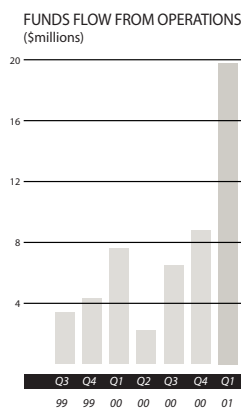
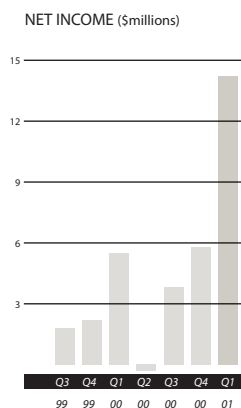
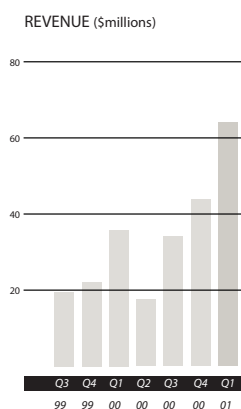


# 2001 first quarter report



## FINANCIAL REVIEW



(\$ millions, except per share amounts, unaudited)

Three months ended March 31,	2001	2000
Revenue	\$ 64.1	\$ 35.8
Earnings before interest, income taxes, depreciation & amortization (EBITDA)	26.0	10.9
Net income	14.2	5.5
Net income per share before goodwill amortization		
(basic)	0.88	0.36
(diluted)	0.84	0.35
Net income per share		
(basic)	0.87	0.35
(diluted)	0.83	0.34
Funds from operations	19.8	7.6
Funds from operations per share		
(basic)	1.21	0.49
(diluted)	1.15	0.47

Trican Well Service Ltd. ("Trican") is pleased to announce its financial and operating results for the quarter ended March 31, 2001, during which, the Company achieved record revenue, net income and cash flow. These results reflect a high level of demand for services, favourable weather conditions and the impact of technical, higher margin winter projects.

The Company generated net income of \$14.2 million for the quarter, a 157% increase over the first quarter of 2000. Earnings per share of \$0.87 (\$0.83 diluted) were recorded this quarter, a 149% increase over the earnings per share of \$0.35 (\$0.34 diluted) recorded in the first quarter of 2000. Revenue increased 79% for the three months ended March 31 over the same period in 2000. Funds from operations increased \$12.2 million for the quarter compared to the comparable period in 2000.

High commodity prices have produced record cash flows for oil and gas producers which have translated into high demand for services provided by our industry. This high level of activity, coupled with Trican's significant capital program over the past four years, has resulted in the Company recording its highest quarterly job count. The number of jobs completed during the quarter increased 47% over the same period in 2000. Also aiding in the strong performance in the quarter were colder than normal temperatures toward the end of March, which enabled activity levels to remain strong for the entire month. The impact of these factors resulted in Trican recording the highest level of revenue, net income and cash flow for any quarter in the Company's history.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### WELL SERVICE DIVISION

During the quarter, Trican and its subsidiary companies rolled their operating assets into a partnership to better facilitate the development of the well and production services which were previously offered by the respective companies. The Well Service Division, which comprises the coiled tubing, nitrogen, fracturing and pumping services previously offered by Trican, increased revenue on a year-over-year basis by 73%. Material and operating expenses (including depreciation) associated with these activities fell from 70.7% of revenue in the first quarter of 2000 to 58.2% in the current period. This improvement is due to higher margin winter fracturing and deep coiled tubing projects, pricing recovery for all services and an improvement in utilization consistent with the high demand for services.

#### PRODUCTION SERVICES DIVISION

The Production Services Division comprises the intermediate depth coiled tubing units previously operated by Northline Energy Services Inc., the pressure pumping assets previously operated by Canadian Oilfield Stimulation Services Ltd. (COSS) and the jet pumping assets previously operated by Trican. During the quarter, the Production Services Division increased revenue on a year-over-year basis by 146% due to the addition of the pressure pumping assets of COSS and the expanded operating capacity in our intermediate depth coiled tubing units. Material and operating expense (including depreciation) associated with these activities increased from 51.7% of revenue in the first quarter of 2000 to 70.5% in the current period. This change is primarily due to the addition of pressure pumping services which typically have a lower level of operating earnings than the intermediate depth coiled tubing.

#### OTHER EXPENSES

General and administrative expenses were 3% of revenue for the quarter which is consistent with the prior period. Interest expense remained consistent with previous periods at 1% of revenue for the quarter and depreciation increased by \$1.0 million for the quarter relative to the same period in 2000. This non-cash expense has increased as a result of the continued expansion of the Company's equipment capacity. Trican continues to maintain its strong balance sheet with a working capital position of \$17.2 million and relatively low levels of long-term debt compared to equity. Working capital improved \$11.5 million or 200% from December 31, 2000 levels.

#### LIQUIDITY

Funds from operations for the three months ended March 31, 2000 amounted to \$19.8 million, an increase of more than 161% over the 2000 level of \$7.6 million. Capital expenditures for the quarter totalled \$11.6 million, an increase of 71% over the \$6.8 million invested in the first quarter of 2000. This aggressive investment in operating assets, almost \$100 million since 1996, has provided the Company with the equipment fleet that produced the strong growth in sales in the current period.

At March 31, the Company had working capital of \$17.2 million compared to \$5.8 million at the end of 2000. The Company has an operating line of credit to finance working capital requirements. Maximum availability under the line is \$15.0 million subject to certain conditions. At March 31, 2001 \$5.9 million was drawn on this facility. The inventory of operating supplies, parts and materials required to carry on daily operations has decreased slightly since December 31, 2000 as a result of high levels of activity in the first quarter of 2001.

## **CAPITAL RESOURCES**

Trican had long-term debt (excluding current portion) of \$22.9 million at the end of the first quarter compared with \$20.3 million at the end of 2000. The increase in long-term debt is related to funding of equipment purchases. During the quarter, Trican restructured its equipment financing, retiring in full the facilities outstanding at December 31, 2000. In its place the Company negotiated a \$27.0 million capital lease facility involving certain pieces of its operating equipment. These facilities will be repaid over 84 months commencing February 2001. The leases contain no financial covenants and bear interest at an average of 8.15%. The Company believes that its strong balance sheet and unutilized borrowing capacity combined with funds from operations will provide sufficient capital resources to fund its on-going operations and future expansion.

## **INVESTING ACTIVITIES**

Trican incurred capital expenditures of \$11.6 million during the first quarter of 2001 compared with \$6.8 million during the same period in 2000. These additions expanded operating capacity in all service lines and were funded by cash flow from operations and through existing equipment debt facilities. At quarter end, the Company had a number of ongoing capital projects. The Company estimates that \$23.2 million of additional investment will be required to complete these projects.

## **CASH REQUIREMENTS**

The Company has historically financed its capital expenditures with funds from operations, equity issues and debt. Capital expenditures for 2001 are expected to be \$23 million and will be financed by funds from operations and/or credit facilities.

## **BUSINESS RISKS**

The demand for Trican's services is largely dependent upon the level of expenditures 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 finance the acquisition of services provided by the Company. 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 the strength of the global economy, but particularly the strength of the U.S. economy. A slow down in the U.S. economy could weaken demand for crude oil and natural gas and reduce the demand for well services.

A more complete discussion on the business risks faced by Trican may be found in the Company's 2000 annual report.

As the demand for well services is strongly influenced by a number of different factors, the Company believes that it is difficult to predict, with any degree of accuracy, future levels of activity. To mitigate this risk, Trican has maintained a streamlined operation and effective cost structures so that it can respond quickly to evolving market conditions. In addition, our strong balance sheet and adherence to conservative financing practices provides the resilience to withstand and benefit from volatility in activity levels in our sector.

## **OUTLOOK**

Trican's revenue, net income, earnings per share and cash flow for the first quarter were the highest recorded in the Company's history. These results are due to the combination of high levels of activity resulting from strong oil and gas prices, geographic and equipment capacity expansion and favourable weather conditions. Management has an optimistic outlook for the future. Commodity prices for oil and natural gas continue at very strong levels and new transportation capacity has enhanced market access for natural gas producers which should in turn create a need for additional well services. Demand for all of the Company's services was high in the first quarter of 2001 and, barring a collapse in oil prices, indications are that this will continue for the balance of 2001 and into 2002.

## CONSOLIDATED BALANCE SHEETS

<i>Unaudited</i>	<b>March 31, 2001</b>	December 31, 2000
<b>ASSETS</b>		
Current assets		
Cash	\$ 3,243,928	\$ 475,064
Trade accounts receivable	50,451,899	31,126,875
Other accounts receivable	976,249	1,036,679
Inventory	3,856,205	4,164,257
Prepaid expenses	2,076,629	1,292,071
	<b>60,604,910</b>	38,094,946
Capital assets	<b>93,733,564</b>	84,525,253
Goodwill	7,770,367	7,998,386
	<b>\$ 162,108,841</b>	\$ 130,618,585
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Bank loans	\$ 5,885,000	\$ 3,825,000
Accounts payable and accrued liabilities	23,997,418	20,926,365
Current income taxes payable	9,842,643	4,579,006
Current portion of long-term debt (note 3)	3,660,907	2,996,209
	<b>43,385,968</b>	32,326,580
Long-term debt (note 3)	22,897,754	20,329,446
Future income taxes	11,217,656	8,209,528
Shareholders' equity		
Share capital (note 4)	44,790,010	44,120,396
Retained earnings	39,817,453	25,632,635
	<b>84,607,463</b>	69,753,031
	<b>\$ 162,108,841</b>	\$ 130,618,585

## CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

Three months ended March 31, (unaudited)	2001	2000
Revenue	\$ 64,068,139	\$35,769,764
Expenses		
Materials and operating	36,401,438	23,780,249
General and administrative	1,661,248	1,049,151
Interest expense	708,921	245,937
Depreciation	2,356,159	1,395,010
	41,127,766	26,470,347
Income before income taxes and goodwill amortization	22,940,373	9,299,417
Provision for income taxes	8,527,536	3,633,993
Net income before goodwill amortization	14,412,837	5,665,424
Goodwill amortization, net of income taxes	228,019	147,948
Net income	14,184,818	5,517,476
Retained earnings, beginning of period	25,632,635	11,359,562
Change in accounting policy (Change in method of accounting for income taxes)	–	(542,948)
Retained earnings, end of period	\$ 39,817,453	\$ 16,334,090
Earnings per share before goodwill amortization:		
Basic	\$ 0.88	\$ 0.36
Diluted	\$ 0.84	\$ 0.35
Earnings per share		
Basic	\$ 0.87	\$ 0.35
Diluted	\$ 0.83	\$ 0.34

## CONSOLIDATED CASH FLOW STATEMENTS

Three months ended March 31, (unaudited)	2001	2000
Cash Provided By (Used In):		
Operations		
Net income	\$ 14,184,818	\$ 5,517,476
Changes to income not involving cash		
Depreciation and amortization	2,584,178	1,542,958
Future income taxes	3,008,128	561,600
Funds from operations	19,777,124	7,622,034
Net change in non-cash working capital from operations	(10,907,462)	(4,056,887)
	8,869,662	3,565,147
Investments		
Purchase of capital assets	(11,564,470)	(6,796,992)
Acquisitions	-	(3,366,231)
Net change in non-cash working capital from the purchase and disposal of capital assets	(498,948)	1,464,761
	(12,063,418)	(8,698,462)
Financing		
Net proceeds from issuance of share capital	669,614	340,269
Increase in long-term debt	3,233,006	4,728,274
Increase in short-term borrowings	2,060,000	-
	5,962,620	5,068,543
Increase (decrease) in cash position	2,768,864	(64,772)
Cash position, beginning of period	475,064	860,676
Cash position, end of period	\$ 3,243,928	\$ 795,904

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Company's accounting policies applied to these consolidated financial statements are consistent with those described in the 2000 Annual Report, except for the Change in Accounting Policy described below.

### NOTE 1 – CHANGE IN ACCOUNTING POLICY

Effective for 2001, the Company adopted the treasury stock method for calculation of diluted earnings per share under which deemed proceeds of the exercise of options and warrants are considered to be used to re-acquire common shares at an average share price. Previously, additional earnings were imputed based on the proceeds resulting from the exercise of options and warrants. The Company has adopted this calculation retroactively with restatement of the prior year. As a result, the diluted calculation has been increased by \$0.02 (2000 – \$0.01) per share to produce a diluted calculation under the new standard of \$0.83 (2000 – \$0.34) per share.

### NOTE 2 – SEGMENTED INFORMATION

The Company has two operating divisions providing different products and services to the Company's customers. The operating divisions are:

- **Well Services**—provides a comprehensive array of specialized products, equipment, services and technology primarily for use in the drilling, completion, and stimulation of new oil and gas wells in western Canada;
- **Production Services**—provides a comprehensive array of specialized products, equipment, services and technology primarily for use in the stimulation and reworking of existing oil and gas wells in western Canada.

	Well Services	Production Services	Corporate	Total
Three months ended March 31, 2001				
Revenue	\$ 57,130,572	\$ 6,937,567	\$ –	\$ 64,068,139
Income before income taxes and goodwill amortization	23,855,552	2,049,584	(2,964,763)	22,940,373
Assets	133,728,991	26,068,942	2,310,908	162,108,841
Capital expenditures	10,993,252	571,218	–	11,564,470
Three months ended March 31, 2000				
Revenue	\$ 32,946,598	\$ 2,823,166	\$ –	\$ 35,769,764
Income before income taxes and goodwill amortization	9,621,611	1,364,252	(1,686,446)	9,299,417
Assets	81,318,948	13,802,161	795,904	95,917,013
Capital expenditures	6,747,774	49,218	–	6,796,992

### NOTE 3 – LONG-TERM DEBT

Long-term debt comprises the following:

	March 31, 2001	December 31, 2000
Capital lease obligations	26,558,661	–
Equipment loan	–	23,325,655
Less: Current portion	3,660,907	2,996,209
	22,897,754	20,329,446

During the quarter ended March 31, 2001, the Company restructured its financing arrangement by entering into long-term capital lease obligations totaling \$27.0 million, of which, \$23.3 million was used to repay the outstanding equipment loan. The capital lease obligations bear interest at an average rate of 8.15% per annum, repayable on a monthly basis amortized over a seven-year term. The capital lease obligations contain no financial covenants and are secured by a pledge of specific assets.

### NOTE 4 – SHARE CAPITAL

The issued and outstanding common shares of the Corporation along with securities convertible into common shares are as follows:

	March 31, 2001	December 31, 2000
Issued and outstanding:		
Common shares	16,348,511	16,134,486
Securities convertible into common shares:		
Employee stock options	1,269,800	1,275,625
Common Share Purchase Warrants	200,000	200,000
	17,818,311	17,610,111



#### **BOARD OF DIRECTORS**

Kenneth M. Bagan <sup>(1) (2)</sup>  
General Counsel, Tesco Corporation

Gary R. Bugeaud <sup>(2)</sup>  
Partner, Burnet, Duckworth & Palmer

Murray L. Cobbe  
President and Chief Executive Officer

Donald R. Luft  
Senior Vice President, Operations and  
Chief Operating Officer

Douglas F. Robinson <sup>(1) (2)</sup>  
Chairman and Chief Executive Officer  
Integrated Production Services Ltd.

Victor J. Stobbe <sup>(1)</sup>  
President, American Leduc Petroleums Limited

#### **OFFICERS**

Murray L. Cobbe  
President and Chief Executive Officer

Donald R. Luft  
Senior Vice President, Operations and  
Chief Operating Officer

Michael G. Kelly, C.A.  
Vice President, Finance, Chief Financial Officer  
and Corporate Secretary

Dale M. Dusterhoft  
Vice President, Technical Services

David L. Charlton  
Vice President, Sales & Marketing

Michael A. Baldwin, C.A.  
Manager, Finance

Nadine Godlonton, C.G.A.  
Controller

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

#### **CORPORATE OFFICE**

Trican Well Service Ltd.  
2900, 645 - 7th Avenue S.W.  
Calgary, Alberta T2P 4G8

Telephone: (403) 266-0202  
Facsimile: (403) 237-7716  
Website: [www.trican.ca](http://www.trican.ca)

#### **AUDITORS**

KPMG LLP, Chartered Accountants  
Calgary, Alberta

#### **SOLICITORS**

Burnet, Duckworth & Palmer  
Calgary, Alberta

#### **BANKERS**

Royal Bank of Canada  
Calgary, Alberta

#### **REGISTRAR AND TRANSFER AGENT**

Computershare Trust Company of Canada  
Calgary, Alberta

#### **STOCK EXCHANGE LISTING**

The Toronto Stock Exchange  
Trading Symbol: TCW

#### **INVESTOR RELATIONS INFORMATION**

Requests for information should be directed to:

Murray L. Cobbe  
President and Chief Executive Officer

Michael G. Kelly, C.A.  
Vice President, Finance, Chief Financial Officer and  
Corporate Secretary