



## MANAGEMENT'S DISCUSSION AND ANALYSIS – THIRD QUARTER 2017

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This management discussion and analysis (“**MD&A**”) is dated November 1, 2017. It should be read in conjunction with the condensed consolidated interim financial statements and notes of Trican Well Service Ltd. (“**Trican**” or the “**Company**”) as at and for the three and nine months ending September 30, 2017 and 2016 as well as the audited consolidated financial statements and notes as at and for the years ended December 31, 2016 and 2015. Additional information relating to the Company, including the Company’s Annual Information Form (“**AIF**”) for the year ended December 31, 2016, is available online at [www.sedar.com](http://www.sedar.com).

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

The financial results for the three and nine months ended September 30, 2017 include the results of Trican’s business and the results of Canyon Services Group Inc. (“**Canyon**”). Canyon was acquired by Trican effective June 2, 2017 and is primarily a provider of fracturing services in addition to coil, remedial cement, nitrogen and fluid handling services.

**Non-GAAP Measures:** Trican makes reference to operating income / (loss), adjusted operating income / (loss), and adjusted general and administrative expenses. These measures are not recognized under IFRS and are considered non-GAAP measures. Management believes that, in addition to gross profit / (loss) and net income / (loss), operating income / (loss), adjusted operating income / (loss); and adjusted general and administrative expenses are useful supplemental measures. These financial measures are reconciled to IFRS measures in the Quarterly Financial Review and *Non-GAAP Measures* section of this MD&A.

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

**Risks and Forward-Looking Statements:** The Company’s financial and operational performance is potentially affected by a number of factors, including, but not limited to the factors described in the *Business Risks* section of this MD&A 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 of this MD&A for information on material risk factors and assumptions underlying our forward-looking information.

## OVERVIEW

Headquartered in Calgary, Alberta, Trican has continuing operations in Canada which provide a comprehensive array of specialized products, equipment and services that are used during the exploration and development of oil and gas reserves provided by a highly-trained workforce dedicated to safety and operational excellence. The Company also has a minority ownership interest in Keane Group Holdings, LLC (“Investments in Keane”), a Delaware limited liability company whose only asset is common shares in Keane Group, Inc. (“Keane”), a New York Stock Exchange Listed company that operates in the United States.

The following MD&A focuses on the financial and operating results for Trican’s continuing operations. For further details related to Trican’s discontinued operations in Canada (related to the completion tools services), Russia (related to pressure pumping operations and completion tools services), United States (related to pressure pumping operations and completion tools services), Australia, Algeria, Kazakhstan, Norway and Saudi Arabia, please refer to the discontinued operations section of the MD&A and the unaudited interim consolidated financial statements and accompanying notes, as at and for the three and nine month periods ended September 30, 2017.

### Continuing Operations – Financial Review <sup>1,2</sup>

	Three months ended			Nine months ended	
	September 30, 2017	September 30, 2016	June 30, 2017	September 30, 2017	September 30, 2016
(\$ millions, except per share amounts; job count; proppant <sup>2</sup> (thousands); and HHP <sup>2</sup> (thousands); unaudited)					
Revenue	\$362.8	\$78.0	\$137.2	\$649.4	\$210.4
Gross profit / (loss)	83.7	(13.7)	(0.4)	101.2	(73.5)
Operating income / (loss) <sup>1</sup>	92.1	(6.8)	(4.0)	110.8	(62.4)
Adjusted operating income / (loss) <sup>1</sup>	98.0	(3.2)	12.2	136.3	(38.5)
Net income / (loss)	46.9	(14.7)	8.1	6.1	(97.7)
Per share – basic	\$0.14	(\$0.08)	\$0.03	\$0.02	(\$0.59)
Per share – diluted	\$0.13	(\$0.08)	\$0.03	\$0.01	(\$0.59)
Job count <sup>2</sup>	3,200	2,515	2,267	9,021	6,291
Proppant pumped (tonnes) <sup>2</sup>	563	232	293	1,091	405
Canadian Segment Hydraulic Pumping Capacity	680	440	680	680	440
Active crewed HHP <sup>2</sup>	425	176	375	425	176
Active, maintenance/not crewed HHP <sup>2</sup>	140	44	101	140	44
Parked HHP <sup>2</sup>	115	220	204	115	220

(\$ millions)	As at September 30, 2017	As at December 31, 2016
Cash and cash equivalents	\$24.0	\$20.3
Working capital <sup>1</sup>	\$204.4	\$103.6
Total loans and borrowings	\$174.1	\$221.6
Total assets	\$1,591.8	\$915.4

<sup>1</sup> See *Non-GAAP Measures* described on page 16 of this MD&A.

<sup>2</sup> See *Common Industry Terms*

## THIRD QUARTER HIGHLIGHTS

- Consolidated revenue from continuing operations for Q3 2017 was \$362.8 million, an increase of 365% compared to Q3 2016.
- An increase in fracturing intensity led to significant growth in the volume of proppant pumped this quarter, increasing 143% when compared to the same period last year.
- Adjusted operating income<sup>1</sup> for the quarter was \$98.0 million, compared to a \$3.2 million adjusted operating loss in Q3 2016.
- Net income of \$46.9 million (\$0.14 per share – basic), compared to \$14.7 million net loss in Q3 2016 (loss of \$0.08 per share).
- Exited Q3 2017 with all of our manned equipment fully utilized. We expect full utilization to carry forward through the rest of 2017 and into the beginning of 2018.

Utilization of our manned equipment remained at or near full utilization through Q3 2017. The increase in activity and fracturing intensity saw Trican pump substantially more proppant<sup>1</sup> in Q3 2017 relative to both Q2 2017 and Q3 2016. This resulted in the Company generating revenue, adjusted operating income<sup>1</sup> and net income, significantly ahead of Q3 2016 levels. The significant increase in all financial and operating metrics were primarily a result of full utilization levels on manned equipment, pricing increases (as disclosed in our second quarter MD&A), cost savings from Canyon-Trican combination synergies, and the positive impact of a full quarter of the integration of Canyon's operations.

During the third quarter of 2017, Trican received approval from the Toronto Stock Exchange to purchase its own common shares, for cancellation, in accordance with a Normal Course Issuer Bid ("NCIB") that expires on October 2, 2018. There were no common shares purchased through the NCIB during the third quarter of 2017. Subsequent to September 30, 2017, the Company has purchased and cancelled 2,208,500 common shares at a weighted average price per share of \$4.48.

## OUTLOOK

Our outlook remains relatively unchanged from our second quarter MD&A dated August 10, 2017, except that we now anticipate strong demand for our services will continue beyond 2017 and into the first half of 2018. Fourth quarter activity levels in our fracturing business remain robust, driven by high fracturing intensity and customer work programs planned in the quarter. Crew and equipment utilization continues to remain at or near our current capacity levels, and all existing crews are effectively booked through to the 2018 spring break up, and certain significant customers are currently planning to remain active even through Q2 2018. Our crewed cement, coil and other service lines are also fully utilized and we anticipate no slowdown in these service lines until spring breakup. The only modest activity changes we anticipate in Q4 2017 are typical seasonal slow-downs and weather delays, of which, there were very few during Q3 2017. At current commodity prices, our customers continue to indicate that the economics of their capital investment into completions will result in 2018 activity remaining very busy and consistent with 2017.

Finding qualified personnel remains difficult, however, we continue to add personnel as we have been steadily hiring throughout 2017. Many personnel are new to the industry, which increases the training time required before they can be fully integrated into regular operations. Once trained, personnel are being added to established crews as we respond to the increase in fracturing intensity by adding equipment to our existing fleets. We activated additional horsepower during the quarter and exited Q3 2017 with 425,000 active and manned HHP, and 140,000 HHP which is unmanned or down for scheduled maintenance. We anticipate that there will be one additional fracturing crew activation in Q1 2018. With plans to activate an additional 4 crews

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<sup>1</sup> See *Non-GAAP Measures* described on page 16 of this MD&A.

throughout the remainder of 2018. We also expect to add 3 cement units to our fleet during Q4 2017 to prepare for the anticipated first quarter demand.

Despite requiring only nominal capital to re-activate equipment, activations will only continue if pricing can be secured for this equipment at the leading edge of our pricing, which would provide Trican with rates of return in excess of our cost of capital. Trican secured market price increases in Q3 2017, and expects only to increase prices in Q4 2017 for the cost of inflation. We will focus on improving customer returns through increasing our operational efficiency which in turn, improves our utilization and financial returns. We have been successful in using our purchasing power to minimize the effect of supply chain cost increases, and continue to work with vendors to reduce costs and increase efficiencies. We expect pressure on labour costs to continue. Effective August 1, 2017, we harmonized Trican and Canyon field operations personnel compensation levels which resulted in an increase to our average labour rates.

The integration of Canyon continues to proceed as expected. Personnel and equipment have been rebalanced across all our bases, maximizing operating efficiency and reducing the fixed cost structure of the combined fleets. At the time of the Canyon acquisition we anticipated \$20 to \$40 million of annualized synergies, of which, we have realized \$21 million of annualized cost synergies to date (Q2 2017 - \$18 million). This amount will increase as the integration of Canyon deepens across all aspects of our business, and further redundancies and savings are realized in real estate and IT systems.

The Company's short term objectives remain essentially unchanged from the prior quarter:

- Personnel recruitment: increasing our headcount to reactivate idled equipment to service excess customer demand.
- Managing cost inflation: minimizing the effects of increasing pressure pumping activity will have on the Company's ongoing cost of operating.
- Optimization of our capital structure: debt repayment, credit renegotiation and share repurchases under our NCIB program.
- Driving efficiency: using our scale to further optimize our field operations to improve our clients and our economic returns.

Our strong financial position will allow us to pursue our long term objectives:

- Seek out attractive investment activities that will add both long-term value on a per share basis and diversify our reliance on activity tied directly to drilling and completion activity.

#### *2017 Capital Expenditures*

The Company approved a modest increase of \$5.9 million to its 2017 capital budget for maintenance and now expects to spend approximately \$11 million on capital equipment during the last quarter of 2017 and into the first quarter of 2018. The capital expenditures are selectively targeted at equipment that will assist in improving Trican's operational efficiencies. The Company continues to see an increase to maintenance capital expenditures as the intensity of hydraulic fracturing increases; however, we believe that current pricing levels reflect this anticipated increase in fracturing intensity.

## CONTINUING OPERATIONS – COMPARATIVE QUARTERLY INCOME STATEMENTS <sup>1,2</sup>

(\$ thousands, except tonnes, unaudited)						
Three months ended	Sept 30, 2017	% of Revenue	Sept 30, 2016	% of Revenue	June 30, 2017	% of Revenue
<b>Revenue</b>	<b>362,817</b>	<b>100%</b>	78,045	100%	137,197	100%
<b>Expenses</b>						
Materials and operating <sup>1</sup>	246,393	68%	76,552	98%	118,178	86%
General and administrative <sup>1</sup>	24,276	7%	8,262	11%	23,030	17%
Operating income / (loss) <sup>1</sup>	92,148	25%	(6,769)	(9%)	(4,011)	(3%)
Finance costs	3,998	1%	4,334	6%	2,867	2%
Depreciation and amortization	33,157	9%	16,423	21%	21,882	16%
Foreign exchange loss	2,520	1%	394	1%	3,228	2%
(Gain) on investments in Keane	(6,420)	(2%)	-	-%	(46,332)	(34%)
Asset impairment	-	-%	1,999	3%	-	-%
Finance and other income	(847)	-%	(2,905)	(4%)	(911)	(1%)
Income / (loss) before income taxes	59,740	16%	(27,014)	(35%)	15,255	11%
Income tax expense / (recovery)	12,827	4%	(12,268)	(16%)	7,200	5%
<b>Net income / (loss) – Continuing Operations</b>	<b>46,913</b>	<b>13%</b>	<b>(14,746)</b>	<b>(19%)</b>	<b>8,055</b>	<b>6%</b>
Adjusted operating income / (loss) <sup>1</sup>	98,045	27%	(3,212)	(4%)	12,249	9%
Gross profit / (loss) <sup>1</sup>	83,724	23%	(13,650)	(17%)	(350)	-%
Job count <sup>2</sup>	3,200		2,515		2,267	
Revenue per job <sup>1</sup>	113,816		30,634		59,878	
Proppant pumped (tonnes) <sup>2</sup>	563,000		232,000		293,000	

The above financial results reflect the acquisition of Canyon for the full quarter, therefore, financial results, when compared to prior periods, will be affected by the addition of Canyon effective June 2, 2017.

### Sales Mix

Three months ended, (unaudited)	Sept 30, 2017	Sept 30, 2016	June 30, 2017
<b>% of Total Revenue</b>			
Fracturing	74%	56%	71%
Cementing	12%	28%	14%
Fluid Management	4%	-%	2%
Coil Tubing	4%	3%	2%
Nitrogen	4%	2%	2%
Acidizing	1%	4%	2%
Industrial Services	1%	5%	5%
Other	-%	2%	2%
Total	100%	100%	100%

### Third Quarter 2017 Overview (compared to prior year)

#### Revenue

The impact of a full quarter of operations for Canyon, continued strong customer demand, efficiencies realized from the Trican-Canyon combination, increased pricing and favourable weather and operating conditions, resulted in revenue increasing by 365% from the third quarter of 2016. An improved economic environment for our customers resulted in an increase to the WCSB<sup>2</sup> rig count of 165% in Q3 2017 compared to Q3 2016. The higher rig count resulted in strong demand for completions activity, allowing Trican to achieve nearly full

<sup>1</sup> See *Non-GAAP Measures* described on page 16 of this MD&A.

<sup>2</sup> See *Common Industry Terms*

utilization of our personnel and manned equipment in Q3 2017 relative to the same period in 2016. This is evidenced by a 27.2% increase in job count<sup>1</sup>. The undersupply of manned fracturing equipment in the WCSB<sup>1</sup> allowed Trican to increase pricing, and combined with larger job sizes, resulted in an increased revenue per job<sup>2</sup>. The change in sales mix between periods resulted from the full quarter addition of Canyon's equipment which was more heavily weighted to fracturing operations, and relatively larger pricing increases in fracturing compared to other service lines.

#### *Operating Expenses*

Materials and operating expenses decreased to 68% of revenue compared to 98% of revenue for the same period in 2016. The significant improvement in operating leverage is due to pricing improvement, increased activity and fracturing intensity, a positive impact of realized synergies from the Canyon acquisition, a lower fixed cost structure and the fact that certain clients supply their own proppant.

#### *Administrative Expenses*

Administrative expenses increased for the period primarily due to the full quarter impact from the Canyon acquisition plus severance and personnel costs related to the Transaction. Cost reduction initiatives that occurred throughout 2017 were offset by the increase in adjusted administrative expenses<sup>2</sup> resulting from the addition of the acquired Canyon business, higher employee bonus expenses and the increase in cash-settled share-based compensation expenses. 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*

Net income, gross profit and adjusted operating income<sup>2</sup> in Q3 2017 increased to \$46.9 million, \$83.7 million and \$98.0 million, respectively, when compared to the same period last year. This reflects a significant improvement in pricing and activity levels, the acquisition of Canyon, and an improved fixed cost structure.

### **Third Quarter 2017 Other Expenses and Income (compared to prior year)**

#### *Finance costs*

Finance costs for the third quarter of 2017 decreased 8% when compared to the same period of 2016. This decrease is mainly due to the decrease in interest expense on loans, due to lower average borrowings, lower impact of debt issue expenses, and lower bank fees associated with debt agreement renegotiations.

#### *Depreciation and Amortization*

Depreciation and amortization expense increased during Q3 2017 compared to Q3 2016 as a result of the recognition of amortization expense associated with equipment and intangible assets originating from the Canyon acquisition. In particular, the Company recognized approximately \$4.6 million associated with the amortization of certain intangibles that were depreciated over a 4-month period.

#### *Foreign Exchange*

A foreign exchange loss of \$2.5 million has been recorded in the third quarter of 2017, compared to \$0.4 million loss recorded for the same period in 2016. The Canadian dollar on average, strengthened 8% during the quarter and the foreign exchange loss related to the Company's investments in Keane largely explains the loss recorded during the quarter. The translation of the net assets of international entities are reported in discontinued operations.

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<sup>1</sup> See *Common Industry Terms*

<sup>2</sup> See *Non-GAAP Measures* described on page 16 of this MD&A.

### *Income Taxes*

The Company recorded an income tax expense of \$12.8 million during the third quarter of 2017 compared to a recovery of \$12.3 million for the same period of 2016. The increase for the quarter was a result of the Company generating taxable income.

### *Gain/Loss on Investments in Keane*

During the third quarter of 2017, the Company recorded \$6.4 million of unrealized gains. See *Investments in Keane* for further discussion.

### *Other Comprehensive Income*

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. OCI also includes the change in fair value, net of tax, of Trican's Class A shares held as part of its Equity Interest in Keane adjusted by the reclassification to net income for realized gains on the Class A shares. Class A Shares have been classified as available-for-sale.

The Company incurred other comprehensive loss of \$0.8 million during the third quarter of 2017, compared to income of \$13.0 million during the comparative period. The loss included the net unrealized loss on Trican's Equity Interest in Keane which was \$1.2 million, and foreign currency translation gain of \$0.4 million.

### **Third Quarter 2017 Summary (compared with second quarter 2017)**

The impact of a full quarter of Canyon operations, continued strong demand, and favourable weather conditions after spring breakup, resulted in a 164% increase in revenue when compared with the second quarter of 2017. The strong demand for fracturing services was underpinned by a backlog of customer work programs carrying over from the first half of 2017, as well as a stabilization of commodity prices at more economical levels for our customers. Trican continued to see an increase in the size of jobs, and total proppant pumped increased by 196% over Q2 to 575,000 tonnes. Cementing services also increased as the rig count increased by 166% following the usual decline during the second quarter spring break up period.

The robust operating environment allowed Trican to increase pricing. The average revenue per job increased 90% due to an increase in job size and pricing.

### **THIRD QUARTER DISCONTINUED OPERATIONS (COMPARED TO PRIOR YEAR)**

Discontinued operations include the results of pressure pumping operations in the United States and International operations, which were suspended or sold throughout 2015 and 2016. Additionally, discontinued operations include the completion tools business, which was sold in July 2016. The completion tools business had operations in Canada, the United States, Norway and Russia. The decisions to discontinue these businesses are not anticipated to have a significant effect on the continuing operations of the Company.

Discontinued operations for the third quarter of 2017 include revenues of \$0.4 million compared to \$3.9 million of revenues for the third quarter of 2016. The net loss from discontinued operations was \$nil in the third quarter of 2017, compared to a net loss for the three month period ended September 30, 2016 of \$23.2 million.

Management continues its efforts to wind up foreign operations resulting in assets being classified as held for sale. During the third quarter of 2017, the Company dissolved its operations in Colombia. At September 30, 2017, the net carrying value of the assets and liabilities located in these regions was \$3.7 million. The Company also had assets held for sale with a net carrying value of \$3.2 million in continuing operations which consisted mainly of real estate property.

Results from discontinued operations have not been included in the tables above. For information related to Trican's discontinued operations, please see the unaudited interim consolidated financial statements for the

three and nine months ended September 30, 2017, as well as the audited annual consolidated financial statements and accompanying notes, and the MD&A for the year ended December 31, 2016.

## CONTINUING OPERATIONS – COMPARATIVE YEAR-TO-DATE INCOME STATEMENTS <sup>1, 2</sup>

(\$ thousands, except tonnes, unaudited)						
Nine months ended	Sept 30,	% of	Sept 30,	% of	Year-Over	
	2017	Revenue	2016	Revenue	-Year Change	% Change
<b>Revenue</b>	<b>649,417</b>	<b>100%</b>	210,411	100%	439,006	209%
<b>Expenses</b>						
Materials and operating <sup>1</sup>	<b>481,782</b>	<b>74%</b>	231,729	110%	250,052	108%
Administrative expenses <sup>1</sup>	<b>56,825</b>	<b>9%</b>	41,053	20%	15,772	38%
Operating income / (loss) <sup>1</sup>	<b>110,810</b>	<b>17%</b>	(62,371)	(30%)	173,182	(278%)
Finance costs	<b>10,594</b>	<b>2%</b>	21,361	10%	(10,767)	(50%)
Depreciation and amortization	<b>70,294</b>	<b>11%</b>	54,158	26%	16,136	30%
Foreign exchange (gain) / loss	<b>4,516</b>	<b>1%</b>	3,389	2%	1,127	33%
(Gain) / loss on investments in Keane	<b>(755)</b>	<b>-%</b>	-	-%	(755)	100%
Asset impairment	<b>-</b>	<b>-%</b>	1,999	1%	(1,999)	(100%)
Finance and other income	<b>(4,618)</b>	<b>(1%)</b>	(3,931)	(2%)	(687)	17%
Income / (loss) before income taxes	<b>30,779</b>	<b>5%</b>	(139,347)	(66%)	170,127	(122%)
Income tax expense/(recovery)	<b>24,664</b>	<b>4%</b>	(41,686)	(20%)	69,550	(167%)
<b>Net income / (loss)</b>	<b>6,115</b>	<b>1%</b>	(97,661)	(46%)	100,577	(103%)
Adjusted operating income / (loss) <sup>1</sup>	<b>136,324</b>	<b>21%</b>	(38,480)	(18%)	174,804	(454%)
Gross profit / (loss) <sup>1</sup>	<b>101,199</b>	<b>16%</b>	(73,468)	(35%)	174,667	(238%)
Job count <sup>2</sup>	<b>9,021</b>		6,291		2,730	43%
Revenue per job <sup>1</sup>	<b>76,425</b>		33,146		43,279	131%
Proppant pumped (tonnes) <sup>2</sup>	<b>1,091,000</b>		405,000		686,000	169%

The above financial results reflect the acquisition of Canyon and include revenue and expenses for the period from June 2, 2017 to September 30, 2017. Financial results, when compared to prior periods, will be affected by the addition of Canyon on June 2, 2017. The addition of Canyon contributed \$224.4 million of revenue to continuing operations of Trican for the nine months ended September 30, 2017.

### Nine Months of 2017 Overview (compared to prior year)

#### Revenue

Strong demand for the Company's services resulted in revenues increasing by 209% when compared with the prior period. An improvement in the commodity price environment resulted in an increase of the WCSB rig count by 181%, resulting in increased demand for our services. Outside of spring break up, utilization has been at or near full capacity during this period, leading to an increase in job count<sup>2</sup> by 43% when compared to the same period last year. With the improvement in operating conditions, we were able to increase pricing over the prior year. This pricing increase, combined with a shift in the sales mix to fracturing, which has larger job sizes, led to a 131% increase in revenue per job<sup>2</sup> compared to the prior year.

#### Operating Expenses

Materials and operating expenses primarily relate to product (proppant and chemicals), personnel, and maintenance. Expenses decreased to 74% of revenue compared to 110% for the same period in 2016. The significant improvement in operating leverage is due to pricing improvement, increased activity, synergies

<sup>1</sup> See *Non-GAAP Measures* described on page 16 of this MD&A.

<sup>2</sup> See *Common Industry Terms*



realized from the Canyon acquisition, a lower fixed cost structure and the fact that certain clients supply their own proppant.

#### *Administrative Expenses*

Administrative expenses increased 38% for the period primarily due to the acquisition of Canyon, and related transaction and severance costs, and the Keane Indemnity Claim (see *Other Commitments and Contingencies*). Adjusted administrative expenses<sup>1</sup> for the nine months ended September 30, 2017, increased to \$31.3 million compared to \$12.3 million the same period last year. Cost reduction initiatives that occurred throughout 2016 offset the increase in adjusted administrative expenses<sup>1</sup> resulting from additional administrative costs needed to operate the acquired Canyon business.

#### *Overall Results Summary*

Gross profit and adjusted operating income<sup>1</sup> for the nine months ended September 30, 2017, increased by \$174.7 million and \$174.8 million, respectively, when compared to the same period last year. Net income for the nine months ended September 30, 2017, was \$6.1 million compared to a net loss of \$97.7 million for the same period last year. This reflects a significant improvement in pricing and activity, the acquisition of Canyon, a gain in the current period from investments in Keane, an improved fixed cost structure offset by Canyon acquisition costs.

### **Nine Months of 2017 Other Expenses and Income (compared to prior year)**

#### *Finance costs*

Finance costs for the nine months ended September 30, 2017, decreased \$10.8 million when compared to the same period of 2016. This decrease is mainly due to the decrease in interest expense on loans, average borrowings, and borrowing fees.

#### *Depreciation and Amortization*

Depreciation and amortization expense of \$70.3 million increased 30% for the nine months ended September 30, 2017, compared to the same period of 2016. The increase in depreciation and amortization is primarily due to the acquisition of the Canyon assets.

#### *Foreign Exchange*

A foreign exchange loss of \$4.5 million has been recorded for the nine months ended September 30, 2017, compared to a loss of \$3.4 million for the same period in 2016. This is mostly due to foreign exchange losses related to the Company's investments in Keane. The foreign currency translation of the net assets of international entities are reported in discontinued operations.

#### *Income Taxes*

The Company recorded an income tax expense of \$24.7 million during the nine months ended September 30, 2017, compared to an income tax recovery of \$41.7 million for the same period of 2016. The higher than anticipated tax rate during the first nine months of 2017 is due to non-deductibility of equity settled stock based compensation, non deductibility of certain advisory fees in relation to the Canyon transaction, and due to the transfer of deferred income tax expense from OCI to net income in relation to the Company's realized gain on its investment in Keane. U.S. tax losses are recognized within net income when the initial Keane unrealized gain is recorded in OCI (see *Investments in Keane* for further discussion).

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<sup>1</sup> See *Non-GAAP Measures* described on page 16 of this MD&A.

### *Gain/Loss on Investments in Keane*

The Company recorded a gain of \$0.8 million during the nine months ended September 30, 2017. See *Investments in Keane* for further discussion.

### *Other Comprehensive Income*

OCI includes the effects of FCTA, adjusted by the reclassification of FCTA to net income for entities that have been sold or substantially disposed. OCI also includes the change in fair value, net of tax, of Trican's Class A shares held as part of its Investments in Keane, adjusted by the reclassification to net income for realized gains on the Class A shares. Class A shares have been classified as available-for-sale.

The Company had other comprehensive loss of \$24.8 million during the nine months ended September 30, 2017, compared to loss of \$57.1 million during the same period of 2016. The loss included the net unrealized loss on Trican's Equity Interest in Keane which was \$25.4 million, and foreign currency translation gain of \$1 million.

## **LIQUIDITY, CAPITAL RESOURCES AND FUTURE OPERATIONS**

### **Operating Activities**

Cash flow from continuing operating activities was \$39.6 million during the nine months ended September 30, 2017, compared to cash flow used in continuing operations for the nine months ended September 30, 2016, of \$22.1 million. The net increase in cash flows provided by continuing operations was due to strong operational activity (see *Continuing Operations – Comparative Year-to-Date Income Statements*) offset by funds used in working capital<sup>1</sup>.

At September 30, 2017, Trican had working capital of \$199.2 million compared to \$114.1 million at the end of 2016. The significant increase in working capital is due to the dramatic increase in activity experienced during the first nine months of 2017.

### **Investing Activities**

During the nine months ended September 30, 2017, Trican sold its National Oilwell Varco Inc. ("NOV") shares and monetized a portion of the Investments in Keane. Trican obtained net proceeds of approximately US\$21.4 million (\$28.0 million) for the sale of its NOV shares and US\$28.4 million (\$37.8 million) from the sale of shares in the secondary offering of the Keane Initial Public Offering ("IPO"). The combined net proceeds of approximately US\$49.8 million or \$65.8 million were used to pay down debt. Trican continues to hold Investments in Keane. (see *Investments in Keane* for further discussion of this investment).

The Company acquired all of the issued and outstanding shares of Canyon by issuing 152.5 million common shares to Canyon shareholders. The financial statement components of Canyon recognized by Trican are described in note 5 of the condensed consolidated interim financial statements.

Capital expenditures related to continuing operations for the quarter ended September 30, 2017, totaled \$10 million, compared with \$0.4 million for the third quarter of 2016. Proceeds from the sale of Property and Equipment totaled \$0.9 million during the quarter, compared with proceeds of \$0.7 million for the quarter ended September 30, 2016. Capital expenditures continue to be controlled while operating conditions and cash flows improve. 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* section of this MD&A for a description of the remaining 2017 anticipated capital expenditure program).

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<sup>1</sup> See *Non-GAAP Measures* described on page 16 of this MD&A.

## Financing Activities

### Senior Notes

The Company has several series of senior notes outstanding as at September 30, 2017. During the first quarter, Trican repaid US \$8.8 million, retiring in advance portions of its Series F and G Senior Notes using proceeds from the sale of its marketable securities.

During the third quarter, Trican repaid US \$1.4 million on Series A, F, G and \$0.3 million on Series D and H of PIK interest on its Senior Notes. Trican also repaid US \$0.4 million on Series A, F, G and \$0.1 million on Series D and H of Capitalized Interest on its Subordinated Make-Whole Senior Notes. Additionally, the Company repaid \$5.2 million on its Revolving Credit Facility.

### Revolving Credit Facility

As at September 30, 2017, Trican has a \$227.3 million (December 31, 2016 - \$250 million) extendible revolving credit facility ("RCF") with a syndicate of banks that is committed until October 31, 2018. The RCF is secured and bears interest at the applicable Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 350 to 625 basis points (December 31, 2016 – Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 350 to 625 basis points), dependent on certain financial ratios of the Company. The undrawn amount of the RCF is \$121.3 million of which, \$119.0 million is accessible as at September 30, 2017 (December 31, 2016 - \$110 million).

As at September 30, 2017, Trican has a \$10 million (December 31, 2016 - \$10 million) Letter of Credit facility with its syndicate of banks. As at September 30, 2017, Trican had \$2.3 million in letters of credit outstanding (December 31, 2016 - \$5.1 million).

The Company is required to comply with covenants that are applicable to the RCF and to the Senior Notes. Trican is required to comply with the following leverage and interest coverage ratio covenants:

For the quarter ended	Leverage Ratio	Interest Coverage Ratio	Calculation Basis
September 30, 2017	<5.0x	>2.0x	$((Q1 + Q3) \times 3/2) + Q2$
December 31, 2017	<4.0x	>2.5x	Last twelve months
Thereafter	<3.0x	>3.0x	Last twelve months

During the quarter ended September 30, 2017, 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 long-term debt excluding Subordinated Make Whole Notes minus cash divided by adjusted EBITDA. As at September 30, 2017, the Leverage Ratio was 0.6 (December 31, 2016 – not applicable).

The Interest Coverage Ratio is defined as adjusted EBITDA divided by interest expense minus payable in-kind interest. As at September 30, 2017, the Interest Coverage Ratio was 23.6 (December 31, 2016 – not applicable).

Certain non-cash expenses and personnel based expenses such as severance are permitted to be added back to EBITDA to arrive at adjusted EBITDA for covenant calculation purposes.

### Share Capital

As at November 1, 2017, Trican had 344,523,720 common shares and 11,006,685 employee stock options outstanding.

### *Normal Course Issuer Bid*

On September 28, 2017, the Company implemented a NCIB, commencing October 3, 2017, to purchase up to 34.27 million common shares for cancellation before October 2, 2018.

All purchases will be made at the prevailing market price at the time of purchase and will be subject to a maximum daily purchase volume of 458,628 (being 25% of the average daily trading volume of the common shares for the six months ending August 31, 2017) except as otherwise permitted under the TSX NCIB rules. All common shares purchased under the NCIB will be returned to treasury and cancelled.

For the nine months ended September 30, 2017, there were no shares repurchased through the NCIB. Subsequent to September 30, 2017, the Company has purchased and cancelled 2,208,500 common shares at a weighted average price per share of \$4.48.

### **Other Commitments and Contingencies**

The Company has commitments for operating lease agreements, primarily for office space, with minimum payments due as of September 30, 2017, and capital commitments, primarily related to major equipment as follows:

September 30, 2017	Payments due by period			Total
	1 year or less	1 to 5 years	5 years and thereafter	
Trade and other payables	\$147,593	\$-	\$-	\$147,593
Senior Notes (including interest)	32,229	38,349	5,887	76,465
RCF (including interest)	5,558	112,021	-	117,579
Finance leases	1,457	5,134	-	6,591
Operating leases	5,075	9,312	8,748	23,135
<b>Total Commitments</b>	<b>\$191,912</b>	<b>\$164,816</b>	<b>\$14,635</b>	<b>\$371,363</b>

December 31, 2016	Payments due by period			Total
	1 year or less	1 to 5 years	5 years and thereafter	
Trade and other payables	\$87,239	\$-	\$-	\$87,239
Senior Notes (including interest)	14,697	80,493	5,961	101,151
RCF (including interest)	10,348	154,020	-	164,368
Finance leases	717	264	-	981
Operating leases	4,641	9,838	8,324	22,803
<b>Total Commitments</b>	<b>\$117,642</b>	<b>\$244,615</b>	<b>\$14,285</b>	<b>\$376,542</b>

In addition to the above commitments, the Company has committed to capital expenditures of \$9.8 million, see Outlook for further discussion of the Company's 2017 capital program.

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

### *Indemnity Claim*

During Q3 2016, Keane delivered an Indemnity Claim stating that Trican owes Keane \$4.0 million (US\$3.0 million) due to losses incurred by Keane for assets purchased that were not in good operating condition. Management reached an agreement and settled the claim for \$2.8 million (US\$2.1 million) on June 16, 2017. The amount was recognized within administrative expenses.

### *Other Litigation*

On August 25, 2015, a class action lawsuit was filed on behalf of 29 plaintiffs against Trican Well Service, LP. The claim alleges that Trican misclassified the plaintiffs' position as "exempt" from overtime wages from

February 2011 to August 2015, resulting in a loss of overtime wages during this period. The plaintiffs claim that the potential damages as a result of this claim could reach US\$2.2 million.

On January 13, 2016, a class action lawsuit was filed on behalf of 11 plaintiffs against Trican Well Service, LP. The claim alleges that Trican misclassified the plaintiffs' position as "exempt", resulting in a loss of overtime. The plaintiffs claim that the potential damages as a result of this claim could reach US\$3.3 million.

Given the information available at these early stages of these other litigation claims, management has not recorded any amount for the contingent liability associated with these claims based on our belief that a liability is not probable and any range of potential future charge cannot be reasonably estimated at this time.

The tax regulations and legislation in the various jurisdictions that the Company operates in are continually changing. As a result, there are usually some tax matters under review. Management believes that it has adequately met and provided for taxes based on the Company's interpretation of the relevant tax legislation and regulations.

## **INVESTMENTS IN KEANE**

The book value of Trican's Investments in Keane<sup>1</sup> as at September 30, 2017, was \$142.5 million (December 31, 2016 - \$231.0 million). The decrease is a result of net proceeds received of US\$28.4 million (\$37.8 million) from the sale of shares in the secondary offering of the Keane IPO resulting in a realized gain of \$24.5 million, and that Keane's share price at September 30, 2017, of US\$16.68 was down 12% from the IPO price of \$19.00. The decline in Keane's share price affected the valuation in two ways: first, a simple reduction in the overall underlying investment; and second, this reduction in value reduces our expected proceeds from the highest tranche for our investment in Class C shares. The share price has fluctuated significantly since the IPO, which highlights how the commodity price and oilfield services industry environment will likely drive significant volatility in the value of the investments for the duration of our ownership period. The timing of further liquidity events are largely under the control of Cerberus Capital Management ("Cerberus"), a private equity firm. Effective July 21, 2017, Investments in Keane were no longer subject to the hold period mandated by the Keane IPO. We believe that our interests are aligned with Cerberus to maximize value under a liquidation strategy.

For more information on our Investments in Keane, refer to our AIF dated March 29, 2017, and our annual MD&A and the notes to our audited financial statements for the year ended December 31, 2016, which are available under Trican's profile at [www.sedar.com](http://www.sedar.com).

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<sup>1</sup> "Investments in Keane" is a defined term that collectively refers to Trican's direct investments in Keane Group Holdings, LLC which was converted into Trican's direct investments in Keane Investor Holdings, LLC just prior to the initial public offering ("IPO") of Keane Group, Inc. Please refer to the "Investments in Keane" section of the Company's annual MD&A for the year ended December 31, 2016 for a detailed description of Trican's Investments in Keane.

## SUMMARY OF QUARTERLY RESULTS

	2017			2016				2015
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue from continuing operations	362.8	137.2	149.4	114.8	78.0	32.5	99.9	157.7
Profit / (loss) from continuing operations	46.9	8.1	(48.9)	56.9	(14.7)	(40.4)	(42.5)	(16.5)
Per share – basic	0.14	0.03	(0.25)	0.30	(0.08)	(0.26)	(0.29)	(0.11)
Per share – diluted	0.13	0.03	(0.25)	0.30	(0.08)	(0.26)	(0.29)	(0.11)
Profit / (loss) from discontinued operations	-	(2.2)	(1.3)	(4.1)	(23.4)	(24.7)	63.6	(289.6)
Per share – basic and diluted	-	(0.01)	(0.01)	(0.03)	(0.12)	(0.16)	0.43	(1.94)
Profit / (loss) for the period	46.2	5.9	(50.2)	52.8	(38.1)	(65.1)	20.9	(305.7)
Per share – basic	0.14	0.02	(0.26)	0.27	(0.20)	(0.42)	0.14	(2.05)
Per share – diluted	0.13	0.02	(0.26)	0.27	(0.20)	(0.42)	0.14	(2.05)

The downturn in commodity prices led to reduced activity and pricing in 2015 and 2016. The Company experienced losses from continuing operations as a result of the downturn, and the financial results included impairments of certain assets in Q4 2015, Q3 2016 and Q4 2016. In Q2 2016 and Q2 2017, lower revenues and loss were negatively impacted by seasonal weather related delays caused by the annual spring break-up<sup>1</sup>. During the fourth quarter of 2016, the Company started to see signs of improvement in activity and the Company recognized a significant income item related to its investment in Keane. The company began to realize improved pricing and activity levels in Q1 2017, and this trend continued to improve in Q3 2017.

### BUSINESS RISKS

A discussion of certain business risks faced by Trican may be found under the “Risk Factors” section of our AIF dated March 29, 2017, and “Business Risks” in our MD&A for the year ended December 31, 2016, which are available under Trican’s profile at [www.sedar.com](http://www.sedar.com).

In addition to the business risks described in the AIF and annual MD&A, the Company is currently integrating Canyon into its continuing operations and is therefore subject to business risks associated with these activities.

### TRICAN ESTIMATED COMBINED FINANCIAL RESULTS

The following tables summarize the combined operating results of Trican and Canyon for the nine months ended September 30, 2017. The calculated combined financial results are estimates and may not be representative of financial results had the Canyon acquisition actually occurred on January 1, 2017:

<sup>1</sup> See *Non-GAAP Measures* described on page 16 of this MD&A.

(\$ thousands; unaudited)	Nine months ended September 30, 2017 - Trican	Period from January 1, 2017 to June 1, 2017 - Canyon	Nine months ended September 30, 2017 - Combined
Revenue	649,417	213,291	862,708
Consolidated Gross Profit / (Loss) (IFRS financial measure)	101,199	23,238	124,437
Deduct:			
Administrative expenses	(60,683)	(19,735)	(80,418)
Add:			
Depreciation & amortization	3,858	3,268	7,126
Depreciation expense - cost of sales	66,436	19,124	85,560
Consolidated operating income	110,810	25,895	136,705
Add:			
Transaction costs	9,570	2,443	12,013
Amortization of debt issuance costs	1,958	-	1,958
Equity-settled share-based compensation	3,662	2,009	5,671
Keane indemnity claim	2,158	-	2,158
Severance costs	8,166	1,910	10,076
Adjusted operating income <sup>1</sup>	136,324	32,257	168,581

As part of the acquisition, the Company assumed \$43 million in long-term debt held by Canyon. For the period January 1, 2017 to June 2, 2017, Canyon would have contributed \$213.3 million of revenues and loss before taxes of \$8.1 million had the Transaction occurred on January 1, 2017. The additional revenue and net loss are estimates and may not be representative of the results had the acquisition actually occurred on January 1, 2017.

The Company incurred costs related to the acquisition of Canyon for the three and nine months ended September 30, 2017, of \$4.0 million and \$17.8 million, respectively. These costs mainly relate to due diligence, advisory and external legal fees as well as employee related expenditures. These costs have been recognized within administrative expenses on the consolidated statement of comprehensive income.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in Trican's internal control over financial reporting that occurred during the quarter ending September 30, 2017, which have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Management has limited the scope on the design of disclosure controls and procedures and internal control over financial reporting of Trican to exclude the controls, policies and procedures of Canyon. Canyon's balance sheet is included in the September 30, 2017, interim condensed financial statements of Trican. The scope limitation is in accordance with Section 3.3 of National Instrument 52-109, which allows an issuer to limit its design of internal control over financial reporting and disclosure controls and procedures to exclude the controls, policies and procedures of a company acquired not more than 365 days before the end of the financial period to which the certificate relates. Trican intends to complete the design of disclosure controls and procedures and internal control over financial reporting of Canyon by June 30, 2018. The table below summarizes the financial information for Canyon included in the September 30, 2017, unaudited interim condensed financial statements of Trican:

(\$ thousands)	Canyon
Current assets	144,580
Non-current assets	657,208
Current liabilities	64,628
Non-current liabilities	64,251
Revenue	224,444
Net income before tax	28,822

## NON-GAAP DISCLOSURE

Operating income / (loss), adjusted operating income / (loss) and adjusted administrative expenses do not have any standardized meaning as prescribed by IFRS and, therefore, are considered non-GAAP measures.

### Consolidated Gross Income (Loss) to Adjusted Consolidated Operating Income (Loss)

Operating income / (loss) and adjusted operating income / (loss) have been reconciled to gross profit / (loss), being the most directly comparable measures calculated in accordance with IFRS.

Adjusted operating income provides investors with an indication of operating income before equity-settled share-based compensation, amortization of debt costs, severance costs and excludes items that are significant but not reflective of our ongoing operations for the period. It provides investors with an indication of comparable operating income / (loss) between periods and provides an indication of measures used for debt covenant calculations.

(\$ thousands; unaudited)	Three months ended			Nine months ended	
	Sept 30, 2017	Sept 30, 2016	June 30, 2017	Sept 30, 2017	Sept 30, 2016
Consolidated gross (loss) / profit (IFRS financial measure)	<b>83,724</b>	(13,650)	(350)	<b>101,199</b>	(73,468)
Deduct:					
Administrative expenses	<b>(24,733)</b>	9,542	(25,543)	<b>(60,683)</b>	43,061
Add:					
Depreciation & amortization	<b>457</b>	1,897	2,513	<b>3,858</b>	6,833
Depreciation expense – cost of sales	<b>32,700</b>	14,526	19,369	<b>66,436</b>	47,325
Consolidated operating (loss) / income	<b>92,148</b>	(6,769)	(4,011)	<b>110,810</b>	(62,371)
Add:					
Transaction costs	<b>971</b>	-	6,737	<b>9,570</b>	-
Amortization of debt issuance costs	<b>653</b>	656	653	<b>1,958</b>	3,123
Equity-settled share-based compensation	<b>1,280</b>	670	1,539	<b>3,662</b>	2,133
Keane indemnity claim	-	-	2,158	<b>2,158</b>	-
Severance costs	<b>2,993</b>	2,231	5,173	<b>8,166</b>	18,513
Professional fees related to restructuring	-	-	-	-	122
Adjusted consolidated operating income / (loss)	<b>98,045</b>	(3,212)	12,249	<b>136,324</b>	(38,480)

### Adjusted Administrative Expenses

Adjusted administrative expenses have been reconciled to administrative expenses, being the most directly comparable measure calculated in accordance with IFRS.

Adjusted administrative expenses provides investors with an indication of cash administrative expenses that are excluding non-cash expenses and other significant expenses that management has determined are less reflective of our ongoing operations for the period. Therefore, adjusted administrative expenses is presented before equity-settled share-based compensation, amortization of debt costs, severance costs and Canyon acquisition costs. It provides investors with a more effective basis with which to measure period changes in standardized cash administrative expenses. In addition, it should assist investors in evaluating the calculation of adjusted EBITDA used in covenant calculations as described in Financing Activities section of this MD&A.



(\$ thousands, unaudited)	Three months ended			Nine months ended	
	Sept 30, 2017	Sept 30, 2016	June 30, 2017	Sept 30, 2017	Sept 30, 2016
<b>Three months ended,</b>					
Total Administrative Expenses	<b>24,276</b>	7,645	23,030	<b>56,825</b>	36,228
<b>Adjusted for:</b>					
Transaction Costs	<b>971</b>	-	6,737	<b>9,570</b>	-
Amortization of debt issuance costs	<b>653</b>	656	653	<b>1,958</b>	3,123
Equity-settled share-based compensation	<b>1,280</b>	670	1,539	<b>3,662</b>	2,132
Keane Indemnity Claim	-	-	2,158	<b>2,158</b>	-
Severance Costs	<b>2,993</b>	2,231	5,173	<b>8,166</b>	18,513
Professional Fees related to restructuring	-	-	-	-	122
Adjusted Administrative Expenses	<b>18,379</b>	4,088	6,770	<b>31,311</b>	12,338
Cash-settled share-based compensation	<b>2,769</b>	620	(879)	<b>1,756</b>	295

### 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 from similar measures used by other companies.

#### *Adjusted operating income %*

Adjusted operating % is determined by dividing Adjusted consolidated operating income by revenue from continuing operations.

#### *Synergies*

Synergies represent the Company's estimate of ongoing savings that can be achieved as a result of the Canyon Transaction. Synergies are generally measured on annual basis, but may be broken into specific periods of time.

#### *Transaction costs*

Transaction costs and/or Trican acquisition costs are costs incurred to assist in evaluating and completing the acquisition of Canyon, including legal, advisory and accounting related fees.

#### *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 customer requests its invoices.

#### *Working capital*

Working capital is calculated as current assets minus current liabilities, excluding cash and loans and borrowings.

#### *Trican estimated combined financial results*

Financial information is provided to assist the reader in understanding the financial effect of the Canyon acquisition if it occurred at the start of 2017 for purposes of evaluating the business. The combined financial results presentation may differ from other forms of pro forma calculations. The financial information is unaudited.

## 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  
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)  
Spring break-up In the WCSB during the spring season, 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  
\$ or CDN\$ Canadian dollars  
US\$ or USD United States dollars

### Common Business Terms:

Canadian Average Drilling 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.

### Company Specific Industry Terms:

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.  
Proppant Pumped The Company uses this as one measure of activity levels within the Pressure Pumping segment. The correlation of proppant pumped to Pressure Pumping activity may vary in the future depending upon changes in fracturing intensity, weight of proppant used, and job mix.  
Job Count A job is essentially represented by an invoice. The frequency of invoices may differ as to how often the customer requests to be billed during a project. Additionally, the size and scope of a job can impact the length of time and cost on a job. Therefore, a job can vary greatly in time and expense.  
HHP Hydraulic horse power which is generally the measure of an individual hydraulic fracturing pump and a company's hydraulic fracturing fleet size.  
Canadian Segment HHP 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.  
Active crewed HHP Represents the total HHP that Trican has been 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

Parked HHP	completed a routine maintenance period and is ready for work, but no available crew to operate the equipment. Fracturing equipment that is not currently in the active and not in the maintenance cycle. Minimal reactivation cost is required to activate the equipment.
Period average active, crewed HHP	Fracturing equipment that has, on average been active and crewed for the period.

## 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 customer work programs and equipment utilization levels;
- anticipated adjustments to our active equipment fleet, and related adjustments to cost structure;
- expectations regarding workforce recruitment and retention, as well as labour costs;
- expectations regarding the Company's cost structure;
- anticipated price increases relative to Q1 2017 pricing levels;
- expectations regarding the Company's equipment utilization levels and demand for our services for the balance of 2017 and into 2018;
- expectations regarding capital spending for 2017, and into 2018;
- expectations regarding increases to capital expenditures due to increased fracture intensity;
- expectations regarding the Company's financial results, working capital levels, liquidity and profits;
- expectations regarding the quantity of proppant pumped per well;
- expectations regarding pricing of the Company's services;
- expectations regarding the integration of Canyon and the anticipated benefits and synergies of the Canyon transaction;
- expectations regarding the timing, value and realized cash flow from the Investments in Keane;
- expectations regarding the impact of discontinued operations in various international regions on the Company going forward;
- 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, 2017:

- 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; Trican's, Canyon's and the combined 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](http://www.sedar.com)).

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Stated in thousands; unaudited)	September 30, 2017	December 31, 2016
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$23,987	\$20,254
Trade and other receivables	280,938	108,266
Current tax assets	4,739	16,345
Inventory	38,029	26,426
Prepaid expenses	7,432	4,056
Currency derivatives – current (note 12)	15,012	-
Marketable securities (note 12)	-	28,062
Assets held for sale (note 4)	7,185	8,667
	<b>377,322</b>	<b>212,076</b>
Property and equipment	749,321	432,401
Intangible assets	61,423	213
Investments in Keane (note 12)	142,504	230,976
Currency derivatives (note 12)	-	17,479
Other assets	185	3,041
Goodwill (note 5)	261,031	19,251
	<b>\$1,591,786</b>	<b>\$915,437</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Trade and other payables	\$147,593	\$87,956
Current tax liabilities	1,087	-
Current portion of loans and borrowings (note 6)	29,208	9,790
Liabilities held for sale (note 4)	254	279
	<b>178,142</b>	<b>98,025</b>
Loans and borrowings (note 6)	144,870	211,776
Deferred tax liabilities	90,341	37,917
Shareholders' equity		
Share capital (note 7)	1,266,806	638,377
Contributed surplus	77,379	74,223
Accumulated other comprehensive income (note 7)	15,847	40,652
Deficit	(181,599)	(184,243)
Total equity attributable to equity holders of the Company	1,178,433	569,009
Non-controlling interest	-	(1,290)
	<b>\$1,591,786</b>	<b>\$915,437</b>

See accompanying notes to the condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

(Stated in thousands, except per share amounts; unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
<b>Continuing operations</b>				
Revenue	\$362,817	\$78,045	\$649,417	\$210,411
Cost of sales (note 10)	279,093	91,695	548,218	283,879
<b>Gross profit / (loss)</b>	<b>83,724</b>	<b>(13,650)</b>	<b>101,199</b>	<b>(73,468)</b>
Administrative expenses (note 10)	24,733	9,542	60,683	43,061
Other income	(781)	(105)	(3,410)	(672)
<b>Results from operating activities</b>	<b>59,772</b>	<b>(23,087)</b>	<b>43,926</b>	<b>(115,857)</b>
Finance income	(66)	(2,800)	(1,208)	(3,259)
Finance cost	3,998	4,334	10,594	21,361
Gain on investments in Keane (note 12)	(6,420)	-	(755)	-
Foreign exchange loss	2,520	394	4,516	3,389
Asset impairment	-	1,999	-	1,999
<b>Profit / (loss) before income tax</b>	<b>59,740</b>	<b>(27,014)</b>	<b>30,779</b>	<b>(139,347)</b>
Income tax expense / (recovery) (note 11)	12,827	(12,268)	24,664	(41,686)
<b>Profit / (loss) from continuing operations</b>	<b>\$46,913</b>	<b>(\$14,746)</b>	<b>\$6,115</b>	<b>(\$97,661)</b>
<b>Discontinued operations</b>				
Net profit / (loss) from discontinued operations, net of taxes (note 4)	27	(23,175)	(2,182)	15,567
<b>Profit / (loss) for the period</b>	<b>\$46,940</b>	<b>(\$37,921)</b>	<b>\$3,933</b>	<b>(\$82,094)</b>
Other comprehensive loss				
Unrealized gain / (loss) on equity interest of Keane, net of tax expense (note 12)	(1,170)	3,740	(14,153)	9,610
Reclassification of realized gain on equity interest of Keane, net of tax expense (\$13,324) to net income	-	-	(11,206)	-
Foreign currency translation (loss) / gain	409	(6)	554	(123)
Reclassification of foreign currency translation gain / (loss) on substantial disposal or sale of foreign operations	-	9,250	-	(66,584)
<b>Total comprehensive profit / (loss)</b>	<b>\$46,179</b>	<b>(\$24,937)</b>	<b>(\$20,872)</b>	<b>(\$139,191)</b>
<b>Profit / (loss) attributable to:</b>				
Owners of the Company	46,940	(38,154)	2,644	(82,377)
Non-controlling interest	-	233	1,289	283
<b>Profit / (loss) for the period</b>	<b>\$46,940</b>	<b>(\$37,921)</b>	<b>\$3,933</b>	<b>(\$82,094)</b>
<b>Total comprehensive profit / (loss) attributable to:</b>				
Owners of the Company	46,179	(25,170)	(22,161)	(139,474)
Non-controlling interest	-	233	1,289	283
<b>Total comprehensive profit / (loss)</b>	<b>\$46,179</b>	<b>(\$24,937)</b>	<b>(\$20,872)</b>	<b>(\$139,191)</b>
Earnings / (loss) per share (note 8)				
Continuing operations - basic	\$0.14	(\$0.08)	\$0.02	(\$0.59)
Continuing operations - diluted	\$0.13	(\$0.08)	\$0.02	(\$0.59)
Discontinued operations – basic and diluted	\$0.00	(\$0.12)	(\$0.01)	\$0.09
Net earnings / (loss) - basic	\$0.14	(\$0.20)	\$0.01	(\$0.50)
Net earnings / (loss) - diluted	\$0.13	(\$0.20)	\$0.01	(\$0.50)
Weighted average shares outstanding – basic	346,413	192,968	261,008	165,345
Weighted average shares outstanding – diluted	349,019	192,968	263,791	165,345

See accompanying notes to the condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Stated in thousands; unaudited)	Share capital	Contributed surplus	Accumulated other comprehensive (loss) / income	Deficit	Total	Non-controlling Interest	Total equity
Balance at January 1, 2016	\$570,337	\$72,082	\$65,985	(\$154,709)	\$553,695	(\$1,694)	\$552,001
Income / (loss) for the period	-	-	-	(82,377)	(82,377)	283	(82,094)
Foreign currency translation (loss)	-	-	(116)	-	(116)	(7)	(123)
Share-based compensation expense	-	2,133	-	-	2,133	-	2,133
Share options exercised	1,703	(543)	-	-	1,160	-	1,160
Issuance of shares (net of issuance costs)	65,926	-	-	-	65,926	-	65,926
Reduction of non-controlling interest in Colombia	-	-	-	-	-	205	205
Unrealized gain on Equity Interest in Keane	-	-	9,610	-	9,610	-	9,610
Reclassification of foreign currency translation gain / (loss) on substantial disposition or sale of foreign operations	-	-	(66,584)	-	(66,584)	-	(66,584)
<b>Balance at September 30, 2016</b>	<b>\$637,966</b>	<b>\$73,672</b>	<b>(\$8,895)</b>	<b>(\$237,086)</b>	<b>\$483,447</b>	<b>(\$1,213)</b>	<b>\$482,234</b>
<b>Balance at January 1, 2017</b>	<b>\$638,377</b>	<b>\$74,223</b>	<b>\$40,652</b>	<b>(\$184,243)</b>	<b>\$569,009</b>	<b>(\$1,290)</b>	<b>\$567,719</b>
<b>Income / (loss) for the period</b>	-	-	-	<b>2,644</b>	<b>2,644</b>	<b>54</b>	<b>2,698</b>
<b>Foreign currency translation gain</b>	-	-	<b>554</b>	-	<b>554</b>	-	<b>554</b>
<b>Share-based compensation expense</b>	-	<b>3,662</b>	-	-	<b>3,662</b>	-	<b>3,662</b>
<b>Share options exercised</b>	<b>1,450</b>	<b>(506)</b>	-	-	<b>944</b>	-	<b>944</b>
<b>Issuance of shares (note 5)</b>	<b>626,979</b>	-	-	-	<b>626,979</b>	-	<b>626,979</b>
<b>Reduction in non-controlling interest</b>	-	-	-	-	-	<b>1,236</b>	<b>1,236</b>
<b>Unrealized loss on equity interest in Keane</b>	-	-	<b>(14,153)</b>	-	<b>(14,153)</b>	-	<b>(14,153)</b>
<b>Reclassification of realized gain on equity interest in Keane to net income</b>	-	-	<b>(11,206)</b>	-	<b>(11,206)</b>	-	<b>(11,206)</b>
<b>Balance at September 30, 2017</b>	<b>\$1,266,806</b>	<b>\$77,379</b>	<b>\$15,847</b>	<b>\$(181,599)</b>	<b>\$1,178,433</b>	<b>\$-</b>	<b>\$1,178,433</b>

See accompanying notes to the condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Stated in thousands; unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Cash flow from / (used in):				
<b>Operations</b>				
Profit / (loss) from continuing operations	\$46,913	(\$14,746)	\$6,115	(\$97,661)
Charges to income not involving cash:				
Depreciation and amortization	33,156	16,423	70,294	54,158
Amortization of debt issuance costs	653	656	1,958	3,123
Share-based compensation expense (note 9)	1,280	670	3,662	2,133
Gain on disposal of property and equipment	(715)	(196)	(2,529)	(642)
Net finance costs	3,918	4,029	10,045	20,597
Unrealized foreign exchange loss / (gain)	991	268	(2,849)	1,253
Unrealized gain on marketable securities	-	(2,495)	(673)	(2,495)
Unrealized (gain) / loss on investments in Keane	(6,421)	-	23,775	-
Realized gain on Keane	1	-	(24,530)	-
Asset impairment	-	1,999	-	1,999
Income tax expense / (recovery) (note 11)	12,827	(12,268)	24,664	(41,686)
Change in inventories	(315)	(638)	934	5,335
Change in trade and other receivables	(113,210)	(25,346)	(94,262)	75,109
Change in prepaid expenses	433	(276)	(473)	38
Change in trade and other payables	19,936	6,260	9,431	(23,320)
Interest paid	(3,634)	(2,236)	(9,944)	(18,421)
Income taxes (paid) / received	18,775	(297)	24,003	(1,637)
Continuing operations	14,588	(28,193)	39,621	(22,117)
Discontinued operations	(2,419)	(9,285)	(9,372)	(65,579)
Cash flow (used in) / from operating activities	12,169	(37,478)	30,249	(87,696)
<b>Investing</b>				
Proceeds from a loan to unrelated third-party	3,556	138	7,395	1,022
Purchase of property and equipment	(9,911)	(358)	(19,208)	(602)
Proceeds from the sale of property and equipment	907	657	5,571	5,406
Proceeds from sale of marketable securities	-	-	28,047	-
Proceeds from investment in Keane	-	-	37,757	-
Cash acquired on Acquisition (note 5)	-	-	6,222	-
Continuing operations	(5,448)	437	65,784	5,826
Consideration on sale of discontinued operations	-	31,662	-	296,182
Discontinued operations	1,356	548	1,255	3,154
Cash flow from / (used in) investing activities	(4,092)	32,647	67,039	305,162
<b>Financing</b>				
Net proceeds from issuance of share capital (note 7)	660	746	945	67,086
Debt repaid on Acquisition	-	-	(43,000)	-
Draw from / (Repayment of) Revolving Credit Facility	(3,781)	10,000	(36,701)	(70,014)
Proceeds from currency derivatives	-	-	-	14,066
Repayment of senior notes (note 6)	(1,938)	(46,401)	(13,409)	(256,371)
Payment of finance lease	(509)	-	(778)	-
Restricted cash on equity issuance (note 6)	-	38,740	-	-
Continuing operations	(5,568)	3,085	(92,943)	(245,233)
Discontinued operations	-	-	-	-
Cash flow (used in) / from financing activities	(5,568)	3,085	(92,943)	(245,233)
<b>Effect of exchange rate changes on cash</b>	<b>(76)</b>	<b>90</b>	<b>(612)</b>	<b>(847)</b>
(Decrease) / increase of cash and cash equivalents:				
Continuing operations	3,572	(24,671)	12,462	(261,524)
Discontinued operations	(1,139)	23,015	(8,729)	232,910
Cash and cash equivalents, beginning of period	21,554	22,159	20,254	49,117
Cash and cash equivalents, end of period	\$23,987	\$20,503	\$23,987	\$20,503

See accompanying notes to the condensed consolidated interim financial statements.



## **Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**

**For the three and nine months ended September 30, 2017 and 2016**

(Stated in thousands, except share and per share amounts)

### **NOTE 1 – NATURE OF BUSINESS, BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Nature of business**

Trican Well Service Ltd. (the “Company” or “Trican”) is an oilfield service company incorporated under the laws of the province of Alberta. These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. The Company provides a comprehensive array of specialized products, equipment, services and technology for use in the drilling, completion, stimulation and reworking of oil and gas wells primarily through its continuing pressure pumping operations in Canada. At September 30, 2017, the Company also has a minority ownership interest of Keane Group Holdings, LLC (“Keane Holdings”) in the United States. Trican acquired its interest in Keane Holdings in conjunction with the sale of its US operation (see note 12). The Company purchased 100% of the common shares of Canyon Services Group Inc. (“Canyon”) (see note 5) effective June 2, 2017.

The Company has presented the results of its pressure pumping operations in the United States (“U.S.”), Australia, Kazakhstan, Colombia, Algeria and Saudi Arabia, as discontinued operations. In addition, Trican presented the results of its completion tools businesses in Canada, the U.S., Russia, and Norway as discontinued operations (see note 4).

#### **Basis of preparation and summary of significant accounting policies**

These condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2017, have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s 2016 consolidated annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company’s 2016 consolidated annual financial statements, with the exception of policies noted below.

In connection with the business combination with Canyon (see note 5), the Company reassessed and defined its cash generating units (“CGUs”). The Company’s CGUs post acquisition are: Pressure Pumping, Cementing, and Fluid Management Services. In assessing its CGUs the Company examined the cash inflows for the combined entity focusing on service and product alignment and integration. Goodwill and intangible assets recognized as a result of the Canyon acquisition are allocated to the CGU that is expected to benefit from the synergies of the business combination.

The business combination with Canyon resulted in the recognition of intangible assets. The intangible assets are amortized on a straight line basis over periods ranging from 4 months (revenue backlog) and 6 years (customer relationships).

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 1, 2017.

### **NOTE 2 – CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of condensed consolidated interim financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas where significant judgment and estimates have been made in preparing the financial statements and their effect are disclosed in Note 1 of the Company’s 2016 consolidated annual financial statements.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended September 30, 2017 and 2016

(Stated in thousands, except share and per share amounts)

### Purchase Price Allocation

The measurement of each business combination requires management estimation in determining the fair value of assets acquired and liabilities assumed as well as the fair value of any intangible assets identified. Management is required to estimate future cash flows, discount rates and market conditions at the date of the acquisition in order to determine the fair value of certain identified tangible and intangible assets.

### NOTE 3 – NEW ACCOUNTING STANDARDS AND PRONOUNCEMENTS NOT YET ADOPTED

The International Accounting Standards Board (IASB) have issued the following standards that have not been applied in preparing our 2017 third quarter unaudited condensed consolidated interim financial statements and notes thereto, as their effective dates fall within annual periods beginning subsequent to the current reporting period:

In July, 2014 the IASB issued the complete IFRS 9, Financial Instruments, (IFRS 9 (2014)). Under the new standard, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment. Further, IFRS 9 (2014) includes a new general hedge standard that is better aligned with companies' risk management, expands the scope of the hedging strategies, and introduces more judgment to assess the effectiveness of the hedge relationship. The amendments to IFRS 9 (2014) are effective for annual periods beginning on or after January 1, 2018, and are available for early adoption. The Company expects IFRS 9 will impact the Company's current policies and procedures regarding provisions on trade receivables and the Keane investment. Trade receivables are recorded at its original invoice less any amounts estimated to be uncollectable. Under IFRS 9, the expected loss impairment model replaces the current incurred loss model and is based on forward looking approach which includes earlier recognition of losses. Given the short term nature of these receivables, the Company does not anticipate these changes to have a material financial impact. IFRS 9 also contains a new model to be used for hedge accounting. The Company does not currently apply hedge accounting and is currently assessing the impact on the Keane investment.

IFRS 15, Revenue from Contracts with Customers, was issued on May 28, 2014. The Standard 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. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Standard replaces IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers, and SIC 31, Revenue – Barter Transactions Involving Advertising Services. The new standard is effective for annual periods beginning on or after January 1, 2018. Early adoption is also permitted. The Company anticipates no change to the timing or amounts of revenue recognized but continues to assess its revenue streams to determine the impact, if any, that the adoption of IFRS 15 will have on its financial statements, as well as the impact that adoption of the standard will have on disclosure.

IASB issued IFRS 16, Leases, in January 2016. The new standard replaces IAS 17, Leases. It is in effect for accounting periods beginning on or after January 1, 2019. Early adoption is permitted only if the Company has adopted IFRS 15, Revenue from Contracts with Customers. Under the new standard, more leases will be reported on the balance sheet 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. During 2018, the Company will complete an assessment documenting the potential impacts of IFRS 16 on its consolidated financial statements.

The Company's initial assessments on the IFRS 9, IFRS 15, and IFRS 16 are based on work completed to date and may be subject to change as the assessments continue.

**Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**  
**For the three and nine months ended September 30, 2017 and 2016**  
(Stated in thousands, except share and per share amounts)

**NOTE 4 – ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

**Assets and liabilities held for sale**

The Company has classified certain assets and liabilities as held for sale. As at September 30, 2017 and December 31, 2016, management was committed to a plan to sell its operating assets in Australia, Colombia, Algeria and Saudi Arabia, as well as assets relating to the discontinued microseismic division and relating to real estate assets in Canada's continuing operations.

The following table represents the assets and liabilities held for sale:

	<b>September 30,</b>	December 31,
	<b>2017</b>	2016
Trade receivables	<b>\$1,255</b>	\$783
Inventory	-	70
Prepaid expenses	<b>79</b>	75
Current tax assets	<b>144</b>	153
Property and equipment	<b>5,707</b>	7,586
<b>Total assets held for sale</b>	<b>\$7,185</b>	\$8,667
Trade and other payables	<b>\$254</b>	\$279
<b>Total liabilities held for sale</b>	<b>\$254</b>	\$279

An impairment charge of \$0.5 million, (September 30, 2016 - \$26.4 million) was recorded during the nine months ended September 30, 2017, as a result of measuring the assets held for sale at the lower of cost or fair value less cost of disposal.

The Company entered into a sales agreement for property and equipment remaining in Saudi. The sale is expected to close in Q4 2017. The sale of the assets in Colombia were finalized during Q3 2017.

**Results of Discontinued Operations**

In the second quarter of 2016, the Company's completion tools business met the criteria for presentation as discontinued operations. In the first quarter of 2016, the Company's pressure pumping businesses in the U.S., Kazakhstan, Colombia and Saudi Arabia met the criteria for presentation as discontinued operations. In addition, the Company's pressure pumping business in Russia, Australia and Algeria met the criteria for presentation as discontinued operations in the third quarter of 2015.

**Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**  
**For the three and nine months ended September 30, 2017 and 2016**  
(Stated in thousands, except share and per share amounts)

Following are the results of discontinued operations:

**Canadian Operations**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue	\$-	\$38	\$-	\$2,030
Cost of sales	(1)	72	(1)	5,919
<b>Gross profit / (loss)</b>	<b>1</b>	<b>(34)</b>	<b>1</b>	<b>(3,889)</b>
Administrative (recovery) / expenses	(46)	(326)	125	106
Other (income) / expenses	-	-	(406)	376
<b>Results from operating activities</b>	<b>47</b>	<b>292</b>	<b>282</b>	<b>(4,371)</b>
Foreign exchange (gain)	(162)	48	(358)	221
Reclassification of foreign currency translation (gain) / loss	-	(728)	-	(728)
Asset impairment	-	-	-	26,372
Loss on disposal of operations	-	394	-	394
<b>Profit / (loss) before income tax</b>	<b>209</b>	<b>578</b>	<b>640</b>	<b>(30,630)</b>
Income tax recovery	-	-	-	(7,574)
<b>Profit / (loss) from discontinued Canadian Operations</b>	<b>\$209</b>	<b>\$578</b>	<b>\$640</b>	<b>(\$23,056)</b>

**US Operations**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue	\$-	\$407	\$-	\$66,948
Cost of sales	(341)	932	(532)	91,247
<b>Gross profit / (loss)</b>	<b>341</b>	<b>(525)</b>	<b>532</b>	<b>(24,299)</b>
Administrative expenses	49	1,106	3,588	8,406
Other (income) / expenses	-	8,499	(157)	9,958
<b>Results from operating activities</b>	<b>292</b>	<b>(10,130)</b>	<b>(2,899)</b>	<b>(42,663)</b>
Finance income	-	-	(7)	(22)
Foreign exchange gain	(75)	(428)	(2,119)	(312)
Reclassification of foreign currency translation (gain) / loss	-	4,063	-	(71,054)
Loss on disposal of operations	-	4,807	-	9,623
<b>Profit / (loss) before income tax</b>	<b>367</b>	<b>(18,572)</b>	<b>(773)</b>	<b>19,102</b>
Income tax expense / (recovery)	-	662	1	(26,173)
<b>Profit / (loss) from discontinued US Operations</b>	<b>\$367</b>	<b>(\$19,234)</b>	<b>(\$774)</b>	<b>\$45,275</b>

**Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**  
**For the three and nine months ended September 30, 2017 and 2016**  
(Stated in thousands, except share and per share amounts)

**International Operations**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue	\$16	\$3,426	\$361	\$20,066
Cost of sales	2	3,418	391	20,611
<b>Gross profit / (loss)</b>	<b>14</b>	<b>8</b>	<b>(30)</b>	<b>(545)</b>
Administrative expenses	385	695	1,010	3,317
Other (income) / expenses	1	7,083	(1)	5,572
<b>Results from operating activities</b>	<b>(372)</b>	<b>(7,770)</b>	<b>(1,039)</b>	<b>(9,434)</b>
Finance income	-	-	(6)	(10)
Foreign exchange (gain) / loss	233	(2,026)	547	(2,959)
Reclassification of foreign currency translation (gain) / loss	-	1,259	-	1,259
Asset impairment / (reversal)	(58)	-	468	999
Gain on disposal of operations	-	(2,575)	-	(2,575)
<b>Loss before income tax</b>	<b>(547)</b>	<b>(4,428)</b>	<b>(2,048)</b>	<b>(6,148)</b>
Income tax expense	-	91	-	504
<b>Loss from discontinued International Operations</b>	<b>(\$547)</b>	<b>(\$4,519)</b>	<b>(\$2,048)</b>	<b>(\$6,652)</b>

**Total Discontinued Operations**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue	\$16	\$3,871	\$361	\$89,044
Cost of sales	(340)	4,422	(142)	117,777
<b>Gross profit / (loss)</b>	<b>356</b>	<b>(551)</b>	<b>503</b>	<b>(28,733)</b>
Administrative expenses	388	1,475	4,723	11,829
Other (income) / expenses	1	15,582	(564)	15,906
<b>Results from operating activities</b>	<b>(33)</b>	<b>(17,608)</b>	<b>(4,577)</b>	<b>(56,468)</b>
Finance income	-	-	(13)	(32)
Foreign exchange (gain) / loss	(4)	(2,406)	(1,930)	(3,050)
Reclassification of foreign currency translation (gain) / loss on substantial disposal of foreign operations	-	4,594	-	(70,523)
Loss on disposal of operations	-	2,626	-	7,442
Asset impairment / (reversal)	(56)	-	468	27,371
<b>Profit / (loss) before income tax</b>	<b>27</b>	<b>(22,422)</b>	<b>(2,181)</b>	<b>(17,676)</b>
Income tax (recovery) / expense	-	753	1	(33,243)
<b>Profit / (loss) from discontinued Total Operations</b>	<b>\$27</b>	<b>(\$23,175)</b>	<b>(\$2,182)</b>	<b>\$15,567</b>

**NOTE 5 – BUSINESS COMBINATION**

Effective June 2, 2017, prior to the commencement of business, the Company acquired all of the issued and outstanding shares of Canyon based on 1.70 common shares of Trican for each Canyon share. Canyon is an oilfield services company that focuses operations in the Western Canadian Sedimentary Basin with two core business lines: Pressure Pumping Services and Fluid Management Services. The primary strategic reason for the business combination is to increase the Company's ability to provide fracturing services to its customers.

On June 2, 2017, the Company issued 152,549,556 common shares which were valued at the closing trading price of the Company's common shares being \$4.11 per share on June 1, 2017. The fair value of the consideration transferred totaled \$627.0 million.

The acquisition has been accounted for using the acquisition method, whereby the assets acquired and the liabilities assumed were recorded at their fair values with the surplus of the aggregate consideration offered

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relative to the fair value of the identifiable net assets recorded as goodwill. The Company assessed the fair values of the net assets acquired based on management's best estimate of the market value, which takes into consideration the condition of the assets acquired, current industry conditions and the discounted future cash flows expected to be received from the assets as well as the amount that it is expected to settle the outstanding liabilities. Canyon's operating results have been included in the Company's revenues, expenses and capital spending effective June 2, 2017.

(\$ thousands)	
Working Capital, (including cash \$6,222)	\$56,327
Property and Equipment	360,621
Goodwill	241,780
Intangibles	69,714
Loans and borrowings	(47,394)
Deferred tax liability	(54,069)
<b>Total net assets acquired</b>	<b>\$626,979</b>

The allocations and determinations of the consideration described above are preliminary and subject to change.

The goodwill and intangible assets arise as a result of the assembled workforce, the synergies existing within the acquired business and also the synergies expected to be achieved as a result of combining Canyon with the rest of the Company. None of the goodwill recognized is expected to be deductible for income tax purposes. The intangible assets are a result of a revenue backlog of \$4.6 million and customer relationships of \$65.1 million established by Canyon. Discount rates of 14% and 16% respectively were used in calculating these amounts.

As part of the acquisition, the Company assumed \$43 million in long-term debt held by Canyon. The entire balance was settled upon closing the transaction. Therefore, for purposes of the purchase equation, the amount is included in the total assets and total liabilities assumed. The cash balance included in the Canyon acquisition have been presented separately in the consolidated statements of cash flows for the three and nine months ended September 30, 2017.

For the period January 1, 2017 to June 2, 2017, Canyon would have contributed \$213.3 million of revenues and loss before taxes of \$8.1 million had the Transaction occurred on January 1, 2017. The additional revenue and net loss are estimates and may not be representative of the results had the acquisition actually occurred on January 1, 2017.

The Company incurred costs related to the acquisition of Canyon for the three and nine months ended September 30, 2017, of \$4.0 million and of \$17.8 million, respectively. These costs mainly relate to due diligence, advisory and external legal fees as well as employee related expenditures. These costs have been recognized within administrative expenses on the consolidated statement of comprehensive income.

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**NOTE 6 – LOANS AND BORROWINGS**

<b>Loans and borrowings</b>	<b>September 30, 2017</b>	December 31, 2016
Senior Notes, net of transaction costs	<b>\$64,509</b>	\$81,254
RCF, net of transaction costs	<b>104,435</b>	140,048
Finance lease obligations	<b>6,591</b>	981
<b>Total</b>	<b>\$175,535</b>	\$222,283
Current portion of loans and borrowings	<b>29,208</b>	9,790
Current portion of finance lease obligations <sup>(1)</sup>	<b>1,457</b>	717
<b>Non-current</b>	<b>\$144,870</b>	\$211,776

(1) Included in trade and other payables

**Senior Notes**

As at September 30, 2017, Trican had the following notes outstanding:

	Maturity	Canadian \$ Amount		U.S. \$ Denominated Amount	
		September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
<b>Senior Notes</b>					
7.05% Series A	November 19, 2017	\$8,275	\$8,859	\$6,631	\$6,598
9.11% Series D	April 28, 2021	3,387	3,368	-	-
8.29% Series F	April 28, 2018	19,157	25,713	15,350	19,150
8.90% Series G	April 28, 2021	25,334	33,448	20,300	24,911
8.75% Series H	September 3, 2024	4,518	4,456	-	-
<b>Subordinated Make-Whole Senior Notes</b>					
5.96% Series A	November 19, 2017	638	686	511	511
5.54% Series D	April 28, 2021	458	458	-	-
5.55% Series F	April 28, 2018	1,138	1,224	912	912
6.28% Series G	April 28, 2021	3,083	3,317	2,470	2,470
6.05% Series H	September 3, 2024	760	760	-	-
PIK Principal		-	2,075	-	-
Debt issue costs		(2,239)	(3,110)	-	-
<b>Senior Notes, net of transaction costs</b>		<b>\$64,509</b>	<b>\$81,254</b>	<b>\$46,174</b>	<b>\$54,552</b>

During the first quarter, Trican repaid US \$8.8 million, retiring in advance portions of its Series F and G Senior Notes using proceeds from the sale of its marketable securities.

**RCF**

As at September 30, 2017, Trican has a \$227.3 million (December 31, 2016 - \$250 million) extendible revolving credit facility ("RCF") with a syndicate of banks that is committed until October 31, 2018. The RCF is secured and bears interest at the applicable Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 350 to 625 basis points (December 31, 2016 – Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 350 to 625 basis points), dependent on certain financial ratios

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of the Company. The undrawn amount of the RCF is \$121.3 million of which \$119.0 million is accessible as at September 30, 2017 (December 31, 2016 - \$110 million).

As at September 30, 2017, Trican has a \$10 million (December 31, 2016 - \$10 million) Letter of Credit facility with its syndicate of banks. As at September 30, 2017, Trican had \$2.3 million in letters of credit outstanding (December 31, 2016 - \$5.1 million).

**Covenants**

The Company is required to comply with covenants that are applicable to the RCF and to the Senior Notes. Trican is required to comply with the following leverage and interest coverage ratio covenants:

<b>For the quarter ended</b>	<b>Leverage Ratio</b>	<b>Interest Coverage Ratio</b>	<b>Calculation Basis</b>
September 30, 2017	<5.0x	>2.0x	((Q1 + Q3) x 3/2) + Q2
December 31, 2017	<4.0x	>2.5x	Last twelve months
Thereafter	<3.0x	>3.0x	Last twelve months

The Leverage Ratio is defined as long-term debt excluding Subordinated Make Whole Notes (net of the mark to market value of the cross currency swaps) minus cash divided by adjusted EBITDA. As at September 30, 2017, the Leverage Ratio was 0.6 (December 31, 2016 – not applicable).

The Interest Coverage Ratio is defined as adjusted EBITDA divided by interest expense minus payable in-kind interest. As at September 30, 2017, the Interest Coverage Ratio was 23.6 (December 31, 2016 – not applicable).

Certain non-cash expenses and personnel based expenses such as severance are permitted to be added back to EBITDA to arrive at adjusted EBITDA for covenant calculation purposes.

The Company is in compliance with its financial covenants for the quarter ended September 30, 2017 (2016 – no covenants applicable).

**NOTE 7 - SHARE CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE INCOME**

**Share capital**

Authorized:

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

**Issued and outstanding - common shares:**

	Number of Shares	Amount
Balance, January 1, 2017	193,567,847	\$638,377
Exercise of stock options	513,663	944
Issued upon business combination (note 5)	152,549,556	626,979
Reclassification from contributed surplus on exercise of options	-	506
<b>Balance, September 30, 2017</b>	<b>346,631,066</b>	<b>\$1,266,806</b>

**Normal Course Issuer Bid**

On September 28, 2017, the Company announced a new Normal Course Issuer Bid (“NCIB”), commencing October 3, 2017, to purchase up to 34.27 million common shares for cancellation before October 2, 2018.



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All purchases will be made at the prevailing market price at the time of purchase and will be subject to a maximum daily purchase volume of 458,628 (being 25% of the average daily trading volume of the common shares for the six months ending August 31, 2017 of 1,834,515 common shares) except as otherwise permitted under the TSX NCIB rules. All common shares purchased under the NCIB will be returned to treasury and cancelled.

For the nine months ended September 30, 2017, there were no shares repurchased through the NCIB.

**Accumulated other comprehensive income**

*Equity interest in Keane*

The equity interest in Keane comprises the fair value movement in the Class A shares in Keane. At September 30, 2017, the Company had an accumulated unrealized gain on equity interest in Keane of \$15.8 million (September 30, 2016 – \$9.6 million).

**NOTE 8 – EARNINGS / (LOSS) PER SHARE**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Basic weighted average number of common shares	346,413,177	192,967,694	261,008,053	165,344,508
Diluted effect of stock options	2,605,815	-	2,783,423	-
Diluted weighted average number of common shares	349,018,992	192,967,694	263,791,476	165,344,508

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
<b>Attributable to owners of the Company</b>				
<b>Profit / (loss) from continuing operations</b>	<b>\$46,913</b>	(\$14,746)	<b>\$6,115</b>	(\$97,661)
Per share – basic	<b>\$0.14</b>	(\$0.08)	<b>\$0.02</b>	(\$0.59)
Per share – diluted	<b>\$0.13</b>	(\$0.08)	<b>\$0.02</b>	(\$0.59)
<b>Profit / (loss) from discontinued operations</b>	<b>27</b>	(23,408)	<b>(\$3,471)</b>	15,284
Per share – basic and diluted	<b>\$0.00</b>	(\$0.12)	<b>(\$0.01)</b>	\$0.09
<b>Profit / (loss) for the period</b>	<b>\$46,940</b>	(\$38,154)	<b>\$2,644</b>	(\$82,377)
Per share – basic	<b>\$0.14</b>	(\$0.20)	<b>\$0.01</b>	(\$0.50)
Per share – diluted	<b>\$0.13</b>	(\$0.20)	<b>\$0.01</b>	(\$0.50)

At September 30, 2017, 2.6 million options were included in the diluted weighted average number of ordinary shares calculation (2016 – nil).

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**NOTE 9 – SHARE-BASED PAYMENTS**

The Company has four share-based compensation plans as described in the Notes to the Consolidated Financial Statements for the Year ended December 31, 2016.

Expense / (Recovery)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Cash-settled share-based compensation expense				
Deferred Share Units	\$1,888	\$414	\$781	\$3,396
Restricted Share Units	284	363	546	1,590
Performance Share Units	597	(157)	429	754
<b>Total cash-settled share-based compensation expense</b>	<b>2,769</b>	<b>620</b>	<b>1,756</b>	<b>5,740</b>
Equity-settled share-based compensation expense				
Stock options	1,280	670	3,662	2,133
<b>Total equity-settled share-based compensation expense</b>	<b>1,280</b>	<b>670</b>	<b>3,662</b>	<b>2,133</b>
<b>Total share-based compensation expense</b>	<b>\$4,049</b>	<b>\$1,290</b>	<b>\$5,418</b>	<b>\$7,873</b>

**Incentive stock option plan (equity-settled):**

The weighted average grant date fair value of options granted during the nine months ended September 30, 2017 has been estimated at \$2.10 per option using the Black-Scholes option pricing model (nine months ended September 30, 2016 - \$1.25 per option). Expected volatility is estimated by considering historic average share price volatility. The Company has applied the following assumptions in determining the fair value of options for grants:

<b>Nine Months Ended September 30,</b>	<b>2017</b>
Share price	\$3.71
Exercise price	\$3.71
Expected life (years)	3.45
Expected volatility	83%
Risk-free interest rate	1.0%
Forfeitures	10.9%
Dividend yield	0.0%

The Company has reserved 32,929,951 common shares as at September 30, 2017, (December 31, 2016 – 18,388,945) for issuance under a stock option plan for officers and employees. The maximum number of options permitted to be outstanding at any point in time is limited to 9.5% of the Common Shares then outstanding. As of September 30, 2017, 11,023,050 options (December 31, 2016 – 8,793,201) were outstanding at exercise prices ranging from \$0.82 to \$18.03 per share with expiry dates ranging from 2017 to 2024.

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

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	Nine months ended September 30, 2017		Year ended December 31, 2016	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at the beginning of period	8,793,201	\$6.22	10,805,206	\$9.71
Granted	3,987,700	3.24	3,601,120	1.99
Exercised	(513,663)	1.84	(1,524,801)	0.95
Forfeited	(702,483)	6.65	(2,696,499)	10.50
Expired	(541,705)	13.34	(1,391,825)	19.87
<b>Outstanding at the end of the period</b>	<b>11,023,050</b>	<b>5.13</b>	<b>8,793,201</b>	<b>6.22</b>
<b>Exercisable at end of the period</b>	<b>3,879,308</b>	<b>9.79</b>	<b>3,449,141</b>	<b>11.84</b>

The weighted-average share price for the period ended September 30, 2017, was \$4.06 (December 31, 2016 - \$2.32).

The following table summarizes information about stock options outstanding at September 30, 2017:

			Options Outstanding			Options Exercisable		
			Number Outstanding	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	
\$0.00	to	\$1.00	1,936,019	3.01	0.82	390,424	0.82	
\$1.01	to	\$10.00	6,511,156	6.18	2.96	913,009	2.15	
\$10.01	to	\$20.00	2,575,875	1.07	13.85	2,575,875	13.85	
\$0.00	to	\$20.00	11,023,050	4.43	5.13	3,879,308	9.79	

**Share unit plans (cash-settled):**

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

	Deferred Share Unit	Restricted Share Unit	Performance Share Unit
Balance, January 1, 2016	1,373,063	2,039,786	920,251
Granted	298,923	152,420	284,900
Exercised	(199,234)	(489,058)	-
Forfeited	-	(907,368)	(603,707)
Balance, December 31, 2016	1,472,752	795,780	601,444
<b>Granted</b>	<b>150,312</b>	<b>83,100</b>	<b>293,300</b>
<b>Exercised</b>	<b>-</b>	<b>(242,622)</b>	<b>-</b>
<b>Forfeited</b>	<b>-</b>	<b>(85,143)</b>	<b>(87,044)</b>
<b>Balance, September 30, 2017</b>	<b>1,623,064</b>	<b>551,115</b>	<b>807,700</b>
<b>Vested at September 30, 2017</b>	<b>1,623,064</b>	<b>-</b>	<b>-</b>

The outstanding liabilities for cash-settled compensation plans at September 30, 2017 of \$10.7 million (December 31, 2016 - \$10.6 million) are included in accounts payable and accrued liabilities. The expense related to all equity-settled and cash-settled share-based compensation plans is detailed under Administrative Expenses in Note 10 – Cost of Sales and Administrative Expenses.

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**NOTE 10 – COST OF SALES AND ADMINISTRATIVE EXPENSES**

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

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

<b>Cost of sales</b>	Three Months Ended September 30,		Nine Months Ended September 30,	
	<b>2017</b>	2016	<b>2017</b>	2016
Personnel expenses	<b>\$60,620</b>	\$22,892	<b>\$126,123</b>	\$85,834
Direct costs – Cost of sales	<b>121,968</b>	36,569	<b>228,978</b>	96,952
Direct costs – Other expenses	<b>63,805</b>	17,709	<b>126,681</b>	53,768
Depreciation and amortization	<b>32,700</b>	14,525	<b>66,436</b>	47,325
	<b>\$279,093</b>	\$91,695	<b>\$548,218</b>	\$283,879

<b>Administrative expenses</b>				
Personnel expenses	<b>\$11,819</b>	\$2,971	<b>\$23,728</b>	\$15,045
General organizational expenses	<b>8,532</b>	3,191	<b>27,618</b>	13,210
Bad debt (recovery) / expense	<b>(124)</b>	194	<b>61</b>	99
Depreciation and amortization	<b>457</b>	1,897	<b>3,858</b>	6,834
Expense related to share based payments	<b>4,049</b>	1,289	<b>5,418</b>	7,873
	<b>\$24,733</b>	\$9,542	<b>\$60,683</b>	\$43,061

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<b>2017</b>	2016	<b>2017</b>	2016
Severance costs	<b>\$2,993</b>	\$2,231	<b>\$8,166</b>	\$18,513

**NOTE 11 - INCOME TAXES**

<b>Nine months ended September 30,</b>	<b>2017</b>	2016
Current income tax expense	<b>\$5,590</b>	\$1,110
Deferred income tax expense / (recovery)	<b>19,074</b>	(42,796)
Total tax expense / (recovery) from continuing operations	<b>\$24,664</b>	(\$41,686)

**NOTE 12 - FINANCIAL INSTRUMENTS**

***Fair values of financial assets and liabilities***

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

For the nine month period ended September 30, 2017, two customers accounted for 21% of the Company's revenue (year ended December 31, 2016 – 17%).

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The fair value of the RCF was determined by calculating future cash flows, including interest at current rates. The fair value of capital lease obligations was determined by calculating the future cash flows, including interest, using market rates. The fair value of the loan to an unrelated third party is \$1.2 million (December 31, 2016 - \$8.6 million). The fair value was calculated using a discounted cash flow approach with an effective interest rate of 12%. The fair value of the currency derivatives has been based on the forward swap rates at the end of the period.

On January 20, 2017, Keane Group, Inc. completed its initial public offering (“IPO”) and its shares became publicly traded on the New York Stock Exchange under the ticker symbol “FRAC”. As a result of the IPO, Trican’s ownership interests in Keane Holdings have been transferred to Keane Investor Holdings, LLC (“Keane Holding Company”). Effectively, our Class A common shares and Class C profits interest in Keane Holdings are now Class A common shares and Class C profits interests in the Keane Holding Company. At the time of IPO, the Keane Holding Company also registered a total of 15,074,000 shares at a price of US\$19 which resulted in a distribution of \$37.8 million (US\$28.4 million) for Trican and a realized gain of \$24.5 million (\$11 million after tax). At September 30, 2017, the Keane Holding Company’s only asset was 72.2 million shares of FRAC and it had no liabilities.

Future liquidity events will effectively be the future sale of the remaining shares of FRAC currently held by the Keane Holding Company. The proceeds from the future sales will be distributed to the owners of Keane Holding Company. Trican’s portion of the future liquidity events will be calculated based on the following waterfall table:

	<b>Trican</b>	<b>Liquidity Event Cumulative Proceeds Thresholds (US \$MM)</b>				
	<b>Ownership</b>	<b>For the Year Ending March 15</b>				
<b>Tranche</b>	<b>Interest</b>		<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
First	10%	Up to	\$468	\$468	\$468	\$468
Second	9.2%	Between	\$468 - 791	\$468 - 1,028	\$468 - 1,336	\$468 - 1,737
Third	18.3%	Between	\$791 - 853	\$1,028 - 1,151	\$1,336 - 1,554	\$1,737 - 2,098
Fourth	27.4%	Greater than	\$853	\$1,151	\$1,554	\$2,098

The fair value of Class A and Class C shares was calculated based on an estimate of Trican’s portion of future liquidity events using an estimated share price of US \$16.68 per share, and a discounted cash flow model risk adjusted with rates of 16% for the Class A equity interest and 40% for the Class C profit interest. These risk adjustments considered various factors including the time value of money and take into consideration several estimates for uncertainties relating to Trican’s non-controlling interest in the Keane Holding Company and the timing and price of future liquidity events. The calculation of the fair value of the Class A and Class C shares also utilized the following distribution schedule:

- Year ending March 15, 2018: 25% of outstanding shares after the IPO
- Year ending March 15, 2019: 50% of outstanding shares after the IPO
- Year ending March 15, 2020: 25% of outstanding shares after the IPO

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	Equity Interest in Keane (Class A Shares)	Profits Interest in Keane (Class C Shares)	Investments in Keane
Balance at December 31, 2016	162,311	68,665	230,976
Realized liquidity event (January 20, 2017)	(37,757)	-	(37,757)
Unrealized loss on investment	(16,816)	(23,775)	(40,591)
Foreign exchange loss	(7,598)	(2,526)	(10,124)
<b>Balance at September 30, 2017</b>	<b>100,140</b>	<b>42,364</b>	<b>142,504</b>

During the nine months ended September 30, 2017, Trican disposed of 558,221 National Oilwell Varco Inc. marketable securities, for net proceeds of \$28.0 million, representing its entire balance of marketable securities (fair value as at December 31, 2016 - \$28.1 million).

For the nine months ended September 30, 2017, \$26.3 million of unrealized loss on the Class C shares and \$24.5 million of realized gain on the Class A shares, for a total loss of \$1.8 million, have been recorded in net income.

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

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

<b>September 30, 2017</b>	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
Financial assets at amortized cost <sup>(1)</sup>				
Loan to unrelated third party - current	\$1,219	\$-	\$-	\$1,219
Fair value through profit and loss				
Currency Derivatives - current	15,012	-	15,012	-
Profits Interest in Keane	42,364	-	-	42,364
<b>Available for sale security</b>				
Equity Interest in Keane	100,140	-	-	100,140
<b>Financial liabilities</b>				
Financial liabilities at amortized cost				
Senior Notes - current	29,208	-	29,208	-
Senior Notes – non-current	35,301	-	35,301	-
RCF	104,435	-	111,558	-
Finance lease obligations – current <sup>(2)</sup>	1,457	-	1,457	-
Finance lease obligations – non-current	5,134	-	5,134	-

(1) The current portion of this loan is included in Trade and Other Receivables.

(2) The current portion of Finance lease obligations is included in Trade and Other Payables.

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**For the three and nine months ended September 30, 2017 and 2016**  
(Stated in thousands, except share and per share amounts)

**NOTE 13 – OTHER COMMITMENTS AND CONTINGENCIES**

	Payments due by period			Total
	1 year or less	1 to 5 years	5 years and thereafter	
<b>September 30, 2017</b>				
Finance leases	\$1,457	\$5,134	\$-	\$6,591
Operating leases	5,075	9,312	8,748	23,135
Total Commitments	\$6,532	\$14,446	\$8,748	\$29,726
<b>December 31, 2016</b>				
Finance leases	\$717	\$264	\$-	\$981
Operating leases	4,641	9,838	8,324	22,803
Total Commitments	\$5,358	\$10,102	\$8,324	\$23,784

In addition to the above commitments, the Company has committed to capital expenditures of \$9.8 million.

**Other litigation**

On August 25, 2015, a class action lawsuit was filed on behalf of 31 plaintiffs against Trican Well Service, LP. The claim alleges that Trican misclassified the plaintiffs' position as "exempt" from overtime wages from February 2011 to August 2015, resulting in a loss of overtime wages during this period. The class of plaintiffs was set on May 31, 2016, and consisted of 31 total plaintiffs. Since that date, we have 2 plaintiffs withdraw from the lawsuit, dropping the total plaintiffs down to 29. The plaintiffs claim that the potential damages as a result of this claim could reach US\$2.2 million.

On January 13, 2016, a class action lawsuit was filed on behalf of 11 plaintiffs against Trican Well Service, LP. The claim alleges that Trican misclassified the plaintiffs' position as "exempt", resulting in a loss of overtime. The plaintiffs claim that the potential damages as a result of this claim could reach US\$3.3 million.

Given the information available at these early stages of litigation, management has not recorded any amount for this contingent liability associated with these claims based on our belief that a liability is not probable and any range of potential future charge cannot be reasonably estimated at this time.

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 and provided for taxes based on the Company's interpretation of the relevant tax legislation and regulations.

**NOTE 14 – SUBSEQUENT EVENTS**

At November 1, 2017, the Company has purchased and cancelled 2,208,500 common shares at a weighted average price per share of \$4.48 pursuant to its NCIB.

# CORPORATE INFORMATION

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## BOARD OF DIRECTORS

**Murray L. Cobbe** <sup>(4)</sup>

Chairman

**G. Allen Brooks** <sup>(1, 3, 5)</sup>

President

G. Allen Brooks, LLC

**Kenneth M. Bagan** <sup>(2, 4)</sup>

Independent Businessman

**Kevin L. Nugent** <sup>(1, 3)</sup>

Executive Chairman

Hifi Engineering Inc.

**Alexander J. Pourbaix** <sup>(2, 3)</sup>

Executive Vice President and President

TransCanada Corporation

**Deborah S. Stein** <sup>(1, 2)</sup>

Independent Businesswoman

**Dale M. Dusterhoft**

President & Chief Executive Officer

**Bradley P.D. Fedora** <sup>(2, 4)</sup>

Independent Businessman

## OFFICERS

**Dale M. Dusterhoft**

President & Chief Executive Officer

**Michael A. Baldwin, C.A.**

Senior Vice President and Chief Financial Officer

**Robert J. Cox**

Senior Vice President, Operations

**Chika B. Onwuekwe**

Vice President, Legal, General Counsel and

Corporate Secretary

**Robert Skilnick**

Chief Financial Officer

## 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

## BANKERS

HSBC Bank Canada

Calgary, AB

## REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada

Calgary, Alberta

## STOCK EXCHANGE LISTING

The Toronto Stock Exchange

Trading Symbol: TCW

## INVESTOR RELATIONS INFORMATION

Requests for information should be directed to:

**Dale M. Dusterhoft**

President & Chief Executive Officer

**Michael A. Baldwin, C.A.**

Senior Vice President, Corporate Development

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(1) Member of the Audit Committee

(2) Member of the Human Resources and Compensation Committee

(3) Member of the Corporate Governance Committee

(4) Member of the Health, Safety and Environment Committee

(5) Lead Director