



## **Annual Information Form**

**Year Ended December 31, 2006**

**March 20, 2007**

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## **FORWARD LOOKING STATEMENTS**

This document contains statements that constitute forward-looking statements within the meaning of applicable securities legislation. These forward-looking statements include, among others, the Company's prospects, expected revenues, expenses, profits, expected developments and strategies for its operations, and other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "achieve," "achievable," "believe," "estimate," "expect," "intend", "plan", "planned", and other similar terms and phrases. Forward-looking statements are based on current expectations, estimates, projections and assumptions that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks and uncertainties include: fluctuating prices for crude oil and natural gas; changes in drilling activity; general global economic, political and business conditions; weather conditions; regulatory changes; and availability of products, qualified personnel, manufacturing capacity and raw materials. If any of these uncertainties materialize, or if assumptions are incorrect, actual results may vary materially from those expected.

## TRICAN WELL SERVICE LTD.

### General

Trican Well Service Ltd. was incorporated under the *Companies Act* (Alberta) on April 11, 1979 under the name 216858 Oilwell Service Co. Ltd. The Company's name was changed to Trican Oilwell Service Co. Ltd. on May 15, 1979. The Company was continued under the *Business Corporations Act* (Alberta) by Articles of Continuance dated December 30, 1983. On September 17, 1996, the Company filed Articles of Amendment to amend its share capital to create common shares and preferred shares, and to redesignate and deem all outstanding shares to be common shares. On October 4, 1996, the Company filed Articles of Amendment to delete its private company restrictions. On June 4, 1997, we filed Articles of Amendment to change our name to "Trican Well Service Ltd."

Our registered office is 1400, 350 - 7th Avenue S.W., Calgary, Alberta, T2P 3N9 and our corporate head office is at Suite 2900, 645 - 7th Avenue S.W., Calgary, Alberta, T2P 4G8.

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

### Intercorporate Relationships

The following table sets forth the material operating subsidiaries owned directly or indirectly by Trican, their jurisdictions of incorporation and the percentage of voting securities beneficially owned, controlled or directed by Trican as at December 31, 2006.

Name of Subsidiary	Jurisdiction of Incorporation	Percentage of Voting Securities Owned (1)
Trican Partnership	Alberta, Canada	100.0%
Trican Well Service (Cyprus) Ltd.	Nicosia, Cyprus	100.0%
R-Can Services Ltd.	Nicosia, Cyprus	97.0%
Newco Well Service LLC	Raduzhny, Russia	97.0%

Notes:

(1) None of the above subsidiaries have any non-voting securities outstanding.

The above table does not include all of the subsidiaries of Trican. The assets, sales and operating revenues of unnamed operating subsidiaries individually did not exceed 10%, and in the aggregate did not exceed 20%, of the total consolidated assets or total consolidated sales and operating revenues, respectively, of Trican as at, and for the year ended, December 31, 2006.

Effective March 1, 2001, Trican Well Service Ltd., Northline Energy Ltd., Canadian Oilfield Stimulation Services Ltd. and Birchwood Industries Ltd., which are all subsidiaries of Trican, began carrying on business as the sole partners of the Trican Partnership, a general partnership formed pursuant to the Partnership Act (Alberta). Pursuant to agreements dated February 27 and March 1, 2001, each of the partners transferred substantially all of their respective net assets and operations to the Trican Partnership. The Trican Partnership, by its managing partner, Trican Well Service Ltd., assumed all of the rights, duties, liabilities and obligations of the partners pertaining to all lands, assets, contracts, agreements or any other interests whatsoever relating to the beneficial ownership of the assets transferred to the Trican Partnership.

## GENERAL DEVELOPMENT OF THE BUSINESS

### History

Trican provides a comprehensive array of specialized products, equipment and services used during the exploration and development of oil and gas reserves.

We have pursued two basic growth strategies: diversifying the services offered and broadening our geographic base of operations. Since our initial public offering in December 1996, Trican has invested over \$501 million in new equipment and operating facilities, added new services to our business and expanded the scope of our operations to encompass the entire WCSB and a significant portion of western Siberia. As a result of our aggressive expansion program, we have evolved from a regional supplier of cementing services to one of the world's largest pressure pumping companies.

Headquartered in Calgary, Alberta, Trican's principal operations are in Canada; however, the Company also has growing operations in Russia, Kazakhstan and the United States. Our Canadian operations are conducted through bases in British Columbia, Alberta and Saskatchewan, and provide services to customers across the entire Western Canadian Sedimentary Basin ("WCSB"). Our Russian operations are conducted through bases in the Tyumen region of western Siberia in the towns of Raduzhny, Nyagan and Nefteyugansk in Russia and in Kyzylorda, Kazakhstan. Our recently-acquired U.S. operations are run through bases that are mainly situated in the Barnett Shale area of north-central Texas. Through our operating divisions, Trican competes in the major sectors of the oilfield pressure pumping industry, which include coiled tubing, fracturing, nitrogen pumping, cementing and acidizing services.

Trican's growth has been accomplished by enhancing our existing services, adding new, technologically advanced services, and expanding our geographic reach. We have made significant investments in new equipment and facilities, expanding our offering of services and assembling what we estimate to be one of the newest and largest equipment fleets in western Canada. We have also begun to apply these strategies to our expanding operations in Russia and look forward to applying them in our United States operations as well.

### *Canada*

In Canada, we have expanded our capacity in all of our areas of operations, with a recent emphasis on expanding our fracturing capacity and equipment capacity for servicing the deeper areas of the WCSB. Demand for fracturing services in the WCSB has increased in recent years as a result of increased natural gas directed exploration and development activity and the emergence of coalbed methane ("CBM") exploration and development. Although lower gas prices in the second half of 2006 led to a slowdown in gas directed activity, the pursuit of natural gas reserves is nonetheless expected to support strong levels of demand for fracturing and other services as producers contend with natural reservoir production declines and relatively small natural gas reserves per well.

Trican remains committed to providing innovative and cost-effective solutions to our customers. Our continued development of new technology and processes has contributed to our success to date and will be a key element of our future success. Our research and development efforts remain focused on providing specific solutions to the problems experienced by our customers in the areas in which we operate. To support our ongoing research and development initiatives, we maintain one of the largest laboratories of its type in western Canada. This state of the art facility is a key element in our ongoing effort to be the leading provider of technology to the oil and gas sector.

### *Russia*

We are employing the same growth strategies used in Canada to support the growth of our Russian operations. We invested in a small pressure pumping company that had been providing cementing services from a single base in western Siberia. Since that initial investment the business has grown significantly, expanding its services and operational reach. Two new bases have been added in Russia and one in Kazakhstan, significantly increasing our area of operations. Hydraulic fracturing services were added to meet the needs of our customers looking to work over a large inventory of existing under-performing oil wells. In 2007, the services offering

will again be expanded as we will begin offering coiled tubing and nitrogen services. We continue to assess new regions and will add new bases where we see the opportunity to offer our services.

### *United States*

In February 2007 we acquired approximately 93% of Liberty Pressure Pumping LP (“Liberty”), a provider of pressure pumping services in Texas. Headquartered in Denton, Texas, Liberty provides stimulation services used in the development and completion of oil and gas wells. Under the terms of the agreement Trican, through a wholly-owned U.S. subsidiary, will acquire an approximate 93% interest in Liberty in exchange for cash consideration of \$US 189.8 million and 4,008,864 Trican common shares issued from treasury. Liberty management will retain the remaining approximately 7% interest for a specified period of time, with Trican acquiring this remaining interest over three years in equal instalments at a price based upon the financial results of Liberty in accordance with previously agreed upon terms.

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

### **General**

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

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

### **Overview of Operations**

Trican provides a comprehensive array of specialized products, equipment and services that are used during the entire life cycle of an oil or gas well. The Company’s pressure pumping operations are centered principally in western Canada, with growing operations in Russia and a new presence in the United States, which we established in early 2007.

### *Canadian Operations*

In Canada, we have two divisions catering to the major sectors of the oil field pressure pumping services industry. The Well Service Division includes cementing, fracturing, including CBM services, deep coiled tubing and nitrogen services. The Production Services Division includes acidizing, intermediate depth coiled tubing, and industrial services. Services are offered to customers from operations bases located across the entire WCSB. A description of each of Trican’s various services can be found below under “Description of Services”.

Services offered through Trican’s Well Service Division are heavily used during the drilling and completion of oil and gas wells, and demand for these services is proportional to the number of wells drilled. 2006 was a challenging year, with demand for services falling significantly during the year. Activity in the first quarter established new highs as the year started off strongly aided by high demand for service and an extended winter drilling season. However, natural gas price weakness undermined activity as the year progressed and our customers re-examined their gas directed development programs. As with natural gas prices, oil prices fell later in the year causing uncertainty among producers and also undermining demand for services. Shallow gas-oriented drilling, including CBM activity, weakened in 2006 as producers focused their spending on deeper plays with more robust economics.

Despite a 6% decrease in drilling activity during the year, Canadian revenue was up 18% or just over \$100 million. This increase was the result of relatively strong demand for the Company’s fracturing services in the

deeper, more technically challenging areas of the basin which were not affected by the slow down in drilling until the fourth quarter, and additional investment in equipment capacity, in particular, nitrogen and fracturing capacity that service the deep areas of the WCSB.

Since going public in December 1996, Trican has invested almost \$444 million in new equipment and facilities in Canada to meet the increasing demands of its customers. The majority of this investment has been directed to expanding equipment capacity directed to the deep areas of the basin where margins are highest. During 2006, Trican's Canadian capital budget was approximately \$140 million and was directed to new equipment and facilities, with a particular emphasis on expanding our deep fracturing and nitrogen capacity.

With the significant investment program undertaken in recent years, Trican has become the pre-eminent pressure pumping company in Canada, operating one of the largest and most technologically advanced fleets. The Company has equipment situated across the entire basin; however, with a recent emphasis on building equipment to service the deeper more technical areas of the WCSB, Trican now believes it is the leading service provider to this growing market segment. The table below shows the capital investment Trican has made in its domestic fleet in the past three years, as well as the expected investment for the 2007 capital program.

<b>Number of Units at End of Year (Canada)</b>	<b>2004</b>	<b>2005</b>	<b>2006<sup>C</sup></b>	<b>2007<sup>D</sup></b>
Fracturing Crews <sup>A</sup>				
Conventional	12	15	18	18
CBM <sup>B</sup>	2	4	4	4
Cement Pumpers	45	50	56	56
Deep Coiled Tubing Units	12	16	22	22
Intermediate Coiled Tubing Units	11	8	8	8
Nitrogen Pumpers	16	22	32	32
Acidizing Units	10	12	13	13

Notes:

- A** a fracturing crew is made up of several pieces of specialized equipment
- B** comprises principally high-rate nitrogen pumping units. These units pump at higher rates than the pumpers used in our other areas of business
- C** operational or in the final stages of construction
- D** capital program for the 2007 year has been deferred until after the first quarter

### ***Russian Operations***

Trican began operations in Russia in late 2002 through an investment in R-Can Services Limited, a Cypriot company that has a wholly owned subsidiary, Newco Well Services LLC (Newco) operating in Russia. Newco commenced operations in Russia in mid-2000, and provides cementing and fracturing services to a variety of customers in the Tyumen region of Western Siberia. Newco's operations are centered in Raduzhny; however, Trican has expanded the operational reach of the Company with new bases in Nyagan and Nefteyugansk. The Company also continues to maintain a fleet of equipment in the Kyzylorda region of Kazakhstan to service customers in this area.

Late in 2005, a new one-year contract was awarded to Newco by Yuganskneftegaz, a subsidiary of Rosneft, for the provision of hydraulic fracturing services in the Priobskoye oilfield in the Khanty-Mansiysk region of western Siberia. Work completed under this contract, which was serviced out of the Company's Nefteyugansk base, significantly increased fracturing revenue and revenue per job. As a result of Newco's high level of

operational and technical performance under this contract, early in 2007 the Company was awarded a new three-year contract to perform fracturing treatments. This contract, which is estimated to be worth approximately \$US 210 to \$US 250 million in revenue over its life, is an important milestone for the Company and further establishes a strategic relationship on which to base future growth.

Demand for fracturing services has grown sharply over recent years and Newco has expanded its equipment fleet to meet this growing demand. In 2006, the Board of Directors approved increases in the capital budget for Trican's Russian operations, bringing the total budget for 2006 to \$25 million. Trican used this additional investment to upgrade the pumping capacity and expand logistical support for the Company's fracturing operations, in response to increasing job sizes. Russia, which by the fourth quarter of 2006 represented almost 30% of Trican's Well Service Division revenue, is an exciting growth opportunity for the company. The robust growth in Russian revenues in 2006 helped offset a challenging year in Western Canada.

For 2007, the Board of Directors approved a record \$US 77 million capital budget for Russian operations as a result of recent contract awards, customer requests to broaden service offerings as well as continued strong demand for the Company's current services. 2007 is expected to see the continued growth in the Company's fracturing service lines, with the addition of three new fracturing crews and three new cement pumpers. We also intend to broaden our service offerings to our customers by adding three deep coiled tubing units and nitrogen pumpers.

At the end of 2006, we had invested over \$58 million in new equipment and facilities to support our growing Russian operations.

<b>Number of Units at End of Year (Russia)</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007<sup>A</sup></b>
Fracturing Crews – Conventional	4	6	8	11
Cement Pumpers	3	3	3	6
Deep Coiled Tubing	-	-	-	3
Nitrogen Pumpers	-	-	-	3

Note:

A expected equipment capacity at the end of the year based upon approved budgets

## **Description of Services**

### ***Well Service Division***

#### **Coiled Tubing Services**

Coiled tubing is jointless steel pipe manufactured in lengths of thousands of metres and coiled on a large reel. The tubing is run into oil or gas wells to create a circulating system, and is then used to fracture the well, or to introduce acids, nitrogen or other products into the well for purposes such as removing unwanted fluids or solids. The use of coiled tubing allows the well to be worked on while it is still flowing oil and gas.

#### **Fracturing Services**

Fracturing is a well stimulation process performed to improve production. Fluid is pumped at sufficiently high pressure to fracture the formation. A proppant is added to the fluid and injected into the fracture to prop it open, permitting hydrocarbons to flow more freely into the wellbore.

A set of fracturing equipment usually includes high pressure pumping units, a blender, a computerized fracturing data van, a chemical addition unit, an iron truck and bulk transports.



### **Coalbed Methane Fracturing Services**

CBM fracturing involves pumping nitrogen gas into underground coal zones at very high rates. This nitrogen gas creates fractures in the coal which allows natural gas to flow back into the well. Trican uses specialized high-rate pumps to pump the nitrogen into the coal formations.

### **Cementing Services**

Cementing is most commonly used when drilling a well but may also be required during the producing life of a well. Primary cementing treatments are employed during the drilling phase of an oil or gas well to support the production casing within the wellbore and to isolate producing zones. Remedial cementing services are used to repair casing or eliminate communication leaks between producing zones during a well's operating life.

### **Nitrogen Services**

Nitrogen is an inert gas that is pumped into the wellbore to improve the safe recovery of introduced or produced fluid while reducing potential formation damage. Trican's nitrogen services are applied in conjunction with our coiled tubing, acidizing and fracturing services.

### ***Production Services Division***

#### **Coiled Tubing Services**

This service is as described above under the heading "Well Service Division – Coiled Tubing Services". However, coiled tubing services conducted by our Production Services Division focus on wells less than 1,500 metres in depth.

#### **Acidizing Services**

Acidizing is a well stimulation process that involves pumping large volumes of specially formulated chemical blends into producing oil or gas formations to clean out unwanted materials or to dissolve portions of the producing formation in order to enhance the well's production rate.

#### **Industrial Services**

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

### **Revenues Generated by Categories of Principal Services**

<b>Service</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Fracturing services	60%	53%
Cementing services	24%	28%

### **Economic Dependence**

Trican's business is distributed across two main geographic markets, North America and Russia. The Company's customers in the North American market consist of a large number of oil and gas companies that

vary in size. For the year ending December 31, 2006, no one customer from this market accounted for 10% or more of our consolidated revenue. The Russian market consists of a smaller number of large oil and gas companies. For the year ending December 31, 2006, two customers represented approximately 20% of our consolidated revenue and approximately 86% of our total Russian operations revenue. Should one or both of these customers terminate their contracts with us, it would have a significant impact on our business.

### **Changes to Contracts**

The Company operates under a number of key supplier arrangements. While most of these arrangements do not contain a guaranteed commitment of work, they do define the commercial terms under which work will be undertaken. Total revenue from these arrangements is expected to be material to the operations of the Company.

### **Employees**

As at December 31, 2006, Trican had 2,446 employees worldwide.

### **Foreign Operations**

Trican's principal operations are in Canada, however; we also have operations in Russia, and have ongoing negotiations which if successful will result in operations in a number of other foreign markets. Our Russian operations are conducted through a subsidiary which is consolidated in the Company's December 31, 2006 financial statements and represents 22% of Trican's total assets as of that date. In addition, Trican has operations in the United States since the early March 2007 closing of the purchase of an approximate 93% interest in Liberty Pressure Pumping L.P. Trican's U.S. operations are conducted through a Delaware subsidiary.

### **Social and Environmental Policies**

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

## **RISK FACTORS**

The activities we undertake involve a number of risks and uncertainties inherent in the industry, some of which are summarized below. Additional risks and uncertainties that our management may be unaware of, or that they determine to be immaterial may also become important factors which affect us.

### **Oil and Natural Gas Prices**

The demand for Trican's services is largely dependent upon the level of expenditures made by oil and gas companies on exploration, development and production activities. The price received by our customers for the crude oil and natural gas they produce has a direct impact on cash flow available to them to purchase services provided by Trican. As crude oil and natural gas sales are based primarily on U.S. dollar priced indices, movement of the Canadian dollar and Russian Ruble relative to their U.S. counterpart will also have an impact on the cash flow available to our customers to acquire services. Exploration, development and production activities are also influenced by a number of factors including taxation and regulatory changes, access to pipeline capacity and changes in equity markets. Demand for crude oil and natural gas is also strongly influenced by a number of factors including the weather, geopolitical factors and the strength of the global economy.

## **Sources, Pricing and Availability of Raw Materials and Component Parts**

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

## **Importance of Intangible Property**

When providing services, we rely on trade secrets and know-how to maintain our competitive position and where possible, we undertake to protect our intellectual property by applying for patent protection. There is currently one patent issued to Trican for a specialized fracturing fluid. There are also currently ten patents pending. These pending patents consist of three on new fluid systems for fracturing and suspending sands, one on a new CBM fracturing technique, five on coiled tubing tools and techniques related to high pressure jetting technology, shallow gas fracturing and wellbore dewatering, and one regarding an innovative technique for fracturing multiple intervals in horizontal wellbores with coiled tubing. We have also negotiated exclusive Canadian licenses to utilize new and innovative technologies in relation to our cementing services for pulsation technology, and coiled tubing services related to reverse circulation drilling.

## **Cyclical or Seasonal Nature of Industry**

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

During other periods of the year, rainfall can also render some of the secondary and oilfield service roads impassable for the Company’s equipment. These factors can all reduce activity levels below normal or anticipated levels.

Furthermore, fluctuations in oil and natural gas prices can produce periods of high and low demand for well services. During periods of low commodity prices, when the cash flow of our customers is restricted, demand for our services may also be reduced. Conversely, during periods of high commodity prices, when the cash flow of our customers increases, the demand for our services may increase.

## **Competitive Conditions**

The oilfield services market is highly competitive. The competitors in the well service market in both Canada and Russia include B.J. Services Ltd., Halliburton Energy Services, Schlumberger Incorporated, Calfrac Well Services Ltd. as well as other domestic companies in the markets in which we operate.

Although we believe that we are continuing to build market share and have a significant presence in respect of all of our services, we do not currently hold a dominant market position with respect to any of the services we offer in any of the markets in which we operate.

## **Government Regulation**

Our operations are subject to a variety of federal, provincial, state and local laws, regulations and guidelines, including laws and regulations related to health and safety, the conduct of operations, the manufacture, management, transportation and disposal of certain materials used in our operations. Trican believes it is in

compliance with such laws and regulations and has invested financial and managerial resources to ensure such compliance. Such expenditures historically have not been material to Trican however because such laws and regulations are subject to change it is impossible for Trican to predict the cost or impact of such laws and regulations on its future operations.

### **Operating Risks and Insurance**

Trican's operations are subject to hazards inherent in the oil and gas service industry, such as equipment defects, malfunctions and failures, and natural disasters which result in fires, vehicle accidents, explosions and uncontrollable flows of natural gas or well fluids that can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruptions, and damage to or destruction of property and equipment. These hazards could expose Trican to liability for personal injury, wrongful death, property damage and other environmental damages. Trican continuously monitors its activities for quality control and safety and maintains insurance coverage it believes to be adequate and customary in the industry; however, such insurance may not be adequate to cover Trican's liabilities and may not be available in the future at rates Trican considers reasonable and commercially justifiable.

### **Environmental Protection**

We and others in the well service industry are subject to various environmental laws and regulations enacted in most jurisdictions in which we operate, which primarily govern the manufacture, processing, importation, transportation, handling and disposal of certain materials used in our operations. We believe that we are currently in compliance with such laws and regulations. Our customers are subject to similar laws and regulations, as well as limits on emissions into the air and discharges into surface and sub-surface waters. While regulatory developments that may follow in subsequent years could have the effect of reducing industry activity, we cannot predict the nature of the restrictions that may be imposed. We may be required to increase operating expenses or capital expenditures in order to comply with any new restrictions or regulations.

Historically, environmental protection requirements have not had a significant financial or operational effect on our capital expenditures, earnings or competitive position. Environmental protection requirements are not presently anticipated to have a significant effect on such matters in 2007 or in the future.

The services provided by the Company, in some cases, involve flammable products being pumped under high pressure. To address these risks, Trican has developed and implemented safety and training programs. In addition, a comprehensive insurance and risk management program has been established to protect the Company's assets and operations. Trican also complies with current environmental requirements and maintains an ongoing participation in various industry-related committees and programs.

### **Availability of Qualified Staff**

The Company's ability to provide reliable service is dependent upon attracting and retaining skilled workers. The Company attempts to overcome this by offering an attractive compensation package and training to enhance skills and career prospects.

### **Equipment and Parts Availability**

The Company's ability to expand its operations and provide reliable service is dependent upon timely delivery of new equipment and replacement parts from fabricators and suppliers. A lack of skilled labour to build equipment, combined with new competitors entering the oilfield service sector, is placing a strain on some fabricators. This has substantially increased the order time on new equipment and increased uncertainty surrounding final delivery dates. Significant delays in the arrival of new equipment from expected dates may constrain future growth and the financial performance of the Company. The Company attempts to mitigate this risk by maintaining strong relations with key fabricators and suppliers.

### **Risks of Foreign Operations**

An increasing portion of the Company's operations are in Russia, where the political and economic systems differ from those of North America. To attempt to mitigate these risks, the Company has hired employees who have extensive experience in the international marketplace supplemented with local qualified staff.

### **Foreign Exchange Exposure**

Trican's consolidated financial statements are presented in Canadian dollars. The reported results of our foreign subsidiary operations are affected primarily by the movement in exchange rates between the Canadian and U.S. dollar and Russian Ruble. Trican's Canadian operations include exchange rate exposure as purchases of some equipment and materials are from U.S. suppliers.

### **Merger and Acquisition Activity**

Merger and acquisition activity in the oil and gas exploration and production sector may constrain demand for the Company's services as customers focus on reorganizing the business prior to committing funds to exploration and development projects.

Further, the acquiring company may have preferred supplier relationships with oilfield service providers other than Trican.

### **Kyoto Protocol**

In December 2002, the Government of Canada ratified the Kyoto Protocol ("Protocol"). The Protocol calls for Canada to reduce its greenhouse gas emissions to certain target levels during the period between 2008 and 2012, and to meet further targets beyond 2012. When the Government of Canada implements the Protocol, it is expected to affect the operation of all industries in Canada, including the well service industry and its customers in the oil and natural gas industry. As details of implementation of this Protocol have yet to be announced, the effect on our operations cannot be determined at this time. On February 14, 2007, a private member's bill was passed by the opposition members of the Canadian parliament requiring the Government to set out its plan to meet Kyoto targets within 60 days. Thus far, no action has been taken by the Canadian Government to recognize the bill as law.

The Government of Canada has put forward a Climate Change Plan for Canada which suggests further legislation will set greenhouse gases emission reduction requirements for various industrial activities, including oil and gas exploration and production. Future federal legislation may require reductions of emissions or emissions intensity produced by our operations and facilities.

## **DIVIDEND RECORD AND POLICY**

On May 3, 2006, Trican's Board of Directors resolved to commence semi-annual dividend payments to holders of common shares. The first dividend payment of \$.05 per share was paid on July 15, 2006 and another on January 12, 2007. Dividend payments are at the discretion of the Board of Directors and depend on the financial condition of the Company as well as other factors.

## **DESCRIPTION OF CAPITAL STRUCTURE**

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

### **Common Shares**

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

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

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

### **Preferred Shares**

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

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

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

### **MARKET FOR SECURITIES**

Our common shares are listed and posted for trading on the TSX under the symbol "TCW". The following table sets forth the price range and trading volume of the common shares as reported by the TSX for the periods indicated. On May 10, 2006, the Company's shareholders approved a two-for-one stock split and the Company's common shares began trading on a post-split basis on May 23, 2006. Trading prices and volumes from January 1, 2006 to May 23, 2006 have been adjusted to reflect this share split.

<b>Period</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
January	30.48	28.21	9,208,958
February	30.50	23.90	16,326,354
March	26.63	23.30	16,407,554
April	28.38	26.50	10,888,166
May	27.65	23.65	13,532,806
June	26.10	20.29	13,710,400
July	24.59	20.20	11,456,411
August	24.25	22.53	6,617,924
September	22.94	18.30	8,919,462
October	20.24	17.08	15,642,615
November	22.81	18.22	8,808,161
December	22.98	20.24	5,308,607

## DIRECTORS AND OFFICERS

The names, municipalities of residence, positions with the Company, and principal occupation of the directors and officers of the Company are set out below and in the case of directors, the period each has served as a director of the Company.

Name and Municipality of Residence	Position Held	Principal Occupation	Director Since
Murray L. Cobbe Calgary, Alberta	President, Chief Executive Officer and a Director	President and Chief Executive Officer of the Company	Sept. 20, 1996
Donald R. Luft Calgary, Alberta	Senior Vice President, Operations, Chief Operating Officer and a Director	Senior Vice President, Operations and Chief Operating Officer of the Company	Sept. 20, 1996
Kenneth M. Bagan <sup>(1)(2)</sup> Calgary, Alberta	Director	President and Chief Executive Officer, Wellco Energy Services Trust (a publicly traded oilfield services trust)	Sept. 20, 1996
Gary R. Bugeaud <sup>(2)</sup> Calgary, Alberta	Director and Corporate Secretary	Partner, Burnet, Duckworth & Palmer LLP (a Calgary-based law firm)	Aug. 13, 1998
Douglas F. Robinson <sup>(1)(2)</sup> Calgary, Alberta	Director	President of Enerchem International Inc. (a publicly traded manufacturer of hydrocarbon based drilling and completions fluid)	June 3, 1997
Victor J. Stobbe <sup>(1)</sup> DeWinton, Alberta	Director	Vice President, Corporate Affairs, Wave Energy Ltd. (a private oil and gas company)	Sept. 20, 1996
Michael G. Kelly, C.A. Calgary, Alberta	Vice President, Finance and Administration & Chief Financial Officer	Vice President, Finance and Administration & Chief Financial Officer of the Company	-
David L. Charlton Calgary, Alberta	Vice President, Sales and Marketing	Vice President, Sales and Marketing of the Company	-
Dale M. Dusterhoft Redwood Meadows, Alberta	Vice President, Technical Services	Vice President, Technical Services of the Company	-
John D. Ursulak, C.A. Calgary, Alberta	Corporate Controller	Corporate Controller of the Company	-
Bonita M. Croft Calgary, Alberta	General Counsel	General Counsel of the Company	-
James P. Bonyai, C.A. Calgary, Alberta	Treasurer	Treasurer of the Company	-

Notes:

- (1) Member of the audit committee.
- (2) Member of the compensation and corporate governance committee.
- (3) We do not have an executive committee of our Board of Directors.
- (4) Our directors shall hold office until the next annual general meeting of our shareholders or until each director's successor is appointed or elected pursuant to the *Business Corporations Act* (Alberta).

All of the persons listed in the table above have held their positions for the past 5 years, except as follows:

- Prior to joining Wellco in December 2004, Mr. Bagan, who is a Barrister and Solicitor, was employed with Tesco Corporation from July 1997 to July 2004, initially as its General Counsel and finally as its Senior Vice President, Wellsite Services;

- Prior to joining Enerchem International Inc. in January 2004, from July 2002 to January 2004, Mr. Robinson was an independent businessman and from April 2000 until June 2002, Mr. Robinson was Chairman and Chief Executive Officer of Integrated Production Services Ltd. (a publicly traded oilfield services company);
- Mr. Stobbe was appointed Vice President, Corporate Affairs at Wave Energy Ltd. on April 1, 2006; prior to that, Mr. Stobbe was its Chief Financial Officer. Prior to joining Wave Energy Ltd. in January 2004, Mr. Stobbe was the President of American Leduc Petroleum Limited (a publicly traded oil and gas company) from October 1997 to October 2003;
- Mr. Ursulak has been employed by us since March 2003 and was appointed Corporate Controller in July 2003. Prior to joining us, Mr. Ursulak held various positions with a private company that specialized in security, satellite and telecommunications equipment, since 2000;
- Ms. Croft joined Trican as General Counsel in December 2005. Ms. Croft was a business owner and independent legal consultant from 2004 to 2005; from August 2000 to January 2004 Ms. Croft was employed with Tesco Corporation, initially as Senior Legal Counsel and finally as General Counsel; prior to joining Tesco Ms. Croft was employed as Legal Counsel with Talisman Energy Inc.
- Mr. Bonyai joined Trican as Treasurer in January 2007. Prior to joining us, Mr. Bonyai was the Chief Financial Officer of Komex Environmental Ltd. from January 1998 up until it was acquired by WorleyParsons Ltd. in December 2005. Subsequent to the acquisition Mr. Bonyai became the Chief Financial Officer of WorleyParsons Canada Ltd. up until December 2006.

As at March 9, 2007, our directors and executive officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 2,843,750 of our Common Shares, or approximately 2.4% of the issued and outstanding Common Shares. In addition, as at March 9, 2007, our directors and executive officers, as a group, have outstanding options to purchase 2,987,000 Common Shares under our stock option plan and our outside directors held 132,612 deferred share units.

### **Conflicts of Interest**

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

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

### **AUDIT COMMITTEE INFORMATION**

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

**Victor Stobbe** is chair of the Audit Committee. He is a chartered accountant and has held various senior financial positions with public companies. He has held the positions of Chief Executive Officer and Chief Financial Officer in public oil and gas companies. He is currently the chair of the audit committee of CE Franklin Ltd. (a publicly traded oilfield supply company).



**Douglas Robinson** and **Kenneth Bagan** are each Chief Executive Officers of publicly traded companies and have held various senior positions requiring regular review of financial statements. Mr. Robinson currently serves on the audit committee of two other public companies.

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

In addition, the Committee charter contains independence requirements applicable to each member and each member currently meets those requirements.

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

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

<b>Type of Service Provided</b>	<b>2006</b>	<b>2005</b>
Audit Fees (1)	\$333,015	\$248,007
Audit-Related Fees (2)	0	12,192
Tax Fees: (3)	33,420	52,784
All Other Fees: (4)	0	10,119
<b>Total</b>	<b>\$366,435</b>	<b>\$323,102</b>

Notes:

- (1) Audit fees consist of fees for the audit of the Company's annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as Audit Fees. In 2005, the services provided in this category related to due diligence assistance with respect to an acquisition.
- (3) Tax fees consist of tax advice and review of tax returns.
- (4) All other fees in 2005 represent advice on foreign registrations.

### **LEGAL PROCEEDINGS**

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

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

None of our directors or senior officers, nor any shareholder who beneficially owns more than 10% of the outstanding Common Shares, nor any known associate or affiliate of such persons, had a material interest, direct or indirect, in any transaction within the last fiscal year nor in any proposed transaction that has materially affected or would materially affect us.

### **TRANSFER AGENT AND REGISTRAR**

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

### **MATERIAL CONTRACTS**

Except for the purchase of a 93% interest in Liberty Pressure Pumping L.P., which has been further described above under "General Development of the Business - International", we have not during the past year entered into any material contracts other than those entered into in the ordinary course of business.

### **INTERESTS OF EXPERTS**

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by us during, or related to, our most recently completed financial year. KPMG LLP, our auditors, are independent of us in accordance with the auditor's rules of professional conduct in the Province of Alberta. As at the date of this Annual Information Form, KPMG LLP and its partners did not hold any registered or beneficial interests, directly or indirectly, in our securities or the securities of any of our associates or affiliates.

Gary R. Bugeaud, one of our directors, is a partner at Burnet, Duckworth & Palmer LLP, which law firm renders legal services to us.

### **EXPERTS**

Our auditors are KPMG LLP, Chartered Accountants, Suite 1200, 205 – 5th Avenue SW, Calgary, Alberta T2P 4B9.

### **ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans, is contained in the Company's Management Information Circular and Proxy Statement dated March 19, 2007 which relates to the Annual and Special Meeting of Shareholders to be held on May 9, 2007. Additional financial information is contained in our consolidated financial statements for the year ended December 31, 2006 and the Management's Discussion and Analysis contained in our 2006 Annual Report.

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

**SCHEDULE A****MANDATE & TERMS OF REFERENCE OF THE  
AUDIT COMMITTEE**

(Updated February 22, 2006)

**Role and Objective**

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

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

**Membership of Committee**

1. The Committee shall be comprised of at least three (3) directors of Trican, all of whom are "independent" (as such term is used in Multilateral Instrument 52-110 — Audit Committees ("MI52-110")).
2. The Board of Directors shall have the power to appoint the Committee Chairman.
3. All of the members of the Committee shall be "financially literate". The Board of Directors of Trican has adopted the definition for "financial literacy" used in MI 52-110.

**Meetings**

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
2. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the board.
3. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken.

4. The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the board.
5. The Committee shall meet with the external auditor at least once per year (in connection with the preparation of the year end financial statements) and at such other times as the external auditor and the audit Committee consider appropriate.

### **Mandate and Responsibilities of Committee**

1. It is the responsibility of the Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.
2. It is the responsibility of the Committee to satisfy itself on behalf of the board with respect to Trican's internal control systems that they are satisfactory for the purpose of:
  - identifying, monitoring and mitigating business risks; and
  - ensuring compliance with legal, ethical and regulatory requirements.
3. It is a primary responsibility of the Committee to review the annual financial statements of Trican prior to their submission to the board of directors for approval. The process should include but not be limited to:
  - reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
  - reviewing significant accruals or other estimates;
  - reviewing accounting treatment of unusual or non-recurring transactions;
  - ascertaining compliance with covenants under loan agreements;
  - reviewing disclosure requirements for commitments and contingencies;
  - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - reviewing unresolved differences between management and the external auditors; and
  - obtain explanations of significant variances with comparative reporting periods.
4. The Committee is to review the financial statements (and make a recommendation to the board of directors with respect to their approval), prospectuses, management discussion and analysis (MD&A), annual information forms (AIF) and all public disclosure containing audited or unaudited financial information before release and prior to board approval. The Committee must be satisfied that adequate procedures are in place for the review of Trican's disclosure of all other financial information and shall periodically assess the accuracy of those procedures.
5. With respect to the appointment of external auditors by the board, the Committee shall:
  - recommend to the board the appointment of the external auditors;

- recommend to the board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee;
  - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
  - review and approve any non-audit services to be provided by the external auditors' firm and consider the impact on the independence of the auditors.
6. Review with external auditors (and internal auditor if one is appointed by Trican) their assessment of the internal controls of Trican, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Trican and its subsidiaries.
  7. The Committee must pre-approve all non-audit services to be provided to Trican or its subsidiaries by the external auditors. The Committee may delegate to one or more members the authority to pre-approve non-audit services, provided that the member report to the Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Committee from time to time.
  8. The Committee shall review and approve management's decisions related to the need for internal auditors. In the event that there is an internal auditor, the Committee shall:
    - review the mandate, budget plan, changes in plan, activities, organizational structure, and qualifications of the internal audit department, as needed;
    - review the appointment, performance, and replacement of the senior internal audit executive;
    - review significant reports prepared by the internal audit department together with management's response and follow-up to these reports.
  9. The Committee shall review risk management policies and procedures of Trican (i.e. litigation and insurance).
  10. The Committee shall establish a procedure for:
    - the receipt, retention and treatment of complaints received by Trican regarding accounting, internal accounting controls or auditing matters; and
    - the confidential, anonymous submission by employees of Trican of concerns regarding questionable accounting or auditing matters.
  11. The Committee shall review and approve Trican's hiring policies regarding employees and former employees of the present and former external auditors of Trican.
  12. The Committee shall have the authority to investigate any financial activity of Trican. All employees of Trican are to cooperate as requested by the Committee.

13. The Committee may retain persons having special expertise and/or obtain independent professional advise to assist in filling their responsibilities at the expense of Trican without any further approval of the board.