial results for the comparative quarter and year-ended December 31, 2018 include the results of Trican's business and include the results of Canyon Services Group Inc. ("***Canyon***") from June 2, 2017, when Canyon was acquired by Trican. Canyon was primarily a provider of fracturing services in addition to coiled tubing, remedial cementing, nitrogen and fluid handling services.

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 on page 33 in the *Non-GAAP Measures* section of this MD&A.

Other Non-Standard Financial Terms: Trican makes use of other financial terms including synergies, transaction costs and revenue per job. These terms and / or calculation of amounts related to these terms may not be comparable to other issuers. Other non-standard financial terms are described on page 35 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 on page 35 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. 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. 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.

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]	Three months ended			Year ended		
(three month info unaudited)	**December 31, 2018**	December 31, 2017	September 30, 2018	**December 31, 2018**	December 31, 2017	December 31, 2016
Revenue	**$168.1**	$280.5	$253.7	**$900.6**	$929.9	$325.2
Gross profit /(loss)	**(26.1)**	30.7	14.7	**9.4**	131.9	(83.5)
Adjusted EBITDA[1]	**(0.3)**	47.0	36.7	**89.5**	183.3	(37.4)
Net profit / (loss) from continuing operations	**(158.8)**	14.0	(12.1)	**(233.6)**	20.1	(40.7)
Net (loss) / earnings per share - basic - continuing operations	**($0.52)**	$0.05	($0.04)	**($0.73)**	$0.07	($0.24)
Net (loss) / earnings per share - diluted - continuing operations	**($0.52)**	$0.05	($0.04)	**($0.73)**	$0.07	($0.24)
Net profit / (loss) for the year	**(158.5)**	11.6	(12.6)	**(232.7)**	14.2	(29.5)
Net (loss) / earnings per share - basic	**($0.52)**	$0.03	($0.04)	**($0.73)**	$0.05	($0.18)
Net (loss) / earnings per share - diluted	**($0.52)**	$0.03	($0.04)	**($0.73)**	$0.05	($0.18)
Total proppant pumped (tonnes)[1]	**205**	397	486	**1,558**	1,488	466
Internally sourced proppant pumped (tonnes)[1]	**197**	281	227	**797**	991	N/A
Total job count[1]	**2,054**	2,909	3,390	**11,384**	11,930	9,071
Hydraulic Pumping Capacity:	**672**	680	672	**672**	680	431
Active crewed HHP[1]	**340**	455	464	**340**	455	194
Active, maintenance/not crewed HHP[1]	**242**	114	201	**242**	114	50
Parked HHP[1]	**90**	111	7	**90**	111	187

($ millions)	**As at December 31, 2018**	As at December 31, 2017	As at December 31, 2016
Cash and cash equivalents	**$8.2**	$12.7	$20.3
Current assets – excluding cash and cash equivalents	**$193.3**	$279.3	$191.8
Current portion of loans and borrowings	**$—**	$20.4	$9.8
Current liabilities – other	**$85.0**	$130.5	$88.2
Long-term loans and borrowings	**$45.9**	$83.4	$211.8
Total assets	**$1,037.8**	$1,506.2	$915.4

[1] See *Non-GAAP Measures* described on page 33, *Other Non-Standard Financial Terms* described on page 35 and *Common Industry Terms* described on page 35 of this MD&A.

FINANCIAL AND OPERATING HIGHLIGHTS

2018 significant events

Some of the key events from 2018 are as follows:

- The Company continued to reduce costs, realizing more than $20 million of annualized savings through ongoing optimization efforts, which include consolidation of service lines. These cost reductions are incremental to the $32 million of synergies achieved in 2017 from the Canyon acquisition. The Canyon acquisition has allowed the Company to leverage its fixed costs and broaden its client base, which results in Trican being significantly more resilient to volatility in oilfield services activity, including the significant slowdown expected in the industry that started late in 2018.
- The Company has demonstrated capital discipline and has not invested in equipment or businesses that have not met return on invested capital hurdle rates and instead have returned capital to shareholders with an aggressive use of free cash to purchase shares, while still paying down debt. Trican purchased and canceled approximately 37.6 million common shares during the year (11% of total shares outstanding) at a weighted average price per share of $2.79 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 14% of the outstanding share count.
- Reinvestment into our coiled tubing service line resulted in the business unit generating 70% more revenue and significantly improved profitability and positive net earnings in the second half of 2018.
- During 2018, the Company significantly improved its balance sheet and expanded its credit facility leaving Trican well positioned for the current slowdown of activity in 2019. Trican entered into an agreement with its revolving credit facility lenders, which amended and extended its revolving credit facility (the "Amended RCF") and expanded the capacity of this facility by $48 million. Additionally, the Company repaid in full all outstanding senior and subordinated notes (collectively the "Senior Notes") of approximately $61 million. These transactions significantly simplified the Company's capital structure and the Company exited 2018 with only modest borrowings of $45.9 million.
- Building on our strong and loyal customer base by adding new hydraulic fracturing customers in 2019. Incremental customers have been added despite a highly competitive market place late in 2018.
- During 2018, the Company sold its remaining investment in Keane Holdings ("Investments in Keane") through two transactions resulting in gross proceeds of approximately $106.3 million. Since March 2016, the Company has received proceeds of $143 million from the liquidation of its Investments in Keane.
- Significant progress monetizing assets that are no longer competitive in the WCSB. Trican realized $17.6 million in proceeds from non-core asset sales.

2018 compared with 2017

- Consolidated revenue from continuing operations for 2018 was $900.6 million, a 3% decrease compared to 2017 (2017 include Canyon financial results with effect from June 2, 2017).
- Net loss from continuing operations for the year was $233.6 million (2017 – net income of $20.1 million). 2018 net loss was affected by $76.1 million of losses on Investments in Keane and $134.0

million of impairment charges primarily related to goodwill associated with the Company's Pressure Pumping CGU.

- Adjusted EBITDA[1] for the year was $89.5 million, which is net of $22.0 million in expenses for stainless steel fluid ends[1] compared to $183.3 million in 2017, which was net of $2.0 million in expenses for stainless steel fluid ends[1].
- In 2018, 88% of Trican’s revenue came from customers focused on oil or liquids-rich gas[1] plays (2017 – oil and liquids-rich gas[1] plays: 82%).
- Annual results for 2018 include a full year of Canyon (2017 - seven months from Canyon). The Company's pressure pumping services market share increased in proportion to the added equipment from the Canyon acquisition. However, a decline in industry activity during the second half of 2018 resulted in only a small improvement in the Company's activity levels. Lower industry activity, combined with the previously noted impairment charges and losses on Investments in Keane resulted in significant declines for the Company's profitability levels in 2018 relative to 2017.

Fourth quarter 2018 compared with fourth quarter 2017

- Volatility in prices for Canadian oil and natural gas due to a lack of pipeline capacity contributed to significant declines in Trican's activity levels and financial results of the Company in Q4 2018.
- Consolidated revenue from continuing operations for Q4 2018 was $168.1 million, a 40% decrease compared to Q4 2017.
- Net loss from continuing operations for the quarter was $158.8 million (Q4 2017 – net income of $14.0 million). The Q4 2018 net loss was affected by $4.3 million of losses on Investments in Keane and $134.0 million of asset impairment charges primarily related to goodwill associated with the Company's Pressure Pumping CGU.
- Adjusted EBITDA[1] for the quarter was break-even at $0.3 million, which is net of $1.6 million in expenses for stainless steel fluid ends[1], $5.1 million for severance expenses, and $2.9 million of recoveries related to cash-settled share-based compensation (Q4 2017 – $47.0 million, which was net of $2.0 million in expenses for stainless steel fluid ends[1] and $0.7 million of transaction costs).
- In Q4 2018, 87% of Trican’s revenue came from customers focused on oil or liquids-rich gas[1] plays (Q4 2017 - oil and liquids-rich gas[1] plays: 83%).
- The Company announced a new NCIB, commencing October 3, 2018, to purchase up to 30.9 million common shares for cancellation before October 2, 2019. During the fourth quarter, the Company purchased 11.7 million shares at a weighted average price per share of $1.84 (2017 – 8.3 million common shares at a weighted average price per share of $4.30).

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[1] See *Non-GAAP Measures* described on page 33, *Other Non-Standard Financial Terms* described on page 35 and *Common Industry Terms* described on page 35 of this MD&A.

Fourth quarter 2018 sequential overview

The fourth quarter began with moderate demand, which weakened significantly throughout the quarter as low Canadian commodity prices prompted our customers to reduce their completion programs. The slowdown in customer activity created an oversupply of equipment in the WCSB which made spot market pricing for hydraulic fracturing services extremely competitive. Trican provided modest price concessions to core customers but maintained a disciplined approach to pricing that ensured we could sustain maintenance capital expenditures to preserve our equipment. Our approach to pricing contributed to a reduction in equipment utilization levels from 79% in Q3 2018 to 44% in Q4 2018 as total proppant pumped declined 58% sequentially from Q3 2018, with the steepest decline coming in the second part of the quarter. Cementing and coiled tubing experienced sequential activity declines, although pricing and utilization was not impacted to the same extent. As a result of this decrease in activity and the uncertain outlook for 2019, we took steps to reduce our fixed cost structure by streamlining our service lines and reducing our workforce. We reduced our fixed costs by approximately $10 million on an annualized basis and incurred severance charges during Q4 2018 of $5.1 million.

The decrease in activity and pricing led to a gross loss of $26.1 million and adjusted EBITDA[1] of negative $0.3 million. Our cementing, coiled tubing, and fluid management service lines realized positive adjusted EBITDA[1] margins, but significantly slower activity in the hydraulic fracturing market resulted in negative adjusted EBITDA[1] in our fracturing service line. The sequential decrease in revenue caused a larger percentage decline in both gross profit and adjusted EBITDA[1] primarily due to weaker leverage on our fixed operating costs and administrative expenses. We were able to reduce variable costs in response to slower activity levels and our stainless steel fluid end[1] expense decreased substantially from $8.3 million in Q3 2018 to $1.6 million in Q4 2018, due to both reduced hydraulic fracturing activity and reduced high intensity jobs. Labour costs were sequentially lower as field staff returned to a more variable compensation structure, and a reduction in our overall workforce, which resulted in $5.1 million of severance costs. Labour costs benefited from a $2.9 million reduction in the cash-settled share-based liability as a result of a reduction in the Company's share price (see *Comparative Quarterly Income Statements - Administrative Expenses* for further discussion).

BUSINESS ENVIRONMENT

Oil (NYMEX WTI) and natural gas (AECO) 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 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.

[1] See *Non-GAAP Measures* described on page 33, *Other Non-Standard Financial Terms* described on page 35 and *Common Industry Terms* described on page 35 of this MD&A.

(Unaudited)	Three months ended December 31,			Year ended December 31,		
	2018	2017	2016	2018	2017	2016
NYMEX WTI - Average Price (US$/bbl)	$58.81	$55.30	$49.29	$64.92	$50.85	$43.47
AECO - Spot Average Price (CDN$/mcf)	$1.63	$1.67	$3.11	$1.54	$2.23	$2.18
Average Exchange Rate (US$/CDN$)	$0.76	$0.78	$0.75	$0.77	$0.77	$0.76
Thousands of Meters Drilled[2]	4,777	4,786	2,076	19,440	19,118	9,493
Canadian Average Drilling Rig Count[2]	166	212	197	177	213	136
Canadian Well Completions[1]	1,588	1,852	838	6,070	6,434	3,253

[2] Source: Nickles Energy Group.

Trican's revenue rates are influenced by crude oil and natural gas 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 accelerated through the fourth quarter of 2018. WTI closed Q4 2018 40% lower from the Q3 2018 close, and AECO spot gas prices closed Q4 2018 26% lower from the Q3 2018 close.

The prices for the main Canadian oil blends of WCS and CLS are generally referenced against WTI prices. Towards the end of Q3 2018 and through much of Q4 2018, the Canadian oil blend pricing discount relative to WTI prices was at historically high levels. As a result of these significant price discounts for Canadian crude oil blends relative to WTI, the Alberta Government announced a production curtailment program in early December 2018 that would take effect in 2019. The announcement subsequently stabilized prices and brought the differentials back to more typical ranges. Trican's natural gas-oriented customers are also affected by the pricing for natural gas liquids (NGLs) such as condensate, ethane, propane, butane, isobutane, and pentane. Pricing for the NGLs are closely linked to the WTI price which has historically shielded producers from low dry gas prices, but these differentials increased through Q4 2018, further depressing our customer cash flows.

OUTLOOK

Customer environment

Our customers substantially pulled back expenditures in Q4 2018 when the Canadian oil and NGLs price differential increased significantly which, combined with the drop-in world oil prices, reduced our customers' cash flows. The price differential for Canadian oil and NGLs improved late in the fourth quarter of 2018 as a result of the production curtailment implemented by the Alberta government, and WTI improved early in 2019 which has improved our customers outlook. We remain cautious in our outlook for 2019 as our customers' look for stability in commodity prices and further clarity that the price differential for Canadian oil and NGLs will remain stable relative to the price of WTI.

We have already responded to the slowdown of our customers' activity by streamlining our service lines, idling excess equipment, and taking the difficult but necessary step of reducing our workforce. We believe we are adequately staffed for the current level of industry activity and we will remain focused on reducing costs at all levels across the organization through 2019.

Q1 2019 activity

The Q1 2019 rig and well count in Canada is approximately 30% below last year's levels which has lowered activity in the basin and created a competitive and oversupplied market. Despite this reduction in wells drilled, Trican's Q1 2019 activity is expected to be relatively strong, as 95% of our active 10 fracturing fleets had hard commitments[1] starting from mid-January through to early March. In Q1 2018 we ran 11 fleets, however, crew sizes are smaller in 2019 with 340,000 HHP crewed in the quarter as compared 455,000 HHP crewed in Q1 2018. Bookings for the second half of March are approximately 50% of capacity with the anticipated activity decline due to the onset of spring break-up. Despite this booking status, we expect to see a reduction in the number of pumping days per fracturing fleet due to an increase in rig up and mobilization days that come with smaller sized jobs, more moves between customers, and lower overall expectations for activity in March 2019. The average active HHP for our fracturing service line in the first quarter of 2019 is anticipated to be 225,000 as compared to 322,000 in Q1 2018. We expect reduced industry activity, as evidenced by the 30% reduction in the rig count, to negatively affect both our cementing and coiled tubing service lines, but we do anticipate our coiled tubing service line to improve its market share and anticipate our cement service line to maintain its industry leading market share levels.

Pricing for our services

Pricing has recovered modestly from the discounts granted in Q4 2018 but remains below Q3 2018 levels. We are determined to stay disciplined in pricing for our services and will not price work at prices that will result in positive adjusted EBITDA[1] but negative cash flow on our equipment. Our equipment has a limited life and wearing it out without any return for an extended period of time is not in the Company's best interest. We firmly believe that a healthy oil and gas sector depends on a pricing structure providing sufficient funds for investing in and replacing equipment so we can meet the long-term needs of our customers. We are driving down the costs of our services through efficiency gains and by working with our suppliers to reduce input costs for our services. We have seen reductions in certain of our input costs, allowing us to provide further savings for our customers.

2019 full year outlook

We are anticipating 2019 to be a difficult year for the domestic oil and gas industry in Canada. The volatility in commodity prices will challenge our pricing and utilization, and as a result it is difficult to predict industry activity beyond one quarter. We expect our customers to release budgets on a quarterly basis until they gain greater confidence in oil and NGL take-away options for WCSB originated production. If Canadian oil and liquids prices remain at current levels our customers cash flows will be higher than initially planned and they may increase spending in the second half of the year. Conversely, if Canadian commodity prices fall as they did in Q4 2018, we will see our customers continue with reduced year-over-year capital spending. We have reduced our fixed cost structure in anticipation of this uncertain demand and will continue to right-size our cost structure and adjust our fleet to respond to changes in our customers' budgets. We anticipate that this year's revenue and gross profit margins will be notably lower than tin 2018 but we are confident that Trican's strong financial position will allow us to withstand this uncertainty and invest opportunistically, which includes the use of our NCIB program.

[1] See *Non-GAAP Measures* described on page 33, *Other Non-Standard Financial Terms* described on page 35 and *Common Industry Terms* described on page 35 of this MD&A.

We are pleased with the improved results from our coiled tubing service line that are generating economic returns that justify further selective investment in this business where we see opportunities to bring better service to customers and gain market share. We added two incremental crews in Q4 2018 and will add two additional crews if demand strengthens in the second half of this year.

Capital expenditures

The Company's 2018 capital expenditure program was in line with our previously announced $70.0 million program at $78.8 million. The Company wrote off fracturing equipment with a net book value of $6.1 million resulting from an insured event and expects to fully recover this net book value. Additional proceeds of $1.0-2.0 million resulting from the insured event has not been recognized during the year, as the receipt of this additional consideration is not completely certain. The Company’s insurance deductible is $1.0 million, which is the estimated exposure at this time.

Given the current market volatility in demand for our services, our capital expenditures in 2019 is expected to be minimal and adjusted depending on Company activity levels. 2019 capital expenditures will be aimed at maintenance and selective upgrades to our fleet that will improve efficiency and lower costs. A minimum amount of capital expenditures will be required to maintain our equipment fleet.

Primary objectives

Our goal remains to achieve top quartile return on invested capital levels in our sector. Therefore, our primary objectives are:

- Improve Returns on our Equipment: Continue to lower our costs and increase efficiency and utilization to drive better profits from our existing active assets, to focus on increased returns from our idle non-staffed assets and to dispose of non-core assets and redeploy underutilized assets that are no longer required in the basin.
- Reduce Costs: We will continue our focus on reducing our repair and maintenance expense, capital, fixed costs, while exercising overall tight cost control throughout all levels of the Company.
- Opportunities for Growth: Make selective investments into certain of our complementary service lines that meet our return on invested capital hurdle rates.

COMPARATIVE QUARTERLY INCOME STATEMENTS

Continuing operations

(thousands, except total job count, and revenue per job[1], unaudited) Three months ended	**December 31, 2018**	**Percentage of revenue**	December 31, 2017	Percentage of revenue	September 30, 2018	Percentage of revenue
Revenue	**$168,140**	**100%**	$280,495	100%	$253,744	100%
Cost of sales						
Cost of sales – Other	**160,295**	**95%**	218,420	78%	205,198	81%
Cost of sales – Depreciation and amortization	**33,968**	**20%**	31,332	11%	33,845	13%
Gross profit / (loss)	**(26,123)**	**(16%)**	30,743	11%	14,701	6%
Administrative expenses – Other	**9,176**	**5%**	17,874	6%	13,788	5%
Administrative expenses – Depreciation	**1,519**	**1%**	371	—%	1,382	1%
Asset impairment	**134,016**	**80%**	6,523	2%	—	—%
Other (income) / expenses	**(587)**	**—%**	(2,148)	(1%)	(910)	—%
Results from operating activities	**(170,247)**	**(101%)**	8,123	3%	441	—%
Finance costs	**6,396**	**4%**	4,212	2%	1,631	1%
Loss / (gain) on Investments in Keane	**4,265**	**3%**	(20,651)	(7%)	8,958	4%
Foreign exchange (gain) / loss	**(3,485)**	**(2%)**	399	—%	926	—%
(Loss) / profit before income tax	**(177,423)**	**(106%)**	24,163	9%	(11,074)	(4%)
Income tax expense / (recovery)	**(18,642)**	**(11%)**	10,161	4%	976	—%
(Loss) / profit from continuing operations	**($158,781)**	**(94%)**	$14,002	5%	($12,050)	(5%)
Adjusted EBITDA[1]	**($338)**	**—%**	$46,990	17%	$36,733	14%
Total job count[1]	**2,054**		2,909		3,390	
Revenue per job[1]	**81,860**		96,354		78,505	
Total proppant pumped (tonnes)[1]	**205,000**		397,000		486,000	

Sales mix

Three months ended (unaudited)	**December 31, 2018**	December 31, 2017	September 30, 2018
% of Total Revenue			
Fracturing	**63%**	70%	69%
Cementing	**18%**	14%	14%
Coiled Tubing	**5%**	3%	5%
Nitrogen	**4%**	3%	4%
Fluid Management	**4%**	4%	4%
Acidizing	**3%**	1%	—%
Industrial Services	**2%**	2%	2%
Other	**1%**	3%	2%
Total	**100%**	100%	100%

[1] See *Non-GAAP Measures* described on page 33, *Other Non-Standard Financial Terms* described on page 35 and *Common Industry Terms* described on page 35 of this MD&A.

Fourth quarter 2018 overview (compared to prior year)

Revenue

The significant decline in Canadian commodity prices and the ongoing political uncertainty surrounding pipeline take-away capacity for oil and NGLs in the WCSB contributed to a significant slowdown in activity in the second half of the quarter. Additionally, there were fewer large hydraulic fracturing multi-well pad jobs in Q4 2018 compared to Q4 2017, leading to less efficient utilization as we experienced more mobilization days relative to pumping days. The reduction in demand and change in job mix resulted in 205,000 tonnes of proppant pumped in Q4 2018, which was down from 397,000 tonnes in Q4 2017.

The weaker demand led to very competitive pricing for hydraulic fracturing services, and Trican responded by granting minor discounts for our core customers. Trican maintained a relatively disciplined pricing approach for hydraulic fracturing services, choosing to forgo utilization rather than work at unsustainable margins, which also contributed to lower utilization levels.

There was less volatility in demand for cementing services, and as a result we saw less pricing erosion when compared to hydraulic fracturing services. Cementing utilization stayed stronger relative to hydraulic fracturing, which was a factor in the higher proportion of cement revenue in our sales mix. Coiled tubing results continued to improve and we were able to add two crews in Q4 2018 in response to strong customer demand. We continue to see growth potential in this service line and will continue to selectively invest to meet customer demand.

Q4 2018 revenue per job was lower year over year due to the increase in proportion of cement and coiled tubing revenue and jobs, as well as the combined effect of a shift in fracturing job type towards smaller jobs.

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:

Three months ended, ($ thousands, unaudited)	**December 31, 2018**	**Percentage of revenue**	December 31, 2017	Percentage of revenue
Personnel expenses	**$50,336**	**30%**	$64,052	23%
Direct costs	**109,959**	**65%**	154,368	55%
Cost of sales – Other	**160,295**	**95%**	218,420	78%
Cost of sales - Depreciation and amortization	**33,968**	**20%**	31,332	11%
	$194,263	**115%**	$249,752	89%

Total cost of sales for Q4 2018 decreased compared to Q4 2017 primarily due to lower operating activity levels and an improved fixed cost structure resulting from the significant personnel optimization process. Cost of sales, as a percentage of revenue increased during the quarter primarily due to the significant reduction in operating activity which resulted in fixed operating costs being a larger percentage of total cost of sales.

- 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. The overall decrease in personnel expenses was primarily a result of the decrease in operating activity and restructuring during the quarter.

- 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 decrease in operating activity. Included in the repairs and maintenance costs is $1.6 million for stainless steel fluid ends[1] for the three months ended December 31, 2018 (Q4 2017 - $2.0 million).
- Depreciation and amortization expense increased by 8% when compared to the prior year due to depreciation recorded on assets under construction that were not activated.

Administrative Expenses

Three months ended, ($ thousands, unaudited)	**December 31, 2018**	**Percentage of revenue**	December 31, 2017	Percentage of revenue
Administrative expenses – Other	**$9,176**	**5%**	$17,874	6%
Administrative expenses - Depreciation	**1,519**	**1%**	371	—%
	$10,695	**6%**	$18,245	6%

Administrative expenses decreased in Q4 2018 relative to the prior year period, primarily due to a reduction in both personnel expenses following the significant and ongoing optimization process over the last several quarters. Included in administrative expenses are severance costs of $5.1 million. Additionally, $0.7 million in costs associated with the transaction to acquire Canyon were included in administrative expenses in 2017. Administrative expenses benefited from a reduction by $2.9 million to the cash-settled share-based compensation liability, lower commissions and other variable compensation 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:

Three months ended, ($ thousands, unaudited)	**December 31, 2018**	December 31, 2017
Transaction Costs	**$—**	$747
Amortization of debt issuance costs	**$—**	$677
Severance costs	**$5,136**	$—
Equity-settled share-based compensation	**$993**	$1,365
Cash-settled share-based compensation	**($2,907)**	($478)

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.

Overall Results Summary

Gross loss in Q4 2018 was ($26.1) million compared to gross profit of $30.7 million in Q4 2017. Adjusted EBITDA[1] in Q4 2018 was break-even at $0.3 million compared to $47.0 million for the fourth quarter of 2017. Gross profit was negatively affected by reduced demand for Pressure Pumping services as a result of the volatile commodity pricing environment and increased pricing competition within the industry. Adjusted EBITDA[1] was also negatively affected by $5.1 million of severance expenses and $1.6 million of stainless steel

[1] See *Non-GAAP Measures* described on page 33, *Other Non-Standard Financial Terms* described on page 35 and *Common Industry Terms* described on page 35 of this MD&A.

fluid end expenses[1] (Q4 2017 - $2.0 million). Stainless steel fluid end[1] expenses are a direct cost that fluctuate with changes in hydraulic fracturing intensity and activity levels.

The Q4 2018 net loss from continuing operations of $158.8 million declined by $172.8 million from net income in Q4 2017 of $14.0 million. In addition to the changes that contributed to the decrease in gross profit, net income was negatively affected by $134.0 million of goodwill and asset impairment charges primarily related to goodwill associated with its Pressure Pumping CGU and a $4.3 million loss on Investments in Keane (Q4 2017 - $20.7 million gain).

Fourth quarter 2018 other expenses and income (compared to prior year)

Gain/Loss on Investments in Keane

During the fourth quarter of 2018, the Company recorded a loss of $4.3 million on Investments in Keane (Q4 2017 - $20.7 million gain) due to the decline in the Keane share price relative to the end of the third quarter. The Company sold its remaining Investments in Keane during the fourth quarter. See *Investments in Keane* in this MD&A for additional description of this investment.

Finance Costs

Finance costs for the fourth quarter of 2018 increased 52% when compared to the same period of 2017 due to additional costs incurred as a result of the early repayment of the outstanding senior and subordinated notes in the period.

Foreign Exchange

A foreign exchange gain of $3.5 million was recorded in the fourth quarter of 2018, compared to a $0.4 million loss recorded for the same period in 2017. This is mostly due to foreign exchange gains related to the Company's Investments in Keane due to the deterioration of the Canadian dollar.

Asset Impairment

As required by IAS 36, the Company performed its annual impairment tests on goodwill for the Pressure Pumping cash generating unit (CGU) and the Cement Services CGU. There is also a reduction in value for the Fluid Management CGU at December 31, 2018. Based on the results of the test, the Company recorded a $130.0 million impairment of goodwill for the Pressure Pumping CGU (2017 - nil) and a $2.9 million impairment of intangible assets (2017 - nil) for the Fluid Management CGU. The impairment of goodwill in the Pressure Pumping CGU and impairment of intangible assets in the Fluid Management Services CGU resulted from the deterioration of the oil and gas industry as a result of discounts received by our customers for crude oil and general uncertainty around the Canadian oil and natural gas pipelines. See *Accounting Policies and Estimates* in this MD&A for an additional description of these impairments.

Income Taxes

The Company recorded an income tax recovery of $18.6 million during the fourth quarter of 2018, compared to an income tax expense of $10.2 million for the same period of 2017. The Company recognized an income tax recovery primarily due the net loss during the period. The goodwill impairment and the non-deductibility of certain expenditures such as equity-settled share-based compensation expenses do not impact the tax recovery.

Other Comprehensive Income (OCI)

OCI includes the effects of foreign currency translation (FCTA) adjusted by the reclassification of FCTA to net income for entities that have been sold or substantially disposed. Effective January 1, 2018, the Company adopted IFRS 9 and as a result unrealized gains and losses on Class A Keane Holdings Shares are recognized in the statement of profit and loss. See *Changes in Accounting Policy and Initial Adoption* for further information on the adoption of IFRS 9.

Discontinued operations and assets held for sale

Net income from discontinued operations was $0.2 million in the fourth quarter of 2018, compared to a net loss of $2.4 million in the same period last year.

As Management continues to wind up foreign operations, as well as dispose of assets relating to equipment in Canada's continuing operations, certain assets are classified as held for sale. At December 31, 2018, the net carrying value of the assets and liabilities held for sale was $3.1 million (December 31, 2017 - $12.8 million). There was a decrease of $9.8 million from the balance at December 31, 2017 following the sale of surplus real estate and equipment assets.

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, 2018 and 2017.

An impairment charge of $1.1 million was recorded on specific property and equipment relating to the Company's discontinued operations. The assets were revalued based on their fair value.

COMPARATIVE ANNUAL INCOME STATEMENTS

Continuing operations

(thousands, except total job count, and revenue per job[1], unaudited)

Year ended	**December 31, 2018**	**Percentage of revenue**	December 31, 2017	Percentage of revenue	Year-over year change	Percentage change
Revenue	**$900,592**	**100%**	$929,912	100%	($29,320)	(3%)
Cost of sales						
Cost of sales – Other	**764,154**	**85%**	700,202	75%	63,952	9%
Cost of sales – Depreciation and amortization	**127,011**	**14%**	97,768	11%	29,243	30%
Gross profit / (loss)	**9,427**	**1%**	131,942	14%	(122,515)	(93%)
Administrative expenses – Other	**52,409**	**6%**	74,699	8%	(22,290)	(30%)
Administrative expenses – Depreciation	**4,983**	**1%**	4,229	—%	754	18%
Asset impairment	**134,016**	**15%**	6,523	1%	127,493	1,955%
Other (income) / expenses	**(408)**	**—%**	(6,766)	(1%)	6,358	(94%)
Results from operating activities	**(181,573)**	**(20%)**	53,257	6%	(234,830)	(441%)
Finance costs	**15,180**	**2%**	14,806	2%	374	3%
Loss / (gain) on Investments in Keane	**76,062**	**8%**	(21,406)	(2%)	97,468	(455%)
Foreign exchange (gain) / loss	**(11,160)**	**(1%)**	4,915	1%	(16,075)	(327%)
(Loss) / profit before income tax	**(261,655)**	**(29%)**	54,942	6%	(316,597)	(576%)
Income tax expense / (recovery)	**(28,018)**	**(3%)**	34,825	4%	(62,843)	(180%)
(Loss) / profit from continuing operations	**($233,637)**	**(26%)**	$20,117	2%	($253,754)	(1,261%)
Adjusted EBITDA[1]	**$89,463**	**10%**	$183,314	20%	($93,851)	(51%)
Total job count[1]	**11,384**		11,930			
Revenue per job[1]	**79,110**		87,609			
Total proppant pumped (tonnes)[1]	**1,558,000**		1,488,000			

The above 2018 financial results reflect the acquisition of Canyon for the entire period. The comparative 2017 financial results include Canyon effective June 2, 2017.

Sales mix

Year ended (unaudited)	**December 31, 2018**	December 31, 2017
% of Total Revenue		
Fracturing	**68%**	69%
Cementing	**16%**	16%
Coiled Tubing	**4%**	4%
Nitrogen	**4%**	3%
Fluid Management	**3%**	3%
Acidizing	**2%**	2%
Industrial Services	**2%**	2%
Other	**1%**	1%
Total	**100%**	100%

[1] See *Non-GAAP Measures* described on page 33, *Other Non-Standard Financial Terms* described on page 35 and *Common Industry Terms* described on page 35 of this MD&A.

2018 overview (compared to prior year)

Revenue

In 2018, there was a decrease of $29.3 million, or 3%, in revenue compared to 2017. Market conditions were favourable at the start of the year but began to deteriorate in the second half of the year as commodity prices weakened and activity decreased.

Hydraulic fracturing services pumped 1,558,000 tonnes of proppant in 2018, which was higher than the 1,488,000 tonnes pumped 2017 due to the full year inclusion of Canyon in 2018. Fracturing services saw significant increases in volume of proppant pumped per job as the 2018 job activity was heavily weighted to high volume proppant jobs. Pricing for fracturing services was relatively stable through-out 2018 compared to 2017, however, the Company did start to realize lower prices in the fourth quarter of 2018.

Pricing for cementing services remained stable. Cementing utilization remained strong, but was down slightly from 2017 levels, which is generally consistent with lower overall industry activity levels. Coiled tubing services saw improved activity and overall financial results as the Company was able to add crews to this service line in response to strong customer demand. The Company made selective investments into Trican's coiled tubing to improve capabilities and efficiencies across our fleet and continue to see growth potential in this service line.

Revenue per job in 2018 was lower year over year primarily due to a higher proportion of activity weighted to customer supplied proppant (the Company earns revenue from selling proppant to clients).

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:

Year ended, ($ thousands, unaudited)	**December 31, 2018**	**Percentage of revenue**	December 31, 2017	Percentage of revenue
Personnel expenses	**$238,349**	**26%**	$190,175	20%
Direct costs	**525,805**	**59%**	510,027	55%
Cost of sales – Other	**764,154**	**85%**	700,202	75%
Cost of sales - Depreciation and amortization	**127,011**	**14%**	97,768	11%
	$891,165	**99%**	$797,970	86%

Total cost of sales increased as a percentage of revenue for 2018 compared to 2017 primarily due to discounted pricing for our core customers and a 53% increase in the ratio of client supplied proppant.

- 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 increase in personnel expenses was primarily a result of higher activity levels due to the Canyon acquisition. Personnel expenses as a percentage of revenue increased to 26% from 20% of revenue primarily due to: (1) wage inflation as a result of operational employee job bonus compensation alignment with industry (effective August 2017); (2) day rate guarantees for our field employees to match our competitor pay practices (results in field base day rates effectively being a fixed cost); and (3) a 53% increase in the ratio of client supplied proppant pumped during 2018 compared to the prior year (the Company earns less revenue when the client supplies the proppant).

- Direct costs primarily relate to repairs and maintenance, product costs, fuel, trucking expenses, and travel expenses for our operational personnel. Despite the full year inclusion of Canyon financial results, direct costs only increased by $22.0 million related to the inclusion of stainless steel fluid ends[1] (2017 - $2.0 million), which in 2017 were included as depreciation expense until December 2017. The Company did also benefit from a higher ratio of client supplied proppant in 2018 relative to 2017.
- Depreciation and amortization expense as a percentage of revenue increased when compared to the prior year due to the Canyon acquisition and a 53% increase in the ratio of client supplied proppant pumped during 2018 compared to the prior year (the Company earns revenue from selling proppant to clients).

Administrative Expenses

Year ended, ($ thousands, unaudited)	**December 31, 2018**	**Percentage of revenue**	December 31, 2017	Percentage of revenue
Administrative expenses - Other	**$52,409**	**6%**	$74,699	8%
Administrative expenses - Depreciation	**4,983**	**1%**	4,229	—%
	$57,392	**7%**	$78,928	8%

Despite administrative expenses in 2018 including a full year of the Canyon acquisition (2017 - seven months), administrative expenses still decreased relative to the prior year, primarily due to 2017 including $18.5 million in costs associated with the transaction to acquire Canyon. Included in 2018 administrative expenses are severance costs of $8.8 million.

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

Year ended, ($ thousands, unaudited)	**December 31, 2018**	December 31, 2017
Transaction Costs	**$—**	$18,483
Amortization of debt issuance costs	**$—**	$2,635
Keane indemnity claim	**$—**	$2,158
Severance costs	**$8,804**	$—
Equity-settled share-based compensation	**$5,434**	$5,027
Cash-settled share-based compensation	**($4,730)**	$1,278

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.

Overall Results Summary

Annual results for 2018 include a full year of Canyon (2017 - seven months from Canyon). The Company's pressure pumping services market share increased in proportion to the added equipment from the Canyon acquisition. However, volatile Canadian commodity prices resulted in a decline in WCSB industry activity during the second half of 2018 and therefore the Company's activity levels only saw modest improvements despite the full year of activity from the Canyon acquired business. Therefore, lower second half 2018 industry activity

[1] See *Non-GAAP Measures* described on page 33, *Other Non-Standard Financial Terms* described on page 35 and *Common Industry Terms* described on page 35 of this MD&A.

levels were the primary reason for reduced gross profit and adjusted EBITDA[1] for 2018 of $9.4 million (2017 - $131.9 million) and $89.5 million (2017 - $183.3 million), respectively. Additionally, the decline in gross profit was negatively affected by input cost inflation. Adjusted EBITDA[1] was negatively affected by $22.0 million (2017 - $2.0 million) of stainless steel fluid end expenses[1], which were previously capitalized and included within depreciation expense. The magnitude of gross profit and adjusted EBITDA reductions were partially mitigated by cost reductions related to synergies obtained as a result of the combination of Trican with Canyon.

The net loss from continuing operations for 2018 of $233.6 million declined by $253.8 million from net income for 2017 of $20.1 million. In addition to the changes that contributed to a decline in gross profit described above, the significant decrease in net income is due to $134.0 million of asset impairment charges primarily related to goodwill associated with its Pressure Pumping CGU and the $76.1 million loss on Investments in Keane (2017 - $21.4 million gain).

2018 other expenses and income (compared to prior year)

<u>Gain/Loss on Investments in Keane</u>

During 2018, the Company recorded a loss of $76.1 million on Investments in Keane (2017 - gain $21.4 million) due to the decline in the Keane share price relative to the end of the prior year. The Company sold its remaining Investments in Keane during 2018. See *Investments in Keane* in this MD&A for additional description of this investment.

Effective January 1, 2018, the Company adopted IFRS 9, so unrealized gains and losses on all components of Investments in Keane are recognized within profit and loss and no longer split between profit and loss and Other Comprehensive Income (OCI). See *Changes in Accounting Policy and Initial Adoption* for further information on the adoption of IFRS 9.

<u>Finance Costs</u>

Finance costs for 2018 increased 3% when compared to 2017. This increase is mainly due to additional costs incurred as a result of the early repayment of the outstanding senior and subordinated notes in December 2018.

<u>Foreign Exchange</u>

A foreign exchange gain of $11.2 million was recorded in 2018, compared to a $4.9 million loss recorded in 2017. This is mostly due to foreign exchange gains related to the Company's Investments in Keane, as well as the valuation of the currency derivatives, which are tied to fluctuations in the exchange rate between Canadian and US dollars. The currency derivative was settled in Q2 2018.

<u>Asset Impairment</u>

As required by IAS 36, the Company performed its annual impairment tests on goodwill for its Pressure Pumping cash generating unit (CGU), Cement Services CGU, and Fluid Management CGU at December 31, 2018. Based on the results of the test, the Company recorded a $130.0 million impairment of goodwill for the Pressure Pumping CGU (2017 - nil) and a $2.9 million impairment of intangible assets (2017 - nil) for the Fluid Management CGU. The impairment of goodwill in the Pressure Pumping CGU and impairment of intangible assets in the Fluid Management Services CGU resulted from the deterioration of the oil and gas industry as a

[1] See *Non-GAAP Measures* described on page 33, *Other Non-Standard Financial Terms* described on page 35 and *Common Industry Terms* described on page 35 of this MD&A.

result of discounts received by our customers for crude oil and general uncertainty around the Canadian oil and natural gas pipelines. See *Accounting Policies and Estimates* in this MD&A for an additional description of these impairments.

<u>Income Taxes</u>

The Company recorded an income tax recovery of $28.0 million during 2018, compared to an income tax expense of $34.8 million for 2017. The recovery in 2018 was primarily due to the reduction of the deferred tax liability associated with foreign accrued property income as a result of losses incurred by the Company for its Investments in Keane and a taxable loss in Canadian continuing operations. The goodwill impairment and the non-deductibility of certain expenditures such as equity-settled share-based compensation expenses do not impact the tax recovery.

<u>Other Comprehensive Income (OCI)</u>

OCI includes the effects of foreign currency translation (FCTA) adjusted by the reclassification of FCTA to net income for entities that have been sold or substantially disposed. Effective January 1, 2018, the Company adopted IFRS 9 and as a result unrealized gains and losses on Class A Keane Holdings Shares are recognized in the statement of profit and loss. See *Changes in Accounting Policy and Initial Adoption* for further information on the adoption of IFRS 9.

Discontinued operations and assets held for sale

The net income from discontinued operations was $1.0 million in 2018, compared to a net loss of $4.6 million in the same period last year.

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, 2018 and 2017.

An impairment charge of $1.1 million was recorded on specific property and equipment relating to the Company's discontinued operations. The assets were revalued based on their fair value.

2018 compared with 2016

2018 revenue, gross profit and adjusted EBITDA were significantly higher than in 2016 as a result of the Canyon acquisition and better general industry conditions. Despite the better industry conditions in 2018 relative to 2016, net loss in 2018 was significantly higher than the net loss in 2016 due to the recognition of the previously mentioned impairment charges of $134 million (2016 - $5 million) and the recognition of a loss on Investments in Keane of $76 million (2016 - gain of $65 million).

LIQUIDITY AND CAPITAL RESOURCES

Working capital and cash requirements

As at December 31, 2018, the Company had a working capital (current assets less current liabilities) balance of $115.7 million compared to $141.1 million as at December 31, 2017.

- Cash and cash equivalents decreased by $4.5 million as the Company released working capital to meet its current liabilities.
- Trade and other receivables decreased by $69.2 million as the Company experienced relatively less activity at the end of 2018 when compared to 2017, which resulted in less accounts receivable due at the period end.
- Prepaid expenses and deposits increased by $6.3 million as the Company improved the stability of its sand supply through vendor prepaid arrangements.
- The Company’s current tax position moved from a liability of $3.2 million to a current tax asset of $2.4 million as a result of US Tax Reform amendments.
- Assets held for sale decreased by $9.7 million due to the sale of certain assets.
- Trade and other payables in the period decreased by $41.5 million also as a result of lower activity in 2018 when compared to 2017.

Operating activities

Cash flows from continuing operations was $99.6 million during 2018 (2017 - $143.7 million). The net decrease in cash flows provided by continuing operations was due to lower overall industry activity, contributing to reduced profitability, input cost inflation, and was negatively affected by $22.0 million (2017 - $2.0 million) of stainless steel fluid end expenses, which were previously capitalized and included within depreciation expense. The Company's cash flows from continuing operations also benefited from a lower overall working capital balance.

Investing activities

Capital expenditures related to continuing operations for 2018, totaled $78.8 million (2017 - $30.3 million) and proceeds from the sale of surplus or non-core property and equipment during the period totaled $17.6 million for 2018 (2017 - $10.6 million). Capital expenditures during 2018 primarily related to maintaining the productive capability Trican's hydraulic fracturing services fleet and strategic selective investments in its coil tubing business to expand our capabilities, improve our competitive position, and increase our coil tubing market share. 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.

During 2018, the Company received proceeds of $106.3 million (2017 - $37.8 million) from the sale of Investments in Keane. See *Investments in Keane* for further discussion.

Financing activities

Senior Notes

During the year, and in accordance with the established repayment schedule, Trican repaid USD $16.0 million for Series F Senior Notes including all accrued interest and USD $0.9 million for Series F Subordinated Make-Whole Notes including all accrued and capitalized interest. In addition, the cross-currency interest rate swap matured on April 28, 2018. Outgoing payments on the swap totaled $49.0 million and incoming payments on the swap totaled USD $51.3 million including notional principal and all accrued interest for a realized gain on the swap settlement of $17.1 million. On December 6, 2018, Trican chose to retire early all outstanding senior and subordinated notes of approximately $44 million, which includes early repayment costs of $3.2 million. Trican used a combination of cash-on-hand and capacity on its existing revolving credit facility ("RCF") to facilitate this payment. Excluding capital lease providers, the RCF lenders are now Trican's sole senior debt holder.

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 revolving credit facility providers which amends and extends its RCF ("Amended RCF").

The Amended RCF matures December 5, 2021, which term may be extended on an annual basis upon agreement of the RCF lenders, and the Company may draw up to $275.0 million (2017 – $227.3 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 (2017 – Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 125 to 400 basis points). At December 31, 2018, the undrawn amount of the RCF is $235.0 million (2017 – $184.3 million) of which $229.1 million is accessible (2017 - $179.5 million accessible) due to the Company's Letters of Credit and amounts drawn on the Canadian dollar swing line as at December 31, 2018.

As at December 31, 2018, Trican has a $10 million (2017 – $10 million) Letter of Credit facility with its syndicate of banks included in the $275.0 million above. As at December 31, 2018, Trican had $2.1 million in letters of credit outstanding (2017 – $4.4 million).

The Company is required to comply with the following leverage and interest coverage ratio covenants, applicable to the RCF and to the Senior Notes based on a trailing twelve month basis:

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

During 2018, 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 Subordinated Make-Whole Notes and Non-Recourse Debt plus Letter of Credit facility minus cash divided by Bank EBITDA[1]. As at December 31, 2018, the Leverage Ratio was 0.4 (2017 – 0.4).

[1] See *Non-GAAP Measures* described on page 33, *Other Non-Standard Financial Terms* described on page 35 and *Common Industry Terms* described on page 35 of this MD&A.

The Interest Coverage Ratio is defined as Bank EBITDA[1] divided by interest expense minus paid in-kind interest. As at December 31, 2018, the Interest Coverage Ratio was 15.6 (2017 – 18.4).

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[1] to arrive at Bank EBITDA[1] for covenant calculation purposes.

Share Capital

As at February 20, 2019, Trican had 297,178,208 common shares and 10,595,868 employee stock options outstanding.

Normal Course Issuer Bid

The Company completed its 2017-2018 Normal Course Issuer Bid (NCIB) that was announced on September 28, 2017. Pursuant to the NCIB, the Company purchased and canceled the maximum allowable number of common shares of the Company under the bid, totaling 34,274,375 common shares for a total consideration of $119.4 million at a weighted average price per share of $3.48 before broker commission.

On October 1, 2018, the Company announced a new NCIB, 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 December 31, 2018 the Company purchased 11.7 million shares at a weighted average price per share of $1.84 under the new NCIB program.

For the year ended December 31, 2018, the Company purchased and canceled 37,610,386 common shares at a weighted average price per share of $2.79 (2017 - 8,325,989 common shares at a weighted average price per share of $4.30).

For the period from January 1, 2019 to February 20, 2019, the Company purchased and canceled 4,518,000 common shares at a weighted average price per share of $1.34 pursuant to its NCIB.

Other commitments and contingencies

The Company has commitments for financial liabilities and various operating lease agreements, primarily for office space, with minimum payments due as of December 31, 2018 as follows:

	Payments due by period			
December 31, 2018 ($ thousands)	1 year or less	1 to 5 years	5 years and thereafter	Total
Trade and other payables	$80,151	$—	$—	$80,151
RCF (including interest)	1,487	44,355	—	45,842
Finance leases	3,841	7,167	—	11,008
Operating leases	2,057	7,722	5,647	15,426
Other leases	540	—	—	540
Total commitments	$88,076	$59,244	$5,647	$152,967

In addition to the above commitments, the Company has committed to:

- capital expenditures of $9.1 million.
- proppant supply arrangements to certain vendors with payments based on volumetric thresholds, due over the 4 years. Prices in the contracts are subject to change based on market conditions.

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 the relevant tax legislation and regulations and likelihood of recovery and/or payment.

INVESTMENTS IN KEANE

The book value of Trican's Investments in Keane at December 31, 2018, was nil (2017 - $176.7 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.

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); and total job count[1]; unaudited)	**2018**				2017			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue from continuing operations	$168.1	$253.7	$172.0	$306.7	$280.5	$362.8	$137.2	$149.4
Gain / (loss) on Investments in Keane	($4.3)	($9.0)	($8.4)	($54.4)	$20.7	$6.4	$46.3	($52.0)
Profit / (loss) from continuing operations	($158.8)	($12.1)	($34.4)	($28.4)	$14.0	$46.9	$8.1	($48.9)
Per share – basic	($0.52)	($0.04)	($0.10)	($0.08)	$0.30	($0.04)	$0.06	($0.25)
Per share – diluted	($0.52)	($0.04)	($0.10)	($0.08)	$0.30	($0.04)	$0.06	($0.25)
Profit / (loss) from discontinued operations	$0.2	($0.5)	$0.2	$1.1	($2.4)	$—	($1.6)	($0.6)
Per share – basic and diluted	$—	$—	$—	$—	($0.01)	$—	($0.01)	($0.01)
Profit / (loss) for the period	($158.5)	($12.6)	($34.2)	($27.4)	$11.6	$46.9	$6.4	($49.4)
Per share – basic	($0.52)	($0.04)	($0.10)	($0.08)	$0.28	($0.02)	$0.05	($0.26)
Per share – diluted	($0.52)	($0.04)	($0.10)	($0.08)	$0.28	($0.02)	$0.05	($0.26)
Adjusted EBITDA[1]	($0.3)	$36.7	($1.5)	$54.9	$47.0	$98.0	$12.2	$26.0
Adjusted EBITDA %[1]	—%	14%	(1%)	18%	17%	27%	9%	17%
Proppant pumped[1] (tonnes)	205	486	383	484	397	563	293	235
Internally sourced proppant pumped[1] (tonnes)	197	227	110	263	281	419	161	130
Hydraulic fracturing capacity (HHP)[1]	672	672	672	672	680	680	508	424
Average active, crewed HHP[1]	121	283	207	322	300	400	N/A	N/A
Total job count[1]	2,054	3,390	1,997	3,943	2,909	3,200	2,267	3,554

Increased oil and NGL differentials contributed to reduced operating activity and revenue in Q4 2018 and Q3 2018. In Q2 2018 and Q2 2017, revenue was negatively impacted by seasonal weather-related delays typical of spring break-up. Q1 2018, Q4 2017, and Q3 2017 benefited from a more constructive operating environment, and from the acquisition of Canyon on June 2, 2017. Q1 2017 had positive operating results that were reflective of the early stages of the operating environment improvement. All quarters were affected by fluctuations in value of the Company's Investments in Keane, following Keane's IPO on January 20, 2017.

[1] See *Non-GAAP Measures* described on page 33, *Other Non-Standard Financial Terms* described on page 35 and *Common Industry Terms* described on page 35 of 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, 2018 and 2017.

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 the note 2 to the Consolidated Financial Statements for the years ended December 31, 2018 and 2017 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. There is also a reduction in value for the Fluid Management CGU at December 31, 2018. Based on the results of the tests, the Company recorded a $130.0 million impairment of goodwill for the Pressure Pumping CGU (2017 - nil); and impairment of $2.9 million of intangible assets was recorded for the Fluid Management Services CGU (2017 - nil). The impairment of goodwill in the Pressure Pumping CGU and impairment of intangible assets in the Fluid Management Services CGU resulted from the deterioration of the oil and gas industry as a result of discounts received by our customers for crude oil and general uncertainty around the Canadian oil and natural gas pipelines.

a) Pressure Pumping Services

The impairment test for the Pressure Pumping Services CGU used an expected cash flow approach based on internal cash flow estimates at December 31, 2018 at a pre-tax discount rate of 15.6% and a terminal growth rate equal to the Bank of Canada's risk free rate of 2.3%. The discount rate was estimated based on the Company’s weighted average cost of capital, adjusted for 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, the Company determined that there was impairment of goodwill within the Pressure Pumping CGU as the recoverable amount for this CGU was lower than the respective carrying amount resulting from the deterioration of the oil and natural gas industry in the fourth quarter of 2018 which lead to a revision of the Company's projected future cash flows. After recording a $130.0 million impairment of goodwill for the year ended December 31, 2018 (2017 – nil), the recoverable amount of the Pressure Pumping CGU equaled its carrying amount, which was $715.1 million. The estimated value in use for the CGU was sensitive to an increase in the pre-tax discount rate and the terminal growth rate. A decrease to the terminal growth rate by 1% would increase goodwill impairment by approximately $48.2 million, and an increase to the pre-tax discount rate by 1% would increase goodwill impairment by approximately $74.3 million.

b) Cementing Services

The impairment test for Cementing Services CGU used an expected cash flow approach based on internal cash flow estimates at December 31, 2018 at a pre-tax discount rate of 15.6% and a terminal growth rate equal to the Bank of Canada's risk free rate of 2.3%. The discount rate was estimated based on the Company’s weighted average cost of capital, adjusted for 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, 2018 (2017 – nil). The estimated value in use for the 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

The impairment test for the Fluid Management Services CGU used an expected cash flow approach based on internal cash flow estimates at December 31, 2018 at a pre-tax discount rate of 18.2% and a terminal growth rate equal to the Bank of Canada's risk free rate of 2.3%. The discount rate was estimated based on the Company's weighted average cost of capital, adjusted for 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, the Company determined that there was impairment within the Fluid Management CGU as the recoverable amount for this CGU was lower than the respective carrying amount resulting from the deterioration of the oil and natural gas industry in the fourth quarter of 2018 which lead to a revision of the Company's projected future cash flows. After recording a $2.9 million pre-tax impairment of intangible assets on to the Company's long-term fluid management intangible assets for the year ended December 31, 2018 (2017 – nil), the recoverable amount of the Fluid Management CGU equaled its carrying amount, which was $27.0 million. The estimated value in use for the CGU was sensitive to an increase in the pre-tax discount rate and the terminal growth rate. An increase to the pre-tax discount rate by 1% would result in an additional pre-tax impairment expense of approximately $1.4 million; and a decrease to the terminal growth rate by 1% would result in an additional pre-tax impairment charge of approximately $0.2 million.

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 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.

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.

Investments in Keane

A cash flow model was used to determine the fair value of the Company's previous ownership in Keane Holdings ("Investments in Keane"). Inputs to the model were subject to various estimates relating to the timing and size of liquidity events, the price at which shares were to be sold, discounts on Profit Interest and volatility of the share price. Fair value inputs were subject to market factors.

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.

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.

Income 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 assesses the credit worthiness of its customers, and monitors accounts receivable outstanding on a regular, ongoing basis.

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, one customer accounted for 28.7% (2017 – two customers accounted for 28.2%) of the Company's accounts receivable while two customers accounted for 25.7% (2017 – two customers accounted for 22.0%) 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.

Transportation risk specific to Canadian oil and natural gas prices trading below North American pricing index

The bottleneck into the US market for heavy oil refining capacity combined with increasing transportation costs due to the need for pipeline capacity, has caused a more significant price gap between Canadian oil and WTI pricing. Canadian natural gas price volatility continues due to maintenance projects on natural gas transportation infrastructure, and increased US natural gas supply volumes from shale gas additions. The price differential for Canadian natural gas and heavy oil affects our customers' cash flow and ultimately the demand for our services.

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, 2018.

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, 2018, 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 effectiveness of its ICFR as at December 31, 2018, 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, 2018, Trican's ICFR is effective.

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.

The Company implemented changes in its ICFR during 2018 related to the previous scope limitation regarding the acquisition of Canyon, whereby the controls, policies and procedures of Canyon were excluded from

Trican's ICFR. The Company has ensured that its ICFR processes and controls now cover all aspects of the acquired Canyon business and no limitation is required or reported at December 31, 2018.

Except as described above, there have been no changes in Trican's ICFR that occurred during the year ended December 31, 2018, which have materially affected or are reasonably likely to materially affect the Company's ICFR.

CHANGES IN ACCOUNTING POLICY AND INITIAL ADOPTION

Current accounting changes

The following new standards became effective on January 1, 2018:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*

<u>IFRS 9 *Financial Instruments*</u>

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: *Recognition and Measurement*. The initial effect of applying these standards is mainly attributed to the classification and measurement of financial assets and financial liabilities of the Company's Investments in Keane.

The details of IFRS 9 and the nature and effect of changes to previous accounting policies are discussed below.

<u>Classification and measurement of financial assets and liabilities</u>

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through OCI (FVOCI) and fair value through profit and loss (FVTPL). The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Under IFRS 9 if an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it at FVOCI with only dividend income recognized in profit or loss. This election was not made and accordingly, the Class A shares of the Investment in Keane, which were previously classified as available for sale under IAS 39 were classified as FVTPL under IFRS 9.

As is permitted under IFRS 9, the Company elected to adopt the standard without restatement of comparative figures and an opening transition adjustment has been recorded to opening retained earnings and accumulated other comprehensive income.

The following table summarizes the impact, net of tax, of transition to IFRS 9 on the opening balance of retained earnings and accumulated other comprehensive loss.

($ thousands)	Impact of adopting IFRS 9 on opening balance
Retained earnings	
Reclassification of accumulated gains on Class A shares of Keane Holdings	36,419
Impact at January 1, 2018	36,419

Accumulated other comprehensive (loss) / income	
Reclassification of accumulated gains on Class A shares of Keane Holdings	(36,419)
Impact at January 1, 2018	(36,419)

Cash and trade and other receivables that were classified as loans and receivables under IAS 39 are now classified as amortized cost. In addition, Trade and other payables and Loans and Borrowings, which were previously classified as Other financial liabilities under IAS 39 will be classified as amortized cost under IFRS 9. No change in measurement related to these items was recorded on the transition to IFRS 9 on the opening balances at January 1, 2018.

Under IFRS 9 there was no change to the classification and measurement of the Profits Interest in Keane (Class C Shares).

<u>Impairment of financial assets</u>

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model for calculating impairment. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. No change in measurement related to these items was recorded on the transition to IFRS 9 on the opening balances at January 1, 2018.

Overview of the ECL principles

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, 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.

Within Trican's accounts receivable, the Company assesses a 12 month ECL applicable to its sales receivables at initial recognition and re-assesses the provision at each reporting date. Where a significant increase in credit risk has been demonstrated a lifetime ECL is recognized. Lifetime ECL are a probability-weighted estimate of all possible default events over the expected life of a financial asset and are measured as the difference between the present value of the cash flows due to Trican and the cash flows the Company expects to receive. In making an assessment as to whether Trican's financial assets are credit-impaired, the Company considers bad debts that Trican has incurred historically, evidence of a debtor's present financial condition and whether a debtor has breached certain contracts, the probability that a debtor will enter bankruptcy and other financial reorganization, changes in economic conditions that correlate to increased levels of default, and the term to maturity of the specified receivable. The carrying amounts of receivables are reduced by the amount of the ECL through an allowance account and losses are recognized within administrative expenses in profit or loss.

There were no material adjustments to the carrying amounts of any of the Company's financial instruments following the adoption of IFRS 9.

<u>IFRS 15 *Revenue from Contracts with Customers*</u>

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. The Standard replaces IAS 11, Construction Contracts, IAS 18, Revenue, and related interpretations. The Company has adopted IFRS 15 effective January 1, 2018.

The Company determined that there is no material impact to the timing of recognition or measurement of revenue under IFRS 15.

The Company's revenue is comprised principally of services and is recognized 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, 2018, 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.

Future accounting pronouncements

The International Accounting Standards Board (IASB) issued IFRS 16, *Leases*, in January 2016. The new standard replaces IAS 17, Leases. Under the new standard, more leases will be recognized on the statement of financial position for lessees, with the exception of leases with a term not greater than 12 months and "small value" leases. Lease accounting for lessors remains substantially the same as existing guidance.

The standard is effective for years beginning on or after January 1, 2019, IFRS 16 is required to be adopted either retrospectively or using a modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect of IFRS 16 as an adjustment to opening retained earnings and applies the standard prospectively. The Company plans to use the modified retrospective approach for its adoption of IFRS 16 effective January 1, 2019.

At December 31, 2018, the Company's IFRS 16 transition project consists of three key phases: project scoping, impact analysis, and implementation phase. The Company anticipates the adoption of IFRS 16 will have a material impact on the statement of financial position primarily due to the capitalization of real estate leases which are currently recognized as operating leases in the statement of profit and loss, and the reclassification of vehicle leases which are currently recognized in property, plant and equipment as finance leases. Trican leases a portfolio of real estate assets/holdings that are expected to be recorded as right of use (ROU) assets with a corresponding lease liability of approximately $15 million and an estimated reclassification of the

Company's existing vehicle leases from property, plant and equipment to ROU assets of approximately $10 million.

On initial adoption, the Company intends to use the following practical expedients permitted under the standard:

- Apply a single discount rate to a portfolio of leases with similar characteristics;
- Account for leases with a remaining term of less than 12 months as at January 1, 2019 as short-term leases;
- Account for lease payments as an expense and not recognize a ROU asset if the underlying asset is of low dollar value; and
- Use hindsight in determining the lease term where a contract contains terms to extend or terminate the lease.

A process for identifying potential leases under IFRS 16 has been established and the Company is currently implementing changes to policies, internal controls, information systems, and business and accounting processes.

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 stock 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.

($ thousands; unaudited)	**Three months ended**			Year ended	
	December 31, 2018	December 31, 2017	September 30, 2018	**December 31, 2018**	December 31, 2017
Profit/ (loss) from continuing operations (IFRS financial measure)	**($158,781)**	$14,002	($12,050)	**($233,637)**	$20,117
Adjustments:					
Cost of sales - Depreciation and amortization	**33,968**	31,332	33,845	**127,011**	97,768
Administrative expenses - Depreciation	**1,519**	371	1,382	**4,983**	4,229
Income tax expense / (recovery)	**(18,642)**	10,161	976	**(28,018)**	34,825
Loss / (gain) on Investments in Keane	**4,265**	(20,651)	8,958	**76,062**	(21,406)
Finance costs and amortization of debt issuance costs	**6,396**	4,889	2,182	**15,180**	17,441
Foreign exchange (gain) / loss	**(3,486)**	399	926	**(11,160)**	4,915
Asset impairment	**134,016**	6,523	—	**134,016**	6,523
Other expense / income	**(587)**	(2,148)	(910)	**(408)**	(6,766)
Administrative expenses – Other: transaction costs	**—**	747	—	**—**	18,483
Administrative expenses – Other: equity-settled share-based compensation	**993**	1,365	1,424	**5,434**	5,027
Keane indemnity claim	**—**	—	—	**—**	2,158
Adjusted EBITDA	**($338)**	$46,990	$36,733	**$89,463**	$183,314

Adjusted EBITDA %

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

($ thousands; unaudited)	**Three months ended**			**Year ended**	
	December 31, 2018	December 31, 2017	September 30, 2018	**December 31, 2018**	December 31, 2017
Adjusted EBITDA	**($338)**	$46,990	$36,733	**$89,463**	$183,314
Revenue	**$168,140**	$280,495	$253,744	**$900,592**	$929,912
Adjusted EBITDA %	**—%**	17%	14%	**10%**	20%

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.

Transaction costs

Transaction costs and/or Trican acquisition costs are costs that were incurred to complete the transaction and subsequent integration, of Canyon, including legal, advisory, accounting related fees, and severance costs that directly related to the transaction.

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).
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
Dry Gas	Natural gas that produces little condensable heavier hydrocarbon compounds such as propane and butane when brought to the surface.

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 the Canadian Association of Oilwell Drilling Contractors.
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 case 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. As a result of the change in estimated useful life, effective December 2017, stainless steel fluid ends were no longer capitalized to property plant and equipment or expensed as cost of sales - depreciation. Expenses related to stainless
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.
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 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
Maintenance 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.
Period average active, crewed HHP	Fracturing equipment that has, on average, been active and crewed for the period.
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
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, capital expenditure plans, business plans and equipment utilization levels;
- the anticipated impact of production curtailment;
- expectation that we are adequately staffed for current industry activity levels;
- expectations regarding the Company's cost structure;
- anticipated pricing for hydraulic fracturing services;
- expectations regarding the Company's equipment utilization levels and demand for our services in Q1 2019 and for the full year 2019;
- expectation that we will maintain pricing levels to generate positive cash flow margins on our equipment;
- anticipation that current commodity prices could support increased customer spending in the second half of 2019 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 that we will add two coiled tubing units;
- expectations regarding the Company's financial results, working capital levels, liquidity and profits and that gross profit margins will be lower in 2018 relative to 2019;
- expectations regarding capital expenditure spending for 2019 and that it will approximate 4% to 6% of revenues;
- expectation of our primary objectives;
- 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 recovery of insurance proceeds relating to written off fracturing equipment;

- anticipated ability of the Company to meet foreseeable funding requirements;
- anticipated compliance with debt and other covenants under its revolving credit facilities;
- expectations regarding the potential outcome of contingent liabilities;
- 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 29, 2018:

- 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; synergies from the Canyon acquisition; 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).