## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (Stated in thousands $C; unaudited) | **June 30, 2016** | December 31, 2015 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | **$22,159** | $49,117 |
| Restricted cash and cash equivalents (note 5) | **38,740** | - |
| Trade and other receivables | **54,863** | 203,214 |
| Current tax assets | **16,051** | 1,088 |
| Inventory | **34,567** | 153,786 |
| Prepaid expenses | **8,172** | 19,072 |
| Currency derivatives (note 11) | **-** | 17,890 |
| Assets held for sale (note 4 and note 14) | **69,853** | 7,092 |
| | **244,405** | 451,259 |
| Property and equipment | **472,754** | 826,300 |
| Intangible assets | **637** | 29,100 |
| Investments in Keane (notes 4 and 11) | **84,331** | - |
| Currency derivatives (note 11) | **15,409** | 19,298 |
| Deferred tax assets | **-** | 289 |
| Other assets | **3,142** | 3,573 |
| Goodwill | **19,251** | 19,251 |
| | **$839,929** | $1,349,070 |
| | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities | | |
| Trade and other payables | **$46,312** | $147,851 |
| Current tax liabilities | **-** | 24 |
| Current portion of loans and borrowings (note 5) | **68,740** | 100,306 |
| Liabilities held for sale (note 4) | **10,595** | - |
| | **125,647** | 248,181 |
| | | |
| Loans and borrowings (note 5) | **175,995** | 469,295 |
| Deferred tax liabilities | **28,807** | 79,593 |
| | | |
| Shareholders' equity | | |
| Share capital (note 6) | **636,806** | 570,337 |
| Contributed surplus | **73,416** | 72,082 |
| Accumulated other comprehensive (loss) / income | **(376)** | 65,985 |
| Deficit | **(198,926)** | (154,709) |
| Total equity attributable to equity holders of the Company | **510,920** | 553,695 |
| Non-controlling interest | **(1,440)** | (1,694) |
| | **$839,929** | $1,349,070 |

See accompanying notes to the condensed consolidated interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| (Stated in thousands $C, except per share amounts; unaudited) | Three Months Ended June 30, **2016** | 2015 | Six Months Ended June 30, **2016** | 2015 |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Revenue | **$32,518** | $80,329 | **$132,366** | $299,467 |
| Cost of sales (note 9) | **61,050** | 108,393 | **192,184** | 337,116 |
| **Gross loss** | **(28,532)** | (28,064) | **(59,818)** | (37,649) |
| Administrative expenses (note 9) | **18,287** | 14,123 | **33,519** | 27,454 |
| Other income | **(310)** | (1,069) | **(568)** | (1,523) |
| **Results from operating activities** | **(46,509)** | (41,118) | **(92,769)** | (63,580) |
| Finance income | **(249)** | (329) | **(459)** | (707) |
| Finance costs | **8,016** | 8,384 | **17,026** | 18,685 |
| Foreign exchange loss / (gain) | **59** | (3,031) | **2,995** | (13,716) |
| **Loss before income tax** | **(54,335)** | (46,142) | **(112,331)** | (67,842) |
| Income tax recovery (note 10) | **(13,913)** | (8,414) | **(29,419)** | (11,408) |
| **Loss from continuing operations** | **($40,422)** | ($37,728) | **($82,912)** | ($56,434) |
| **Discontinued operations** | | | | |
| Net (loss) / profit from discontinued operations, net of taxes (note 4) | **(24,508)** | (245,841) | **38,744** | (263,372) |
| **Loss for the period** | **($64,930)** | ($283,569) | **($44,168)** | ($319,806) |
| Other comprehensive gain / (loss) | | | | |
| Unrealized gain on hedging instruments | **-** | 6,737 | **-** | 3,356 |
| Foreign currency translation (loss) / gain | **(1,457)** | (7,006) | **2,235** | 22,154 |
| Unrealized gain on Equity Interest in Keane | **5,869** | - | **5,869** | - |
| Reclassification of foreign currency translation gain / (loss) on substantial disposal or sale of foreign operations | **652** | - | **(74,465)** | - |
| **Total comprehensive loss** | **($59,866)** | ($283,838) | **($110,529)** | ($294,296) |
| **Loss attributable to:** | | | | |
| Owners of the Company | **(65,077)** | (283,175) | **(44,217)** | (318,866) |
| Non-controlling interest | **147** | (394) | **49** | (940) |
| **Loss for the year** | **($64,930)** | ($283,569) | **($44,168)** | ($319,806) |
| **Total comprehensive loss attributable to:** | | | | |
| Owners of the Company | **(60,013)** | (283,444) | **(110,578)** | (293,356) |
| Non-controlling interest | **147** | (394) | **49** | (940) |
| **Total comprehensive loss** | **($59,866)** | ($283,838) | **($110,529)** | ($294,296) |
| (Loss) / earnings per share – basic and diluted (note 8) | | | | |
| Continuing operations | **($0.26)** | ($0.25) | **($0.55)** | ($0.38) |
| Discontinued operations | **($0.16)** | ($1.65) | **$0.26** | ($1.76) |
| Net loss | **($0.42)** | ($1.90) | **($0.29)** | ($2.14) |
| Weighted average shares outstanding – basic and diluted | **153,843** | 148,918 | **151,381** | 148,936 |

See accompanying notes to the consolidated financial statements

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (Stated in thousands $C; unaudited) | Share capital | Contributed surplus | Accumulated other comprehensive (loss) / income | Retained earnings / (deficit) | Total | Non-controlling Interest ("NCI") | Total equity |
|---|---|---|---|---|---|---|---|
| Balance at January 1, 2015 | $571,050 | $67,846 | ($26,462) | $672,846 | $1,285,280 | $947 | $1,286,227 |
| Loss for the period | - | - | - | (318,866) | (318,866) | (940) | (319,806) |
| Foreign currency translation gain / (loss) | - | - | 22,154 | - | 22,154 | (25) | 22,129 |
| Share-based compensation expense (note 7) | - | 2,819 | - | - | 2,819 | - | 2,819 |
| Shares cancelled under Normal Course Issuer Bid ("NCIB") | (713) | - | - | (295) | (1,008) | - | (1,008) |
| Unrealized gain on cash flow hedge | - | - | 3,356 | - | 3,356 | - | 3,356 |
| Acquisition of NCI without a change in control | - | - | - | 514 | 514 | (514) | - |
| Balance at June 30, 2015 | $570,337 | $70,665 | ($952) | $354,199 | $994,249 | ($532) | $993,717 |
| **Balance at January 1, 2016** | **$570,337** | **$72,082** | **$65,985** | **($154,709)** | **$553,695** | **($1,694)** | **$552,001** |
| **(Loss) / income for the period** | **-** | **-** | **-** | **(44,217)** | **(44,217)** | **49** | **(44,168)** |
| **Foreign currency translation gain** | **-** | **-** | **2,235** | **-** | **2,235** | **-** | **2,235** |
| **Share-based compensation expense (note 7)** | **-** | **1,463** | **-** | **-** | **1,463** | **-** | **1,463** |
| **Share options exercised (note 6)** | **424** | **(129)** | **-** | **-** | **295** | **-** | **295** |
| **Issuance of shares (net of issuance cost) (note 6)** | **66,045** | **-** | **-** | **-** | **66,045** | **-** | **66,045** |
| **Reduction of non-controlling interest in Colombia** | **-** | **-** | **-** | **-** | **-** | **205** | **205** |
| **Unrealized gain on Equity Interest in Keane** | **-** | **-** | **5,869** | **-** | **5,869** | **-** | **5,869** |
| **Reclassification of foreign currency translation losses on substantial disposal of foreign operations** | **-** | **-** | **(74,465)** | **-** | **(74,465)** | **-** | **(74,465)** |
| **Balance at June 30, 2016** | **$636,806** | **$73,416** | **($376)** | **($198,926)** | **$510,921** | **($1,440)** | **$509,480** |

See accompanying notes to the condensed consolidated interim financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

| (Stated in thousands $C; unaudited) | Three Months Ended June 30, 2016 | Three Months Ended June 30, 2015 | Six Months Ended June 30, 2016 | Six Months Ended June 30, 2015 |
|---|---|---|---|---|
| Cash flow from / (used in): | | | | |
| **Operations** | | | | |
| Loss from continuing operations | **($40,422)** | ($37,728) | **($82,912)** | ($56,434) |
| Charges to income not involving cash: | | | | |
| Depreciation and amortization | **17,615** | 18,598 | **37,735** | 37,025 |
| Amortization of debt issuance costs | **978** | 218 | **2,467** | 436 |
| Share-based compensation expense (note 7) | **675** | 1,294 | **1,463** | 2,819 |
| Gain on disposal of property and equipment | **(341)** | (686) | **(446)** | (677) |
| Net finance costs | **7,767** | 8,056 | **16,567** | 17,978 |
| Unrealized foreign exchange loss / (gain) | **5,613** | 3,214 | **6,392** | (8,630) |
| Income tax recovery (note 10) | **(13,913)** | (8,414) | **(29,419)** | (11,408) |
| Change in inventories | **1,423** | (2,717) | **5,973** | 9,799 |
| Change in trade and other receivables | **20,441** | 65,611 | **117,451** | 177,453 |
| Change in prepaid expenses | **(1,175)** | (3,293) | **314** | (2,840) |
| Change in trade and other payables | **(6,514)** | (32,616) | **(29,598)** | (94,267) |
| Interest paid | **(7,530)** | (13,140) | **(16,185)** | (18,224) |
| Income taxes paid | **(403)** | (2,291) | **(1,339)** | (7,227) |
| Continuing operations | **(15,786)** | (3,894) | **28,463** | 45,803 |
| Discontinued operations | **14,748** | 17,918 | **(78,681)** | 69,075 |
| Cash flow (used in) / from operating activities | **(1,038)** | 14,024 | **(50,218)** | 114,878 |
| **Investing** | | | | |
| Proceeds from a loan to unrelated third-party | **406** | 1,169 | **884** | 2,622 |
| Purchase of property and equipment | **(180)** | (5,903) | **(243)** | (8,531) |
| Proceeds from the sale of property and equipment | **4,269** | 1,926 | **4,749** | 2,567 |
| Continuing operations | **4,495** | (2,808) | **5,390** | (3,342) |
| Consideration on sale of discontinued operations | **-** | - | **264,520** | - |
| Discontinued operations | **(434)** | (7,016) | **2,605** | (10,959) |
| Cash flow from / (used in) investing activities | **4,061** | (9,824) | **272,515** | (14,301) |
| **Financing** | | | | |
| Net proceeds from issuance of share capital (note 6) | **66,315** | - | **66,340** | - |
| Repurchase and cancellation of shares under NCIB | **-** | - | **-** | (1,008) |
| Draw from / (Repayment of) Revolving Credit Facility | **(16,082)** | (27,566) | **(80,014)** | (125,082) |
| Proceeds from currency derivatives | **14,066** | - | **14,066** | - |
| Repayment of senior notes (note 5) | **(64,041)** | - | **(209,970)** | - |
| Restricted cash on equity issuance (note 5) | **(38,740)** | - | **(38,740)** | - |
| Dividend paid | **-** | - | **-** | (22,366) |
| Continuing operations | **(38,482)** | (27,566) | **(248,318)** | (148,456) |
| Discontinued operations | **-** | - | **-** | - |
| Cash flow (used in) / from financing activities | **(38,482)** | (27,566) | **(248,318)** | (148,456) |
| **Effect of exchange rate changes on cash** | **(47)** | (143) | **(937)** | 3,010 |
| (Decrease) / increase of cash and cash equivalents: | | | | |
| Continuing operations | **(49,773)** | (37,641) | **(214,465)** | (85,934) |
| Discontinued operations | **14,267** | 14,132 | **187,507** | 41,065 |
| Cash and cash equivalents, beginning of period | **57,665** | 61,063 | **49,117** | 82,423 |
| Cash and cash equivalents, end of period | **$22,159** | $37,554 | **$22,159** | $37,554 |

See accompanying notes to the condensed consolidated interim financial statements.

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

### Nature of business

Trican Well Service Ltd. (the "Company" or "Trican") is an oilfield services company incorporated under the laws of the province of Alberta. These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned, with the exception of Saudi Arabia, in which Trican has a 70% ownership, and Colombia, in which Trican has an 78% ownership (together referred to as the "Company"). The Company provides a comprehensive array of specialized products, equipment, services and technology for use in the drilling, completion, stimulation and reworking of oil and gas wells primarily through its continuing pressure pumping operations in Canada.

The Company 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).

The Company's Canadian operations are seasonal in nature. The highest activity is in the winter months (first and fourth fiscal quarters) and the lowest activity is during spring break-up (second fiscal quarter) due to road weight restrictions and reduced accessibility to remote areas.

### Future Operations

On June 21, 2016 Trican closed the offering of an aggregate of 43,125,000 common shares for aggregate gross proceeds of $69 million. Concurrently, Trican became subject to amended terms of the applicable credit agreements ("Second 2016 Amended Credit Agreements") with its bank lenders under its Revolving Credit Facility ("RCF") and the holders of its senior notes ("Senior Notes") whereby all financial covenants were removed until Q1 2017.

On July 13, 2016, Trican closed its previously announced agreement with certain subsidiaries of National Oilwell Varco, Inc. ("NOV") for the sale of its completion tools business with operations in Russia, Norway, the United States and Canada for aggregate gross proceeds of $53.5 million. The cash consideration received on closing by Trican consists of cash consideration of $30 million and working capital, net debt and other adjustments of $2.1 million with the final working capital amounts to be determined. The share consideration received on closing totaled $23.5 million, consisting of 558,221 NOV shares. Trican used the net cash proceeds from the transaction to reduce its debt.

Trican anticipates that cash flow from operating activities, the proceeds from the sale of the completions tools business which closed on July 13, 2016, and available credit facilities will provide the required resources to fund ongoing operations for the foreseeable future including the discharge of its existing liabilities and commitments and compliance with future financial covenants as specified in the Second 2016 Amended Credit Agreements.

For the six months ended June 30, 2016 the Company incurred a loss from continuing operations in the amount of $82.9 million. For the fiscal years ended December 31, 2015 and December 31, 2014, the Company incurred a net loss of $110.2 million and a net income of $12.1 million from continuing operations, respectively. The current challenging economic climate may lead to further adverse changes in cash flow, working capital levels or long-term debt balances, which may also have a direct impact on our results and financial position. These and other factors may adversely affect our liquidity and our ability to generate profits in the future. The Company does not currently have debt covenants in place for the remainder of 2016. Based on current available information, we expect to comply with all covenants during 2017, however our estimated leverage and interest coverage ratios during the first half of 2017 are expected to be near the minimum amount necessary to comply with the financial covenants in the Second 2016 Amended Credit Agreements. If the Company does not comply with the financial covenants, the RCF and Senior Notes may become due on demand. If future profitability or available liquidity is not sufficient to meet Trican's operating and debt servicing obligations as they come due management's plans include reducing expenditures and pursuing additional asset dispositions or alternative financing arrangements.

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

These condensed consolidated interim financial statements for the three and six month periods ended June 30, 2016, 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 2015 annual consolidated 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 2015 annual consolidated financial statements with the exception of the following new accounting policy that was adopted:

*Financial Instruments - Investments in Keane*
The Company obtained 10% of Class A shares in Keane ("Equity Interest in Keane") in Keane Group Holdings, LLC ("Keane") on the close of the sale of its U.S. pressure pumping business. These securities were initially recognized at fair value. Subsequent changes in the fair value are recognized through Other Comprehensive Income (OCI).

The Company also obtained 100% of the Class C shares ("Profits Interest in Keane") which has been categorized as a derivative asset. All financial derivative instruments are initially recognized at fair value. Subsequent changes in the fair value are recognized through profit or loss.

The Investments in Keane (ie. the Equity Interest and Profits Interest) are recorded at fair value on the statement of financial position.

*Operating Segments*
All inter-company transactions have been eliminated upon consolidation between Trican and its subsidiaries in these financial statements. As at June 30 2016, the Company's Canadian operation constitutes the only remaining reportable segment that is included in the results of continuing operations due to various divestitures and closure of Trican's Canadian completions operations and international pressure pumping and completions operations. Management reviewed its current continuing operations using the criteria stated in IFRS 8 *Operating Segments* and determined that the Company has one reportable segment based on the operating results of business activities with discrete financial information that is reviewed by the Company's chief operating decision makers for the purpose of resource allocation and assessing performance. The results of discontinued operations are presented in Note 4.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 11, 2016.

## 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 2015 annual consolidated financial statements.

There have been no material revisions to the nature of judgments or changes in estimates of amounts reported in the Company's 2015 annual consolidated financial statements, except for the valuation of Keane Investments, acquired in the first quarter of 2016, which are described in note 11.

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

The International Accounting Standards Board (IASB) IFRS Interpretations Committee have issued the following standards that have not been applied in preparing our 2016 second quarter unaudited condensed consolidated interim financial statements and notes thereto, as their effective dates fall within annual periods beginning subsequent to the current reporting periods.

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 judgement 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. Management has not yet evaluated the impact of this new Standard on the Company's financial statements and disclosures.

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 Programmes, 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, 2019. Early adoption is also permitted. Management has not yet evaluated the impact of this new Standard on the Company's financial statements and disclosures.

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 come on-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. Management has not yet evaluated the impact of this new Standard on the Company's financial statements and disclosures.

## NOTE 4 – SALE, ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

### Sale of U.S. pressure pumping business

On March 16, 2016, the Company closed the sale of its U.S. pressure pumping business to Keane Group Holdings, LLC ("Keane"). The U.S. business was sold for $264.5 million (USD $200.0 million) in cash, 10% of Keane's Class A shares (the Equity Interest in Keane), 100% of Keane's Class C shares (the Profits Interest in Keane), and additional working capital adjustments (see note 13).

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

| | **March 16, 2016** |
|---|---|
| Cash consideration | $264,520 |
| Fair value of the Equity Interest in Keane | 75,022 |
| Fair value of Profits Interest in Keane | 3,459 |
| Total consideration received | 343,001 |
| | |
| Less assets and liabilities of discontinued operations sold: | |
| Working capital | 64,354 |
| Property and equipment | 275,740 |
| Net assets sold | 340,094 |
| Transaction costs | (7,723) |
| **Loss on disposition of U.S. business** | **($4,816)** |

**Assets and liabilities held for sale**

As at June 30, 2016 the Company was committed to a plan to sell pressure pumping businesses in Australia, Kazakhstan, Colombia, Algeria and Saudi Arabia as well as the Company's Completion tools business (see note 14), which results in certain assets and liabilities being classified as held for sale.

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

| | **June 30, 2016** | December 31, 2015 |
|---|---|---|
| Trade and other receivables | **$12,517** | $162 |
| Inventory | **40,679** | 42 |
| Prepaid expenses | **512** | - |
| Current tax assets | **761** | - |
| Property and equipment | **13,830** | 6,888 |
| Intangibles assets | **1,554** | |
| **Total assets held for sale** | **$69,853** | $7,092 |
| | | |
| Trade and other payables | **$10,137** | $- |
| Deferred tax liability | **458** | - |
| **Total liabilities held for sale** | **$10,595** | $- |

An impairment loss of $26.4 million on the carrying amount of intangible assets was recorded in the second quarter as a result of measuring the assets held for sale at the lower of cost and fair value less cost of disposal. This charge was recorded in the Company's Completion tools business in discontinued operations.

**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. As such, the comparative consolidated

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

statement of comprehensive loss for the three and six months ended June 30, 2015, have been presented to show the discontinued operations separate from the continuing operations of Trican.
Following are the results of discontinued operations:

**Canadian Operations**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| Revenue | **$636** | $1,480 | **$1,991** | $5,058 |
| Cost of sales | **2,537** | 4,350 | **5,846** | 10,498 |
| **Gross loss** | **(1,901)** | (2,870) | **(3,855)** | (5,440) |
| Administrative expenses | **359** | 60 | **433** | (200) |
| Other (income) / expenses | **404** | (12) | **376** | (13) |
| **Results from operating activities** | **(2,664)** | (2,918) | **(4,664)** | (5,227) |
| Foreign exchange loss / (gain) | **169** | (2) | **173** | 14 |
| Asset impairment | **26,372** | - | **26,372** | - |
| **Loss before income tax** | **(29,205)** | (2,916) | **(31,209)** | (5,241) |
| Income tax recovery | **(7,300)** | (283) | **(7,574)** | (566) |
| **Loss from discontinued Canadian Operations** | **($21,905)** | ($2,633) | **($23,635)** | ($4,675) |

**US Operations**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| Revenue | **$3,135** | $79,392 | **$66,541** | $280,816 |
| Cost of sales | **5,920** | 121,193 | **90,315** | 355,233 |
| **Gross loss** | **(2,785)** | (41,801) | **(23,774)** | (74,417) |
| Administrative expenses | **1,424** | 8,987 | **7,299** | 18,802 |
| Other (income) / expenses | **(977)** | (423) | **(68,842)** | (152) |
| **Results from operating activities** | **(3,232)** | (50,365) | **37,769** | (93,067) |
| Finance income | **(8)** | - | **(22)** | (47) |
| Foreign exchange loss / (gain) | **115** | 4,484 | **116** | (10,010) |
| **(Loss) / profit before income tax** | **(3,339)** | (54,849) | **37,675** | (83,010) |
| Income tax expense / (recovery) | **138** | 189,227 | **(26,835)** | 171,178 |
| **(Loss) / profit from discontinued US Operations** | **($3,477)** | ($244,076) | **$64,510** | ($254,188) |

**International Operations**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| Revenue | **$9,230** | $69,401 | **$16,641** | $121,380 |
| Cost of sales | **7,823** | 60,302 | **17,194** | 112,101 |
| **Gross profit / (loss)** | **1,407** | 9,099 | **(553)** | 9,279 |
| Administrative expenses | **1,093** | 4,631 | **2,622** | 8,675 |
| Other (income) / expenses | **(243)** | 22 | **(2,345)** | 494 |
| **Results from operating activities** | **557** | 4,446 | **(830)** | 110 |
| Finance income | **(1)** | (11) | **(10)** | (20) |
| Foreign exchange (gain) / loss | **(574)** | 1,472 | **(100)** | 434 |
| Asset (recovery) / impairment | **(106)** | - | **999** | - |
| **Profit / (loss) before income tax** | **1,238** | 2,985 | **(1,719)** | (304) |
| Income tax expense | **364** | 2,117 | **412** | 4,205 |
| **Profit / (loss) from discontinued International Operations** | **$874** | $868 | **($2,131)** | ($4,509) |

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

**Total Discontinued Operations**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| Revenue | **$13,001** | $150,273 | **$85,173** | $407,254 |
| Cost of sales | **16,280** | 185,845 | **113,355** | 477,832 |
| **Gross loss** | **(3,279)** | (35,572) | **(28,182)** | (70,578) |
| Administrative expenses | **2,876** | 13,678 | **10,354** | 27,277 |
| Other (income) / expenses | **(816)** | (413) | **(70,811)** | 329 |
| **Results from operating activities** | **(5,339)** | (48,837) | **32,275** | (98,184) |
| Finance income | **(9)** | (11) | **(32)** | (67) |
| Foreign exchange (gain) / loss | **(290)** | 5,954 | **189** | (9,562) |
| Asset impairment | **26,266** | - | **27,371** | - |
| **(Loss) / profit before income tax** | **(31,306)** | (54,780) | **4,747** | (88,555) |
| Income tax (recovery) / expense | **(6,798)** | 191,061 | **(33,997)** | 174,817 |
| **(Loss) / profit from discontinued Total Operations** | **($24,508)** | ($245,841) | **$38,744** | ($263,372) |

## NOTE 5 – LOANS AND BORROWINGS

**Loans and borrowings**

| | **June 30, 2016** | December 31,2015 |
|---|---|---|
| Senior Notes, net of transaction costs | **$122,988** | $346,576 |
| RCF, net of transaction costs | **121,201** | 210,101 |
| Finance lease obligations | **1,584** | 19,563 |
| Total | **$245,773** | $576,240 |
| Current portion of loans and borrowings | **68,740** | 100,306 |
| Current portion of finance lease obligations[(1)] | **1,038** | 6,639 |
| Non-current | **$175,995** | $469,295 |

(1) Included in trade and other payables

### Second 2016 Amended Credit Agreements

On June 21, 2016, Trican closed a public offering of an aggregate of 43,125,000 common shares at a price of $1.60 per common share for aggregate gross proceeds of $69 million including overallotments (the "Equity Offering"). Concurrently, the second 2016 amendment of the current credit agreements (the "Second 2016 Amended Credit Agreements") with its bank lenders under its revolving credit facility and the holders of its senior notes came into effect.

Key terms under the Second 2016 Amended Credit Agreements include:

- a reduction in the availability of the RCF from $303 million to $250 million;
- a temporary cap of $175 million on the RCF until Trican has achieved EBITDA (excluding the application of the Equity Cure) of at least $25 million in any quarter ended on or after September 30, 2016.
- a removal of all prior financial covenants until the first quarter of 2017;
- new leverage and interest covenant calculations as described below – the covenant thresholds remain unchanged;

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

Key terms under the 2016 Amended Credit Agreements that have not changed include:

- an elimination of the minimum EBITDA and liquidity covenants;
- an Equity Cure provision for which 50% of the proceeds may be applied in the calculation of adjusted EBITDA for the Leverage and Interest coverage covenant calculations, provided an Equity Cure is not used more than twice in any four quarter period and the aggregate amount of any Equity Cure applied to the quarterly covenant calculations does not exceed $20 million;
- Adjusted EBITDA is defined as income before interest, taxes, depreciation and other permitted or non-cash items under the 2015 Amended Credit Agreements.

### Senior Notes

As at June 30, 2016, Trican had the following notes outstanding:

| | | Canadian $ Amount | | U.S. $ Denominated Amount | |
|---|---|---|---|---|---|
| | **Maturity** | **June 30, 2016** | **December 31, 2015** | **June 30, 2016** | **December 31, 2015** |
| **Senior Notes** | | | | | |
| 7.05% (1) Series A | November 19, 2017 | $13,729 | $23,067 | $10,629 | $16,667 |
| 7.05% (1) Series A | November 19, 2019 | - | 5,297 | - | 3,828 |
| 8.22% (1) Series C | April 28, 2016 | - | 33,445 | - | - |
| 9.11% (1) Series D | April 28, 2021 | 5,782 | 11,148 | - | - |
| 7.61% (1)Series E | April 28, 2016 | - | 66,860 | - | 48,309 |
| 8.29% (1)Series F | April 28, 2018 | 39,830 | 82,289 | 30,836 | 59,457 |
| 8.90% (1) Series G | April 28, 2021 | 52,277 | 108,005 | 40,472 | 78,038 |
| 8.75% (1) Series H | September 03, 2024 | 7,669 | 14,864 | - | - |
| **Subordinated Make-Whole Senior Notes** | | | | | |
| 5.97% Series A | November 19, 2017 | 656 | 703 | 508 | 508 |
| 5.54% Series D | April 28, 2021 | 457 | 457 | - | - |
| 5.55% Series F | April 28, 2018 | 1,184 | 1,268 | 916 | 916 |
| 6.28% Series G | April 28, 2021 | 3,169 | 3,395 | 2,453 | 2,453 |
| 6.05% Series H | September 03, 2024 | 755 | 755 | - | - |
| PIK Principal | | 1,166 | - | - | - |
| Debt issue costs (2) | | ($3,686) | ($4,977) | $- | $- |
| **Senior Notes, net of transaction costs** | | **$122,988** | **$346,576** | **$85,814** | **$210,176** |

(1) The interest rate on Senior Notes includes an additional 125 basis point increase payable in cash and a 175 basis point increase of interest payable in kind in addition to the interest rates noted in the table above pursuant to the 2016 and 2015 Amended Credit Agreements.

(2) Includes transaction costs on the 2016, 2015 Amended Credit Agreements and Original Credit Agreements.

On April 28, 2016, Trican retired in advance additional amounts of US $2.1 million and $12.6 million on Senior Notes Class D, Class G and Class H, and retired fully its Senior Notes Series C and Series E on maturity.

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

On June 30, 2016, Trican used a portion of the proceeds from the Equity Offering to pay $27 million on the RCF. The remaining balance of the proceeds, $38.7 million was classified as restricted cash.

**RCF**

As at June 30, 2016, Trican has a $250 million four-year extendible RCF with a syndicate of banks, in place 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, dependent on certain financial ratios of the Company.

In the second quarter of 2016, the Company incurred $0.2 million in transaction costs related to the Second 2016 Amended Credit Agreements.

**Covenants**

The Company is required to comply with covenants under the terms of the Second 2016 Amended Credit Agreements. These covenants are applicable to the RCF and to the Senior Notes:

- no financial covenants are applicable until the first quarter of 2017;
- 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 |
|---|---|---|---|
| June 30, 2016 | Not applicable | Not applicable | Not applicable |
| September 30, 2016 | Not applicable | Not applicable | Not applicable |
| December 31, 2016 | Not applicable | Not applicable | Not applicable |
| March 31, 2017 | 5.0x | 2.0x | Q1 annualized |
| June 30, 2017 | 5.0x | 2.0x | (Q1 X 3 + Q2) |
| 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 Make Whole Notes (net of the mark to market value of the cross currency swaps) minus cash divided by adjusted EBITDA.

The Interest Coverage Ratio is defined as adjusted EBITDA divided by interest expense minus payable in-kind interest. 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.

As noted above, no financial covenants are applicable to the Company for the second quarter of 2016 (2015 - in compliance).

**Restricted Cash**

At June 30, 2016, Trican was holding $38.7 million of restricted cash and cash equivalents which represents the remaining net proceeds from the Equity Offering which were applied against the RCF and Senior Notes after June 30 2016 pursuant to the terms of the Second 2016 Amended Credit Agreements that became effective on June 21, 2016.

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

## NOTE 6 - SHARE CAPITAL

### Share capital

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

**Issued and outstanding - common shares:**

| | Number of Shares | Amount |
|---|---|---|
| Balance, January 1, 2016 | 148,918,046 | $570,337 |
| Exercise of stock options | 360,000 | 295 |
| Reclassification from contributed surplus on exercise of options | - | 129 |
| Issuance of shares (net of issuance cost and net of tax) | 43,125,000 | 66,045 |
| **Balance, June 30, 2016** | **192,403,046** | **$636,806** |

On June 21, 2016, the Company issued 43,125,000 common shares at a price of $1.60 per Common Share, for gross proceeds to Trican of approximately $69 million.

## NOTE 7 – SHARE-BASED COMPENSATION

The Company has four shared-based compensation plans.

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| Expense / (Recovery) | **2016** | 2015 | **2016** | 2015 |
| Cash-settled share-based compensation expense | | | | |
| Deferred Share Units | **$2,206** | $305 | **$2,983** | ($434) |
| Restricted Share Units | **563** | 1,311 | **1,516** | (660) |
| Performance Share Units | **702** | 336 | **946** | 36 |
| Total cash-settled share-based compensation expense | **3,471** | 1,952 | **5,445** | (1,058) |
| Equity-settled share-based compensation expense | | | | |
| Stock options | **675** | 1,294 | **1,463** | 2,819 |
| Total equity-settled share-based compensation expense | **675** | 1,294 | **1,463** | 2,819 |
| **Total share-based compensation expense** | **$4,146** | **$3,246** | **$6,908** | **$1,761** |

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| Expense / (Recovery) | **2016** | 2015 | **2016** | 2015 |
| Continuing operations | **$4,145** | $2,642 | **$6,584** | $1,986 |
| Discontinued operations | **1** | 604 | **324** | (225) |
| **Total share-based compensation expense** | **$4,146** | $3,246 | **$6,908** | $1,761 |

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

**Incentive stock option plan (equity-settled):**
The weighted average grant date fair value of options granted during the six months of 2016 has been estimated at $1.08 per option using the Black-Scholes option pricing model (no stock options were granted in the six months of 2015). 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:

| **For the six months ended June 30,** | **2016** |
|---|---|
| Share price | **$1.98** |
| Exercise price | **$1.98** |
| Expected life (years) | **3.48** |
| Expected volatility | **79%** |
| Risk-free interest rate | **0.5%** |
| Forfeitures | **10.9%** |
| Dividend yield | **0.0%** |

The Company has reserved 18,278,289 common shares as at June 30, 2016, (2015 – 14,891,805) 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, less the number utilized under the PSU plan. As of June 30, 2016, 11,325,448 options (2015 – 7,512,977) were outstanding at exercise prices ranging from $0.82 - $20.00 per share with expiry dates ranging from 2016 to 2022.

The following table provides a summary of the status of the Company's stock option plan and changes in the stock option groups:

| **Six months ended June 30,** | **2016** | | 2015 | |
|---|---|---|---|---|
| | **Options** | **Weighted Average Exercise Price** | Options | Weighted Average Exercise Price |
| Outstanding at the beginning of period | **10,805,206** | **$9.71** | 10,461,818 | $15.19 |
| Granted | **3,538,370** | **1.98** | - | - |
| Exercised | **(360,000)** | **0.82** | - | - |
| Forfeited | **(1,629,203)** | **10.65** | (709,382) | 14.97 |
| Expired | **(1,028,925)** | **21.75** | (2,239,459) | 14.93 |
| Outstanding at the end of the period | **11,325,448** | **6.36** | 7,512,977 | $15.29 |
| Exercisable at end of the period | **4,280,087** | **11.54** | 4,165,337 | $16.18 |

The weighted average share price for the six months ended June 30, 2016, was $1.53 (2015 - $4.38).

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

The following table summarizes information about stock options outstanding at June 30, 2016:

| | | | Options Outstanding | | | Options Exercisable | |
|---|---|---|---|---|---|---|---|
| Range of Exercise Prices | | | **Number Outstanding** | **Weighted Average Remaining Life** | **Weighted Average Exercise Price** | **Number Exercisable** | **Weighted Average Exercisable Price** |
| $0.00 | to | $1.00 | 3,346,776 | 4.26 | $0.82 | 548,400 | $0.82 |
| $1.01 | to | $2.00 | 3,478,290 | 6.95 | $1.98 | 168,400 | $1.98 |
| $2.01 | to | $20.00 | 4,500,382 | 2.08 | $13.86 | 3,563,287 | $13.65 |
| $0.00 | to | $20.00 | 11,325,448 | 4.22 | $6.36 | 4,280,087 | $11.54 |

The following table provides a summary of the changes to the Company's cash-settled share-based compensation plans:

| | **Deferred Share Unit** | **Restricted Share Unit** | **Performance Share Unit** |
|---|---|---|---|
| Balance, January 1, 2015 | 403,279 | 2,417,536 | 456,042 |
| Granted | 969,784 | 1,201,527 | 670,622 |
| Exercised | - | (704,627) | (1,500) |
| Forfeited | - | (874,650) | - |
| Expired | - | - | (204,913) |
| Balance, December 31, 2015 | 1,373,063 | 2,039,786 | 920,251 |
| **Granted** | **289,796** | **152,420** | **284,900** |
| **Exercised** | **-** | **(274,443)** | **-** |
| **Forfeited** | **-** | **(659,299)** | **(215,205)** |
| **Balance, June 30, 2016** | **1,662,859** | **1,258,464** | **989,946** |
| **Vested at June 30, 2016** | **1,662,859** | **80,890** | **-** |

The outstanding liabilities for cash-settled compensation plans at June 30, 2016 of $6.5 million (December 31, 2015 - $1.7 million) are included in accounts payable and accrued liabilities. The expense related to the three cash-settled share-based compensation plans is detailed under Administrative Expenses in Note 9 – Cost of Sales and Administrative Expenses.

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

| | **For the three months ended June 30,** | | **For the six months ended June 30,** | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| Weighted average number of common shares | **153,842,584** | 148,918,046 | **151,381,139** | 148,935,557 |
| Diluted effect of stock options | **-** | - | **-** | - |
| Diluted weighted average number of common shares | **153,842,584** | 148,918,046 | **151,381,139** | 148,935,557 |

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

| | For the three months ended, June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| **Attributable to owners of the Company** | **2016** | 2015 | **2016** | 2015 |
| **Loss from continuing operations** | **($40,422)** | (37,728) | **($82,912)** | (56,434) |
| Per share – basic and dilutive | **($0.26)** | ($0.25) | **($0.55)** | ($0.38) |
| **(Loss) / profit from discontinued operations** | **(24,655)** | (245,447) | **38,695** | (262,432) |
| Per share – basic and dilutive | **$(0.16)** | $(1.65) | **$0.26** | ($1.76) |
| **Loss for the period** | **(65,077)** | (283,175) | **(44,217)** | (318,866) |
| Per share – basic and dilutive | **($0.42)** | $(1.90) | **($0.29)** | ($2.14) |

All of the outstanding options have been excluded from the diluted weighted-average number of common shares as the Company incurred a net loss in the three months, and six months ended June 30, 2016 and 2015.

## NOTE 9 – COST OF SALES AND ADMINISTRATIVE EXPENSES

The Company classifies the consolidated statement of comprehensive income using the function of expense method, which presents expenses according to their function, such as cost of sales, administrative expenses and corporate 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:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| **Cost of sales** | **2016** | 2015 | **2016** | 2015 |
| Operations | | | | |
| Personnel expenses | **$20,003** | $30,790 | **$59,963** | $95,187 |
| Direct costs – cost of sales | **14,505** | 36,208 | **60,383** | 134,388 |
| Direct costs – other expenses | **10,202** | 20,446 | **35,087** | 63,891 |
| Depreciation and amortization | **15,447** | 16,692 | **32,624** | 33,147 |
| Sub-total cost of sales - Operations | **$60,157** | $104,136 | **$188,057** | $326,613 |
| Corporate[3] | | | | |
| Personnel expenses | **$469** | $3,503 | **$2,979** | $8,438 |
| Direct costs | **336** | 662 | **973** | 1,878 |
| Depreciation and amortization | **88** | 92 | **175** | 187 |
| Sub-total cost of sales - Corporate | **893** | 4,257 | **4,127** | 10,503 |
| **Total cost of sales** | **$61,050** | $108,393 | **$192,184** | $337,116 |

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

| **Administrative expenses** | | | | |
|---|---|---|---|---|
| Operations | | | | |
| Personnel expenses | **$2,087** | $2,134 | **$4,410** | $5,125 |
| General organizational expenses | **388** | 619 | **841** | 1,493 |
| Bad debt expense / (recovery) | **43** | 192 | **(35)** | 795 |
| Depreciation and amortization | **911** | 843 | **2,215** | 1,811 |
| Share-based compensation expenses | **693** | 933 | **1,453** | 721 |
| Sub-total administrative expenses - Operations | **$4,122** | $4,721 | **$8,884** | $9,945 |
| | | | | |
| Corporate (3) | | | | |
| Personnel expenses | **5,493** | 2,546 | **7,666** | 5,831 |
| General organizational expenses | **4,051** | 4,176 | **9,117** | 8,532 |
| Depreciation and amortization | **1,169** | 971 | **2,721** | 1,881 |
| Share-based compensation expenses | **3,452** | 1,709 | **5,131** | 1,265 |
| Sub-total administrative expenses - Corporate | **14,165** | 9,402 | **24,635** | 17,509 |
| | | | | |
| **Total administrative expenses** | **$18,287** | $14,123 | **$33,519** | $27,454 |

(3) Corporate expenses relate to technical, operational and administrative support provided by Trican Well Service headquarters in Calgary for Canadian and International operations.

The following severance costs are included in personnel expenses above:

| | **For the three months ended June 30,** | | **For the six months ended June 30,** | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| Severance costs | **$8,382** | $929 | **$16,282** | $7,424 |

**NOTE 10 - INCOME TAXES**

| **Six months ended June 30,** | **2016** | 2015 |
|---|---|---|
| Current income tax expense / (recovery) | **$1,110** | ($10,838) |
| Deferred income tax recovery | **($30,529)** | (570) |
| | **($29,419)** | ($11,408) |

The net income tax provision differs from that expected by applying the combined federal and provincial income tax rate of 26.90% (2015 – 26.09%) to income before income taxes for the following reasons:

| **Six months ended June 30,** | **2016** | 2015 |
|---|---|---|
| Expected combined federal and provincial income tax | **($30,217)** | ($17,700) |
| Non-deductible expenses | **366** | 211 |
| Statutory and other rate differences | **(3,832)** | (1,910) |
| Share-based compensation | **354** | 736 |
| Unrecognized current year losses | **3,979** | 2,746 |
| Changes to deferred income tax rates | **-** | 4,465 |
| Other | **(69)** | 44 |
| | **($29,419)** | ($11,408) |

## NOTE 11 - FINANCIAL INSTRUMENTS

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

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

The fair value of the RCF approximate their carrying amount because the variable interest rate applied and the credit spreads on approximate market 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 $8.1 million (2015 - $9.1 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.

Trican has received 10% of the Class A shares of Keane as part of the sale of its U.S. pressure pumping business, as well as certain economic interests in Keane that represent up to an additional 20% economic participation above certain thresholds upon a Keane liquidity event.

The fair value of Trican's Equity Interest in Keane is $80.9 million (2015 - nil). Due to the lack of observable market data and reliable fair value measures, the fair value was calculated using a 5-year discounted cash flow with a discount rate of 12.3%, a terminal growth rate of 2.5% and a value discount of 10% because the Equity Investment is not traded on a public market.

The fair value of Trican's Profits Interest in Keane is $ 3.5 million (2015 – nil). Due to the lack of observable market data and reliable fair value measures, the fair value was calculated using a 5-year discounted cash flow with a discount rate of 12.3%, a terminal growth rate of 2.5% and a value discount of 25% to reflect the risk associated with this cash flow.

The table below analyses 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).

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

| June 30, 2016 | Carrying amount | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial assets at amortized cost [(4)] | | | | |
| Loan to unrelated third party - current | **$5,257** | **$-** | **$-** | **$5,257** |
| Loan to unrelated third party – non-current | **2,861** | | | **2,861** |
| Fair value through profit and loss | | | | |
| Currency Derivatives - non-current | **15,409** | **-** | **15,618** | **-** |
| Profits interest in Keane | **3,441** | **-** | **-** | **3,441** |
| **Available for sale security** | | | | |
| Equity Interest in Keane | **80,891** | **-** | **-** | **80,891** |
| **Financial liabilities** | | | | |
| Financial liabilities at amortized cost | | | | |
| Senior Notes | **122,988** | **-** | **92,924** | **-** |
| Fair value through profit and loss | | | | |
| RCF | **121,207** | **-** | **131,282** | **-** |
| Financial liabilities not measured at fair value | | | | |
| Finance lease obligations – current | **1,038** | **-** | **1,038** | **-** |
| Finance lease obligations – non-current | **$546** | **$-** | **$546** | **$-** |

(4) The current portion of this loan is included in Trade and Other Receivables. The non-current portion of this loan is included in Other Assets.

## NOTE 12 – IMMATERIAL CORRECTIONS

Subsequent to the issuance of the consolidated financial statements for the year ended December 31, 2015, the Company determined that two immaterial errors occurred in those previously issued financial statements:

- In the fourth quarter of 2015, hedged transactions in a cash flow hedging relationship (being foreign exchange gains and losses on the Company's Class E and Class F Senior Notes) were no longer probable of occurring based on expectations of disposals being pursued by the Company. As a result, the hedging relationship no longer qualified for hedge accounting and, accordingly, in the fourth quarter of 2015, the cumulative loss of $3.9 million previously recognized in other comprehensive income should have been reclassified to reduce foreign exchange gain and increase loss from continuing operations by the same amount; and
- In the third quarter of 2015, the Company determined that cumulative foreign exchange loss of $1.4 million previously recognized in other comprehensive income should have been reclassified to loss from discontinued operations as a result of the sale of its Russian operation.

The Company concluded that these adjustments are not material to the Company's consolidated financial statements for the year ended December 31, 2015 and has reflected them as immaterial corrections of the comparative financial information in these interim consolidated financial statements.

Deficit at December 31, 2015 has been increased by $5.3 million.

In addition, the Company has presented the carrying amount of the cross currency swaps of $37.9 million at December 31, 2015 as currency derivatives rather than as an adjustment to the related Senior Notes.

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

Changes in fair value of the cross currency swaps commencing the fourth quarter of 2015 have been recognized in profit and loss.

## NOTE 13 – OTHER COMMITMENTS AND CONTINGENCIES

| | Payments due by period | | | |
|---|---|---|---|---|
| **June 30, 2016** | **1 year or less** | **1 to 5 years** | **5 years and thereafter** | **Total** |
| **Finance leases** | **$1,038** | **$546** | **$-** | **$1,584** |
| **Operating leases** | **6,223** | **11,077** | **9,172** | **26,472** |
| **Total Commitments** | **$7,261** | **$11,623** | **$9,172** | **$28,056** |
| | | | | |
| December 31, 2015 | | | | |
| Finance leases | $6,639 | $12,924 | $- | $19,563 |
| Operating leases | 14,159 | 19,639 | 5,783 | 39,581 |
| Inventory purchases | 3,019 | 36,998 | - | 40,017 |
| Capital commitments | 5,559 | - | - | 5,559 |
| Total Commitments | $29,376 | $69,561 | $5,783 | $104,720 |

### Sand Purchase Agreement with Huron Mineral LLC

In 2011, Trican entered into a sand purchase agreement with supplier Huron Mineral LLC, which included the following terms:

(i) a yearly tonnage purchase requirement,

(ii) any shortfalls accruing during the term of the agreement get carried forward into a 2016 contract year, and

(iii) an Adjustment Provision which is defined as “in the event of a major market adjustment which effects the oil and gas industry as a whole, Trican can provide notice and have the shortfall amount (provided it is at least a 30% reduction) removed from the agreement”.

Taking into account the foregoing, Trican issued a notice under the Adjustment Provision for 50% of the tonnage in 2016. Huron disputes Trican’s ability to use the Adjustment Provision in the 2016 year and further disputes the calculation of the shortfalls carried forward for previous years. Trican and Huron made several attempts to resolve the dispute, but did not get resolution.

Following the failed attempts to resolve outside of the legal process, Huron filed for arbitration per the terms of the contract. Mediation was held on April 28, 2016 in an attempt to resolve the matter. At this mediation Huron took the position that its damages are USD $14 million to USD $15 million. Trican took the position that the Adjustment Provision can be used in 2016, so Trican could take delivery of the sand and Trican has no liability. Each party has moved forward with filing motions of Summary Disposition with the Arbitration Committee and a hearing to decide the motions will be held on August 4, 2016. The Company expects that decisions will not be announced until the month of September 2016. The issue of the motions centers entirely on the interpretation of the contract as to whether or not Trican has any liability for failure to purchase sand under the contract.

Management is of the view that this claim in not probable and consequently is not expected to have a material financial impact to the Company. Consequently, no provision has been recorded in these consolidated financial statements.

**Working Capital Adjustment and Indemnity Claim in connection with the sale of Trican's US operations to Keane Group ("Keane") on March 16, 2016**

Keane prepared and delivered, a Post-Closing Statement for their Net Working Capital Estimate on June 14, 2016. The Post-Closing Statement reflected a shortfall of $5.5 million from the working capital target of $61.2 million. On July 20, 2016, Trican delivered an Objection Notice that reflected Trican's estimated Net Working Capital of $75.1 million which is an excess of $13.9 million over the net working capital target.

As per the Asset Purchase Agreement dated January 25, 2016, within 30 days after delivery of the Objection Notice, Keane and Trican shall negotiate in good faith to resolve the dispute. If such dispute is not resolved in writing by Trican and Keane within such 30-day period, then Trican and Keane jointly will engage, as agreed in the agreement, an independent accounting expert, not acting as an arbitrator, to resolve remaining disputed amounts.

Management has not recorded any accrual for a contingent liability associated with this working capital adjustment process based on our belief that a liability is not probable and any range of potential future charge cannot be reasonably estimated at this time.

In addition, Keane prepared and delivered an Indemnity Claim stating that Trican owes Keane USD $4.4 million due to losses incurred by Keane for assets purchased that were not in good operating condition. Management has not recorded any accrual for a contingent liability associated with this claim based on our belief that a liability is not probable and any range of potential future charge cannot be reasonably estimated at this time.

## NOTE 14 – SUBSEQUENT EVENTS

On July 13, 2016, Trican closed its previously announced agreement with certain subsidiaries of National Oilwell Varco Inc. for the sale of Trican Completion Tools business with operations in Russia, Norway, the United States and Canada for aggregate gross proceeds of $53.5 million. The transaction involves the sale of all material assets of Trican's subsidiaries, Trican Completion Solutions Ltd. (the Canadian business) and Trican Completion Solutions, LLC (the United States business) and all of Trican's direct and indirect equity interest in each of Petro Tools Holding AS (the Norwegian business) and Trican Completion Solutions LLC (the Russian business), as well as certain assets related to the Completion Tools business held by Trican and certain affiliates.

The consideration received on closing by Trican consists of:

1. Cash consideration of $30 million and working capital, net debt and other adjustments of $2.1 million with the final working capital amounts to be determined; and
2. Share consideration totaling $23.5 million, consisting of 558,221 common shares of National Oilwell Varco, Inc. All shares of NOV common stock received in connection with the Transaction will be subject to a six month holding period from the date of issuance.

In conjunction with this sale, funds were allocated to the RCF lenders and Senior Noteholders on a pro-rata basis as required by the terms of the Second 2016 Amended Credit Agreements.