CALFRAC WELL SERVICES LTD.

ANNUAL INFORMATION FORM

For the year ended December 31, 2011

March 20, 2012

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual information form constitute forward-looking statements. These statements relate to future events or the Corporation's 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 "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. 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. The Corporation believes that 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 annual information form should not be unduly relied upon. These statements speak only as of the date of this annual information form. Other than as required by applicable laws, the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements.

In particular, this annual information form contains forward-looking statements pertaining to the following:

- capital expenditure programs;
- results of acquisitions;
- projections of market prices and costs;
- supply and demand for oilfield services;
- expectations regarding the Corporation's ability to maintain its competitive position;
- expectations regarding the Corporation's ability to raise capital;
- treatment under governmental regulatory regimes; and
- commodity prices.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this annual information form:

- general economic conditions in Canada, the United States, Russia, Mexico, Argentina and Colombia;
- the demand for fracturing and other stimulation services during drilling and completion of oil and natural gas wells;
- volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally;
- regional competition;
- liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations;
- changes in legislation and the regulatory environment;
- sourcing, pricing and availability of raw materials, component parts, equipment, suppliers, facilities and skilled personnel;
- the ability to integrate technological advances and match advances of competition;
- the availability of capital on satisfactory terms;
- uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed;
- dependence on, and concentration of, major customers;
- the creditworthiness and performance by the Corporation's counterparties and customers;
- liabilities and risks associated with prior operations;
- the effect of accounting pronouncements issued periodically;
- integration of acquisitions;
- currency exchange rate risk; and
- the other factors considered under "Risk Factors".

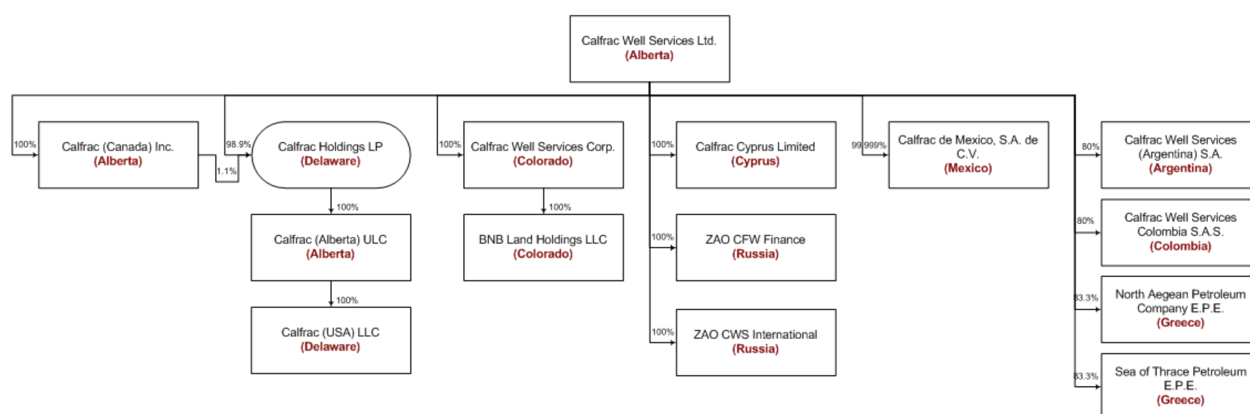
CALFRAC WELL SERVICES LTD.

Calfrac Well Services Ltd. (the "Corporation") is the corporation resulting from the amalgamation of Calfrac Well Services Ltd. (the pre-amalgamation predecessor of the Corporation) and Dominion Land Projects Ltd. under the *Business Corporations Act* (Alberta) ("ABCA") on January 1, 2011. A pre-amalgamation predecessor of the Corporation amalgamated with Century Oilfield Services Inc. ("Century") under the ABCA on January 1, 2010, and a pre-amalgamation predecessor of that entity also named Calfrac Well Services Ltd. was formed under the ABCA on March 24, 2004 by the amalgamation of Denison Energy Inc. ("Denison") and a private corporation known as Calfrac Well Services Ltd. ("CWSL"). On March 8, 2004, Denison completed an arrangement whereby almost all of Denison's assets were transferred to two new corporations, and on March 24, 2004, Denison acquired all of the shares of CWSL, then amalgamated with CWSL and changed its name to Calfrac Well Services Ltd. In this annual information form, references to the Corporation (i) as at dates or for periods prior to March 24, 2004, relate to CWSL as it existed prior to its acquisition by and amalgamation with Denison, (ii) as at dates or for periods following March 24, 2004 but prior to January 1, 2010, relate to Calfrac Well Services Ltd. as it existed prior to its amalgamation with Century and (iii) as at dates or for periods following January 1, 2010 but prior to January 1, 2011, relate to Calfrac Well Services Ltd. as it existed prior to its amalgamation with Dominion Land Projects Ltd.

The head office of the Corporation is located at 411 - 8th Avenue S.W., Calgary, Alberta T2P 1E3 and the registered office is located at 4500, 855 - 2nd Street S.W., Calgary, Alberta T2P 4K7.

Intercorporate Relationships

The following is an organizational chart of Calfrac Well Services Ltd. and its subsidiaries as at January 1, 2012, showing each entity's jurisdiction of incorporation, continuation or formation, as applicable, and the Corporation's ownership interest therein. Unless the context requires otherwise, references to the Corporation include its subsidiary entities set forth below.



GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation

The Corporation is a leading independent provider of specialized oilfield services in Canada and the United States, including fracturing, coiled tubing, cementing and other well stimulation services, which are designed to increase the production of hydrocarbons from wells. The Corporation's operations are focused in western Canada, the United States, Russia, Mexico, Argentina and Colombia.

The Corporation has established this leadership in a dynamic market through an expanding geographic network, increased operating fleet and diversified customer base. The Corporation's goal is to safely and efficiently provide the highest degree of expertise, innovation and service to its customers by combining its focus on people, equipment and technology with the stability provided by a strong financial foundation. The Corporation's success thus far in achieving this goal is attributable to its ability to meet the needs of its customers by providing superior service and

technologies that work in the field, which has led to strong relationships with a number of the world's leading oil and natural gas exploration and production companies. Based on horsepower, the Corporation is one of the largest hydraulic fracturing companies in the world with a combined fleet at December 31, 2011 of 719,000 horsepower ("HP").

Development of the Business

Since its incorporation in 1999, the Corporation has focused on growing its operations organically during periods of high activity levels with disciplined financial management, thereby preserving a strong balance sheet to allow it to fund counter-cyclical and strategic acquisitions during commodity and financial market downturns. This strategy has been evident over the prior four-year period as the Corporation executed four acquisitions which increased its pumping capacity, generated synergies associated with bringing its chemical supply and development requirements in-house, and provided it with additional experienced personnel required to come out of the downturn stronger than it entered. The timing of the acquisitions allowed the Corporation to acquire tangible assets at significant discounts to replacement cost, and its geographic diversification and scope of operations allowed it to efficiently deploy the acquired assets with minimal delay.

In January 2008, the Corporation completed the acquisition of the fracturing assets of a Canadian competitor through the combination of cash and shares for total consideration of $27.6 million. The acquired assets included 22,500 HP and related support equipment, and provided the Corporation the flexibility required to facilitate the deployment of additional assets to the Fayetteville shale play which supported its expanding asset base in that operating region.

On January 11, 2008, the Corporation acquired the remaining 70% of the common shares of ChemErgy Ltd. ("ChemErgy") that it did not previously own for aggregate consideration of approximately $6.6 million. Securing exclusive control over its chemical supply and development process has proven to be critical to the Corporation's successes in providing engineered solutions that are enabling its clients to economically produce evolving unconventional oil and gas resource plays.

In August 2009, the Corporation completed the acquisition of the fracturing assets of a United States competitor, Pure Energy Services Ltd. ("Pure"), for a total purchase price of approximately $44.5 million (including transaction costs and the assumption of approximately $3.4 million of debt). The price represented a discount to net book value and replacement cost and was paid in cash. The assets included approximately 45,000 HP, high-rate blenders and related sand handling equipment. The Corporation also acquired certain land, a rail car lease and a rail spur associated with Pure's fracturing operations, as well as a re-negotiated sand supply agreement.

In November 2009, the Corporation completed the acquisition of Century for a total purchase price for accounting purposes of $100.9 million, including transaction costs of $5.2 million, and assumed $29.0 million of indebtedness and other liabilities, net of working capital. In connection therewith, 5,144,344 of the Corporation's common shares were issued and approximately $13.5 million in cash was paid for the acquisition of all the common shares of Century. Century, founded in 2005, was a leading provider of fracturing services in the Western Canadian Sedimentary Basin (the "WCSB") at the time it was acquired by the Corporation. Century had approximately 70,000 HP, 12 blenders, 10 coiled tubing units as well as other related equipment and real property assets in Alberta and Saskatchewan. Subsequent to closing of the Century transaction, the Corporation's Canadian division rationalized its real property portfolio by selling redundant properties in Grand Prairie, Red Deer and Medicine Hat for aggregate gross proceeds of approximately $4.8 million. A business acquisition report on Form 51-102F4 was filed on January 25, 2010 in respect of the Century acquisition and can be accessed via SEDAR at www.sedar.com.

In 2007, the Corporation expanded its geographic footprint from Canada, the United States and Russia to include Mexico by executing a three-year contract with Pemex Exploracion y Produccion for the provision of hydraulic fracturing services in the Burgos field of northern Mexico, which contract has been amended and extended through to June 30, 2012. Mexican operations commenced from a district base in Reynosa, Mexico with one fracturing spread and related support equipment, and have subsequently grown to include an additional operating base in Poza Rica servicing the Chicontopec basin and an expanded service line that includes cementing (on a subcontracted basis), as well as fracturing.

In the first quarter of 2008, the Corporation established a district operating base in Catriel, Argentina with the support of a local management team. Cementing operations in Argentina commenced in the second quarter of 2008, anchored by an arrangement with a leading oil and natural gas company in that country. The Corporation's Mexican and Argentinean operations were consolidated in 2009 by establishing a Latin America operating division effective January 1 of that year. The Corporation has assembled an experienced management team to lead its Latin America division and the change in organizational structure is expected to continue to drive future operational and financial performance improvements within this geographic segment, such as the Corporation's expansion into the Colombian well servicing market. The Corporation commenced cementing operations in Colombia late in the third quarter of 2011 and expects this region to provide growth opportunities in the future.

The Corporation has also continued to increase its scope of operations in Russia, which commenced in 2005 with two deep coiled tubing units and has been augmented to comprise seven deep coil units and five fracturing spreads. Given Russia's position as the world's largest producer of oil and natural gas and the third largest fracturing market, management of the Corporation continues to be of the view that the demand for Western technology in this developing market, coupled with the extensive Russian well service industry experience that certain of the Corporation's senior executives and management possess, leaves the Corporation well positioned to effectively and profitably operate and grow in this market.

The Corporation's North American operations have also experienced consistent growth over the past three-year period. The Pure acquisition completed in 2009 provided the Corporation's United States operating division increased flexibility from a commodity supply perspective as a result of a sand supply contract and a rail car lease that the Corporation acquired in the transaction. The Pure acquisition has contributed to the Corporation's increasing scope of operations in Arkansas and its entries into the Marcellus shale play in 2010 as well as the Williston basin in North Dakota and Montana and the Niobrara shale formation in the Denver-Julesburg basin in 2011. Similarly, the Century acquisition provided the equipment, personnel and infrastructure needed to allow the Corporation's Canadian operating division to expand its presence in the Deep Basin, Montney and Horn River formations and establish a significant presence in the Viking, Lower Shaunavon, Cardium and Bakken plays. New operating bases were established in Dawson Creek, British Columbia in 2009 and in Red Earth, Alberta in 2011. The Corporation is currently building operating facilities in Smithfield, Pennsylvania and Williston, North Dakota in order to augment its presence in the Marcellus shale play and the Bakken formation, and the Corporation expects such facilities to be completed in the second and third quarters of 2012, respectively. The Corporation has also acquired property in Dawson Creek, British Columbia to support its Montney operations.

With the emergence of unconventional oil and natural gas resource plays and the increased demand for the types of services that the Corporation provides there has been an increased opportunity to enter into long-term minimum commitment contracts. Since the beginning of 2010, the Corporation has secured six three-year minimum commitment contracts in respect of its Canadian and United States operations, along with seven shorter term minimum commitment contracts (ranging from six months to two years) and a number of "right of first refusal" contracts wherein certain clients have committed to providing the Corporation with the first right to perform fracturing, coiled tubing and/or cementing services required in certain operating areas. These commitments together with the Corporation's key customer arrangements positioned it to announce a capital budget for 2012 of $271 million. The capital program will focus on further bolstering Calfrac's fracturing, coiled tubing and cementing capacity, infrastructure and logistical capabilities as it continues to expand its presence in the emerging North American unconventional oil and natural gas markets. Additional equipment is also being constructed to support Calfrac's growing Russian and Latin America operations.

The Corporation exited 2011 with approximately 719,000 HP, 29 coiled tubing units and 23 cementing units.

The Corporation's growth outlined above has been financed through a combination of cash flow, working capital, common share issuances, available credit facilities and the issuance of three separate tranches of senior notes, as discussed in further detail below.

In February 2007, Calfrac Holdings LP ("Calfrac Holdings") closed a private offering of US$135.0 million aggregate principal amount of 7.75% Senior Notes due 2015, and on December 16, 2009, Calfrac Holdings closed a second private offering of US$100.0 million aggregate principal amount of 7.75% Senior Notes due 2015. The 2009 notes were issued at 94.5% of their face amount, for aggregate gross proceeds of US$94.5 million, after

deducting original issue discount. Both tranches of the 7.75% Senior Notes have been redeemed in accordance with their terms.

In September 2009, and in conjunction with the Century and Pure acquisitions, the Corporation negotiated an increase in the credit facilities available to it from $90.0 million to $170.0 million. In December 2009, the Corporation executed an amendment to the credit agreement which provided for the addition of another Canadian financial institution to the syndicate and increased the Corporation's available credit facilities to $175.0 million. In September 2011, the Corporation increased its available credit facilities to $250.0 million and extended the term of these facilities to four years.

In November 2010, Calfrac Holdings closed a private offering of US$450.0 million aggregate principal amount of 7.50% senior notes due 2020. Fixed interest on the notes is payable on June 1 and December 1 of each year, and the notes will mature on December 1, 2020. Calfrac Holdings used a portion of the net proceeds of the offering to repay indebtedness, including to fund the redemption of both tranches of its 7.75% Senior Notes that were due 2015 as discussed above.

In November 2011, the Corporation received regulatory approval to purchase its own common shares in accordance with a normal course issuer bid for the one-year period from November 7, 2011 through November 6, 2012.

In December 2011, the Corporation adopted a Dividend Reinvestment Plan which allows shareholders to direct that cash dividends paid on all or a portion of their common shares be reinvested in additional common shares which will be issued at 95% of the volume weighted average price of the common shares traded on the Toronto Stock Exchange during the last five (5) trading days preceding the relevant dividend payment date.

Description of Services

The Corporation's business is comprised of the following service lines:

Fracturing Services. The principal focus of the Corporation's business is the provision of hydraulic fracturing services to oil and natural gas exploration and production companies. The objective of hydraulic fracturing is to increase the conductivity of an oil or natural gas zone within a reservoir to the wellbore, thus increasing the flow of hydrocarbons, allowing a greater proportion of hydrocarbons to be extracted or produced from that zone. The completion of "unconventional reservoirs", including unconventional oil and gas shales, siltstones, mudstones and other traditionally bypassed reservoirs is a technically and operationally challenging segment of the fracturing market that is currently experiencing strong growth worldwide, and is characterized by increasing numbers of horizontal wells, multi-stage fracture treatments and elevated pumping pressure demands. The Corporation has become a leading service provider in the deeper, more technical areas of Alberta, northeast British Columbia, Saskatchewan, Manitoba, Colorado, North Dakota, Utah, Arkansas, Pennsylvania and West Virginia by offering innovative equipment, technology solutions and highly trained personnel to execute these difficult projects. The Corporation currently operates approximately 285,000 HP from seven operating districts in Canada with facilities located in Grande Prairie, Red Deer, Medicine Hat, Edson and Red Earth, Alberta, Dawson Creek, British Columbia, and Estevan, Saskatchewan, approximately 364,000 HP from five operating districts in the United States located in Platteville and Grand Junction, Colorado, Beebe, Arkansas, Smithfield, Pennsylvania and Williston, North Dakota, approximately 25,000 HP from two operating districts located in Reynosa and Poza Rica, Mexico and approximately 45,000 HP from three facilities located in Noyabrsk, Khanty-Mansiysk and Nefteugansk, Russia. For the years ended December 31, 2011 and 2010, fracturing services accounted for 92% and 89% of the Corporation's revenue, respectively.

The Corporation provides hydraulic fracturing by pumping a viscous fluid with suspended proppant (grains of quartz sand or ceramic material) through the wellbore and into the reservoir zone being stimulated. The pumping pressure causes the zone to fracture and accept the fluid and proppant. The fluid is designed to subsequently break, or lose viscosity, and be driven out by reservoir pressure, leaving the proppant suspended in the fracture.

A considerable amount of technology is incorporated into the design of the fracturing fluid, which normally consists of proprietary chemicals that are combined with a base fluid. The final fluid can be gelled, emulsified or foamed

and may be preceded by acid. In Canada, most fluids are energized by the introduction of liquid carbon dioxide or nitrogen gas. In addition to the complex chemical technology used for making the fracturing fluid, fracturing involves considerable engineering knowledge and experience to design the fracturing process to maximize the performance of the well. Each fracture is individually designed to take account of the specific temperatures, pressures, formation permeability and reservoir fluids within the producing zone which is fractured. The Corporation's engineering staff provides technical evaluation and job design recommendations as an integral component of its fracturing service to the customer.

Hydraulic fracturing services involve the use of sophisticated equipment specifically designed and constructed for hydraulic fracturing. A complement or "spread" of equipment required to perform a hydraulic fracturing job normally consists of the following:

- a blender to combine chemicals, base fluid and proppant into specific mixtures of fracturing fluids;
- one or more high horsepower fracturing pumpers, with the number dependent upon the pumping pressure and rate required for the fracture; the Corporation has combined the blender, pumper, data van and iron truck into a unique fracturing unit designed for fracturing through coiled tubing and foam fracturing;
- a chemical additive unit to transport and inject each chemical in controlled quantities to create the fracturing fluid; the Corporation sometimes incorporates this unit into its blenders to increase efficiency and reduce the "footprint" of the spread at a particular well location;
- an iron truck or trailer used for transporting and rigging up the high-pressure lines or "iron" that connect the various components of the fracture spread and wellhead;
- a computer van equipped with monitoring, data recording, satellite communication and remote pumper controls to monitor and control the treatment and also record the data related to each phase of the fracture;
- one or more pumpers to pump the energizer (carbon dioxide or nitrogen); and
- various equipment to transport, store and deliver the proppant and energizer.

The traditional or stage fracture procedure for stimulating a multi-zone well involves numerous trips to the well location, with each trip stimulating only one or two of the zones. In recent years, procedures have been developed so that all of the zones for a particular well can be fractured in just one trip to the well location. The ability to complete the fracturing services for a multi-zone well in one trip to the well location has become increasingly attractive to customers, as it reduces the traffic to the well location and the resulting disturbance to the landowners and allows the well to be brought into production more quickly. In addition, this procedure simplifies the coordination of the logistics of the fracturing completion and reduces overall costs.

Coiled Tubing Services. The Corporation provides coiled tubing services by running tubing into wells to perform various well servicing operations. Coiled tubing units are often used together with the appropriate support equipment to pump nitrogen, acid or air into wells in order to remove unwanted corrosive acids, solids, gels and fluids from the wellbore and producing zone. Coiled tubing units can also be used to set and remove tools, perform well abandonments and set siphon or velocity strings, which promote the production of natural gas without the accumulation of fluid in the wellbore. Coiled tubing remains the preferred completion tool for drilling out composite plugs and ball seats in horizontal wells after multiple stage fracturing jobs. Since 1999, the Corporation has successfully developed innovative equipment and treating procedures required to effectively complete coiled tubing assignments, from relatively simple shallow natural gas operations to deeper, more technically challenging horizontal wells. Through the acquisition of Century in November 2009, the Corporation acquired ten deep coiled tubing units, which were specifically designed to operate in the unconventional resource plays of western Canada. The Corporation currently has 21 coiled tubing units in Canada, one unit in the United States, seven units in Russia

and one unit in Argentina. For the years ended December 31, 2011 and 2010, coiled tubing services accounted for 6% and 8% of the Corporation's revenue, respectively.

Cementing Services. Drilling for oil and natural gas involves penetrating numerous geological layers, many of which may be saturated with fresh or salt water, oil, natural gas, or combinations of all three. To protect groundwater from contamination emanating from the well bore, surface casing is run to a depth below the level of ground water and fresh water aquifers and cemented in place. In many wells, intermediate and production casing is also run below the level of surface casing and cemented in place. Once the cement has hardened, all of the geological formations that have been penetrated are isolated from each other and the completion of the well can proceed. The Corporation has grown this service line through acquisitions and capital investment. In the fourth quarter of 2007, the Corporation incorporated a majority owned subsidiary in Argentina to perform cementing services in that jurisdiction, and operations in Argentina commenced early in the second quarter of 2008. In the second quarter of 2009, the Corporation suspended primary cementing operations in Canada and redeployed a significant portion of this equipment into the United States and Latin America. The Corporation currently operates five cementing units in Canada which are used to support its coiled tubing operations, five cementing units from its operating base in Beebe, Arkansas, four cementing units from its operating base in Smithfield, Pennsylvania, two cementing units from its operating base in Poza Rica, Mexico, five cementing units from its operating bases in Catriel and Neuquen Argentina and two cementing units from its operating base in Bogota, Colombia. For the years ended December 31, 2011 and 2010, cementing services accounted for 1% and 2% of the Corporation's revenue, respectively.

Industry

After more than four years of strong worldwide exploration and production spending from 2004 through early 2008, the oil and gas industry witnessed a major decline in worldwide demand and commodity prices beginning in mid-2008. When the global economic downturn began, there was a rapid decline in oil and natural gas prices and a significant decrease in 2009 capital budgets for many oil and natural gas companies. This decline in capital spending was evidenced by a decrease in the North American drilling rig count from a peak of 2,467 on August 29, 2008 to a low of 974 on May 22, 2009, a decrease of 61% according to the Baker Hughes Rig Count. Throughout 2010 and 2011, however, the prospects for an improving economy and commodity prices have resulted in higher levels of industry activity. Crude oil fundamentals have continued to gradually improve over the past two years. Following a reduction in global demand of some 1.2 million barrels per day ("MMBpd") in 2009, global oil demand grew 1.8 MMBpd in 2010 and an estimated 0.7 MMBpd in 2011, largely based on estimated global GDP growth of 4.0%. Amid moderate oil demand growth conditions and recovering Libyan production, global oil fundamentals are poised to stabilize in 2012 reflected in relatively steady OPEC spare capacity and a rebuilding of OECD oil and product inventories. WTI crude may exit 2012 over $100 per barrel. Natural gas fundamentals are expected to remain challenged in 2012 and possibly into 2013, as inventories are expected to remain above-average and U.S. GDP growth forecasts suggest that demand will remain steady. Demand for natural gas is expected to benefit from the continued transition away from coal to natural gas, but market research suggests that the current supply surplus will continue into 2013. Although the outlook for natural gas prices remains soft, the North American drilling rig count has grown over 129% since the low of May 2009, now up to 2,228 as of December 2011 (Baker Hughes Rig Count). The prospects for continued growth in 2012 are supported by expectations of global oil demand growth (1.0 MMBpd) and stronger economies worldwide.

The main factor influencing demand for fracturing services is the level of horizontal drilling activity by exploration and production companies around the world as well as fracturing requirements in the respective "resource plays". The Corporation has witnessed a dramatic increase over the last decade in the development of oil and natural gas-producing shale and tight reservoir formations in North America that has resulted in a significant increase in horizontal drilling activity. At the end of 1999, according to Baker Hughes Rig Report, 48 horizontal drilling rigs were operating throughout the United States, or 6% of the total operating U.S. rig count. In December 2011, that number has increased to 1,167 horizontal drilling rigs operating in the U.S. (Baker Hughes Rig Count) and 211 horizontal drilling rigs in Canada (Nickle's). On the natural gas front, exploration and production companies have directed more drilling capital towards unconventional resource plays that are rich in natural gas liquids. More recently, unconventional oil opportunities are gaining favor throughout North America, evidenced by the strong growth in oil directed drilling. At the end of December 2011 there were 1,291 rigs drilling for oil in North America,

up 46% from 883 in December 2010. That level of activity compares to 242 at year end 1999 and represents the highest number of oil directed rigs drilling in North America since the 1980s. The Corporation's services, when utilized, are typically a large component of a well's cost, comprising between 10% and 15% of well cost in a vertical well application and between 30% and 60% of well cost in a horizontal well application.

The pressure pumping industry provides hydraulic fracturing and other well stimulation services to exploration and production companies. Over the last ten years, the pressure pumping market has evolved from an industry dominated by three major players to an industry where smaller, independent operators have made significant strides with technological advances. In 1999, the top three pressure pumping companies held a vast majority of market share at 87%. By 2011, independent fracturing companies captured 35% of the global market share. In terms of revenue growth, the market grew at a compounded annual growth rate of 21% from 1999 through 2008. In the midst of the 2008-2009 downturn in the commodity cycle, the pressure pumping market declined by 31%. On the heels of a market turnaround, 2010 and 2011 have brought renewed growth to the market. Based on information from Spears & Associates, Inc., the pressure pumping market is expected to have grown 53% in 2011, which makes pressure pumping the fastest growing large market in the oilfield. Many of the new shale plays under development are in tight, high pressure reservoirs that require an increasing number of fracturing stages and more technically sophisticated forms of proppant. As recently as 2008, new horizontal wells required ten fracturing stages per well to stimulate the flow of hydrocarbons from the reservoir. Today, some operators are completing more than 40-50 fracturing stages per horizontal well. The additional horizontal drilling activity coupled with the demanding characteristics of unconventional reservoirs puts ever increasing demands on hydraulic fracturing equipment. According to Spears & Associates, Inc., the total size of the global pressure pumping market, based on revenue, was estimated to have reached $40.0 billion in 2011 and is expected to grow a further 20% in 2012.

Coiled tubing remains the preferred completion tool for drilling out composite plugs and ball seats in horizontal wells after multiple stage fracturing jobs. Throughout North America in 2011, coiled tubing units capable of running 2" and larger pipe are in short supply, and therefore, are being rented out at premium pricing. According to Spears & Associates, Inc., the total size of the global coiled tubing market, based on revenue, was estimated to have reached $4.0 billion in 2011 and is expected to grow a further 20% in 2012.

Global oil and natural gas consumption is expected to be increasingly met by unconventional production from geological formations such as CBM and oil and gas-bearing shales and tight sands, which all require hydraulic fracturing to be productive. The Corporation remains focused on a growing segment of the market where it can successfully utilize its technological expertise and capitalize on a growing international customer base.

Competitive Strengths

Strategic position in the top four fracturing markets. The Corporation believes that it is very well positioned in four of the most significant fracturing markets in the world: Canada, the United States, Russia and Mexico, and has made a strategic entry into the Argentine cementing and coiled tubing market and the Colombian cementing market. The Corporation is one of the leading companies in the Canadian market in providing innovative hydraulic fracturing services throughout the unconventional natural gas markets, and specifically, the deeper, more technical areas of the WCSB. The Corporation continues to expand its presence in the United States, where it services both the western and eastern slopes of the Rocky Mountains in the United States, including the Piceance, Uintah and Denver-Julesburg basins (which includes the Niobrara oil play of northern Colorado), the Fayetteville shale area in Arkansas, the Marcellus shale play in Pennsylvania and West Virginia and the Bakken oil play in North Dakota, and is well positioned for the growing demand for the Corporation's services in these regions. In 2005, the Corporation successfully commenced operations in Russia, the world's third largest fracturing market after the United States and Canada. The Corporation's management team has extensive Russian well service industry experience, which, together with strong demand in this market for Western technology, enhances its position to effectively and profitably operate and grow in this robust market. The Corporation entered the Mexican well service market late in 2007 with one fracturing crew based in Reynosa, Mexico servicing the Burgos field, and has subsequently expanded its operations in that country to include two additional spreads based in Poza Rica, Mexico and two cementing units servicing the Chicontepec oil and natural gas field. In the second quarter of 2008, the Corporation entered into the Argentina cementing market and has subsequently expanded the number of service lines it offers in that country to include acidizing and coiled tubing. In the third quarter of 2011, the Corporation commenced cementing operations

in Colombia. Effective January 1, 2009, the Corporation consolidated the Mexican and Argentinean operations in a newly created Latin America Division in an effort to exploit the available opportunities in those countries through the assembly of strong local management teams combined with state-of-the-art equipment, technology and engineering. The Corporation expects that this formula, which has been the hallmark of the Corporation's successes in Canada, the United States and Russia, will provide the foundation for growth in Mexico, Argentina and Colombia, and will continue to offer the Corporation a window through which to assess and respond to additional emerging opportunities in Latin America as circumstances warrant, such as the Corporation's expansion into the Colombian well servicing market. Having established a presence in each of these key markets, the Corporation believes it is well positioned for future global growth.

Field-proven technologies and specialty equipment. With a comprehensive fleet of specially designed fracturing, well servicing and cementing units with an average age of approximately three years, the Corporation is able to respond quickly to customer demand and new opportunities by mobilizing equipment and personnel to geographic regions as required with minimal time and cost. This responsive approach to equipment utilization was most recently displayed in connection with the movement of equipment from the Corporation's operating bases in Grand Junction, Colorado and Mt. Morris, Pennsylvania in response to higher demand for its services in the Bakken oil play. A considerable amount of technology and engineering expertise is incorporated into the fluid chemistry and the design of fracturing programs, and has been an integral part of the recent successes in the exploration and development of emerging unconventional oil and natural gas plays. In January of 2008, the Corporation acquired the remaining 70% of the common shares of ChemErgy that it did not previously own, securing exclusive and world-wide rights to jointly developed technology and control over its chemical supply chain. In addition to its high-tech laboratories located at the Technology and Training Centre in Calgary, Alberta and the Technology and Training Center in Louisville, Colorado, the Corporation operates regional laboratories in Grande Prairie, Alberta, Platteville and Grand Junction, Colorado, Beebe, Arkansas, Noyabrsk and Khanty-Mansiysk, Russia, Reynosa and Poza Rica, Mexico, Catriel, Argentina and Bogota, Colombia. The Corporation has developed proprietary technologies that provide viscosities with minimum additives that optimize proppant placement and enhance fracturing fluid recovery. The Corporation has also developed highly innovative and specially designed field equipment that allows it to combine functions, resulting in less equipment being required at a particular well location, thereby reducing the "footprint" of the equipment. The Corporation has considerable and valuable experience with performing concurrent multi-zone hydraulic fractures through coiled tubing rigs, which avoids multiple trips to the well location and brings the well into production faster for its customers, while allowing the Corporation to achieve higher rates of equipment utilization.

Strong relationships with a diversified customer base. The Corporation recognizes that the success of its business is based on high levels of customer satisfaction and strong business relationships. The Corporation has experienced field operations staff that are supported by highly qualified technical personnel, which enable it to develop an understanding of each customer's specific needs, then tailor innovative, practical and cost-effective solutions to meet those needs. The Corporation has strong relationships with its customers, comprised of a diverse and balanced mix of large, intermediate and small oil and natural gas exploration and production companies, and count amongst its client base many of the most active exploration and production companies in the countries in which it operates. For the year ended December 31, 2011, the Corporation's four largest customers collectively represented approximately 26% of the Corporation's revenue with its largest customer accounting for approximately 7% of the Corporation's revenue. The Corporation's customer base consists of more than 220 oil and natural gas exploration and production companies, ranging from large multinational public companies and national oil companies to small private companies.

Prudent financial management and conservative capital structure. The Corporation's business philosophy places importance on its financial flexibility and the strength of its balance sheet and it operates, finances its growth and manages its capital structure in accordance with this philosophy. Historically, the Corporation has operated with prudent and measured leverage and has tied major initiatives and capital investment with specific contracts. The Corporation's ability to successfully execute a measured growth strategy is primarily attributable to its adherence to strict operating and financial criteria that include rigorously focusing on the Corporation's core businesses, maintaining an edge over its competition through innovative technologies and equipment, optimizing its assets and securing long-term contracts with its customers in order to minimize the Corporation's financial risk. The Corporation's timely response to weakened market conditions by proactively managing its cost structure and improving its operating efficiencies commencing in the first quarter of 2009 contributed to the Corporation's ability

to maintain its strong financial foundation and allowed it to execute two counter-cyclical acquisitions during the second half of 2009, adding an incremental 115,000 HP to its operating fleet. With the increased activity in oil and gas exploration experienced in 2010 and 2011, particularly as related to unconventional oil and gas shales, the Corporation's focus has shifted to favor organic growth, while continuing to monitor potential acquisition opportunities that may be consummated on an accretive basis.

Highly experienced and committed senior management team. The Corporation draws on the global experience of its management team to maintain its leading market position and strong relationships with its customers. Members of the Corporation's senior executive management team have up to 37 years of relevant industry experience, with a demonstrated track record. The Corporation believes that their significant experience in and knowledge of the Corporation's specialized business strengthens the Corporation's ability to compete and prudently manage its business throughout industry cycles. The Corporation's board of directors includes members recognized individually for their accomplishments in the fields of energy, law, investment banking and private investment. Members of the Corporation's senior management team and board of directors own or control approximately 26% of the Corporation's outstanding common shares.

Business Strategy

Service First: Safely provide the highest degree of expertise and service. Central to the Corporation's business strategy and corporate mission is its goal to safely and efficiently provide the highest degree of expertise, innovation and service to its customers by maintaining the Corporation's focus on people, equipment and technology with the stability provided by a strong financial foundation. To create new value for the Corporation's customers and greater opportunities for its employees, the Corporation continues to strive for operational excellence under its key principle, Service First. From technology investments to customer care to employee achievement, the Corporation seeks to maintain its leadership position as the preferred provider to its customers by delivering the Corporation's services with the highest degree of safety, quality, efficiency and integrity.

Geographic Expansion: Expand the Corporation's global presence and network. The Corporation believes that through its presence in the world's top fracturing markets it is well positioned to serve customers in their major operating areas. The Corporation is optimistic about its continuing growth in Canada, the United States, Russia and Latin America. The Corporation's successful expansion program completed in 2009 coupled with the organic growth reflected in its increased 2010 and 2011 capital programs has provided the infrastructure required to expand its operations in many of its key markets during 2011. During the year, the Corporation increased its presence in the oil producing regions of northeast British Columbia, central Alberta, southeast Saskatchewan and southwest Manitoba and executed long-term minimum commitment contracts with two large customers for work in the Montney, Slave Point, Cardium, Viking and Deep Basin formations. The Corporation also secured a long-term minimum commitment contract in 2011 for two fracturing spreads targeting the Williston basin in North Dakota and Montana, and the Corporation is currently completing the construction of its operating facilities in Williston, North Dakota which will service such basin. The Corporation believes that its established operating bases located in Canada, the United States, Russia and Mexico, together with its more recent entry into Argentina and Colombia, will act as a springboard for the Corporation's future growth by leveraging its experience, technological advantages and established customer base. Backed by thorough and detailed research, forecasts and market analysis, the Corporation will continue to expand geographically where customer-driven opportunities exist.

Technologies That Work In The Field: Invest in technologically advanced assets and chemistry. The quality of the Corporation's assets and chemistry is fundamental to the viability of a long-life, specialized oilfield service company that serves a global market. Hydraulic fracturing operations are constantly improving through advances in technology, which are intended to translate into cost savings and enhanced production for the Corporation's customers and a reduced environmental footprint. The importance of technology in delivering value-added solutions begins in the Corporation's own operations with the ability to share ideas and best practices, support regional and global customers, improve productivity, increase efficiency, reduce environmental impact and drive continuing growth. The Corporation will continue to invest in technology and engineering to maintain its leading market position and serve its customers in innovative and efficient ways.

Internal Expansion: Strengthen the Corporation's Workforce. A significant challenge facing the oilfield service industry today is securing a reliable, qualified and dedicated workforce. During 2011, the Corporation continued to

leverage its rotational policy that was introduced in 2008 to attract and retain experienced operations personnel from across Canada. Employee development is a vital part of the Corporation's efforts to strengthen its organization and assure that it has the right people in place at the right time. The Corporation has dedicated facilities in Calgary, Alberta and Louisville, Colorado which are focused on training, research and development and which have been staffed with experienced training professionals of various specialties. During 2010, the Corporation initiated an in-depth field training program for all new field employees of its Canadian division. The program includes classroom and hands-on field work to ensure that new hires have the training required to safely perform in the demanding environment in which the Corporation operates. A similar training program was implemented in 2011 for all new field employees of the Corporation's U.S. division. In addition, the Corporation's Canadian division introduced a series of supervisory training courses in 2010. The training courses, which cover topics such as project management, customer relations, leadership training and time management, to name only a few, are offered in conjunction with SAIT Polytechnic. By providing an environment for ongoing learning in both the classroom and the field, the Corporation increases productivity, efficiency and performance through its people. The Corporation remains committed to building long-term relationships with its employees through continuous training, diverse skills development and incentive programs.

Customers

The Corporation's customer base consists of more than 220 oil and natural gas exploration and production companies, ranging from large multinational public companies and national oil companies to small private companies. The Corporation enjoys strong relationships with its customers, comprised of a diverse and balanced mix of large, intermediate and small oil and natural gas exploration and production companies, and count amongst its client base the vast majority of the most active exploration and production companies in the countries in which it operates. For the year ended December 31, 2011, the Corporation's four largest customers collectively represented approximately 26% of its revenue and its largest customer accounted for approximately 7% of its revenue.

Contracts

The Corporation generally contracts with its customers on a project-specific basis. During 2011, the Corporation entered into long-term minimum commitment contracts with three large customers pursuant to which the Corporation is providing two fracturing crews targeting the Williston basin, two fracturing crews targeting the Montney formation and one fracturing crew targeting the Slave Point, Cardium, Viking and Deep Basin formations. The Corporation also entered into a number of "right of first refusal" contracts wherein certain clients have committed to providing the Corporation with the first right to perform fracturing, coiled tubing and/or cementing services required in certain operating areas.

The Corporation is currently working in three operating areas in Russia pursuant to three annual contracts and three three-year contracts with two of that country's largest oil and natural gas companies. The annual contracts will expire at the end of 2012, and the three year contracts will expire at the end of 2013. On the strength of these contractual arrangements, the Corporation is optimistic that its Russian assets will be highly utilized in 2012.

The Corporation also has a multi-year contract with Pemex Exploracion y Produccion for the provision of hydraulic fracturing services in northern Mexico which will expire in June 2012. The Corporation intends to work with Pemex to negotiate an extension to the current contract.

Suppliers

The Corporation sources its raw materials, such as proppant, chemicals, nitrogen, carbon dioxide, diesel fuel, and component parts, such as coiled tubing, from a variety of suppliers in North America, Russia, Argentina and Colombia.

On January 11, 2008, the Corporation acquired the 70% interest in ChemErgy that it did not previously own. Prior to the acquisition, ChemErgy supplied the Corporation with all of the chemicals the Corporation used in its operations and performed research and development for the Corporation on an exclusive basis. The acquisition of

ChemErgy secured exclusive control for the Corporation over the proprietary technology developed jointly by the Corporation and ChemErgy during the tenure of the relationship between the two companies.

On November 7, 2011, the Corporation entered into a two-year supply contract for sand with a leading United States based producer of sand. The contract may be extended by mutual agreement and provides for minimum commitments, fixed prices and quality controls.

The Corporation has a three-year supply contract for carbon dioxide and nitrogen with an Alberta based supplier which provides the Corporation with guaranteed contract volume allocations and includes minimum take-or-pay commitments. The Corporation has a number of three-year contracts with a leading United States based supplier of sand. Each of the contracts is for a three-year term and in relation to specific facilities, but the contractual term for some of the agreements will not commence until the facility from which the sand is to be supplied has been commissioned for use. The agreements provide for a take-or-pay commitment, maximum price increases during the term of the contract and, in some cases, preferential allocations of excess volume. As part of the Corporation's acquisition of the fracturing assets of Pure, it renegotiated and took an assignment of a sand supply agreement with a United States supplier of sand which expires on December 31, 2013. The Corporation also inherited a sand supply agreement with a Canadian based supplier of sand as part of its acquisition of Century, which agreement expires on May 31, 2012. Both of such sand supply agreements contain minimum commitment amounts and provide for maximum price increases during the terms of the contracts.

Competition

The markets in which the Corporation operates are highly competitive. The Corporation currently operates in Canada, the United States, Russia, Mexico, Argentina and Colombia. In each of these geographic jurisdictions, the Corporation competes against a large number of companies that offer services that overlap and are competitive with the Corporation's services and products. The Corporation's competition includes multinational oilfield service companies as well as regional competitors. The Corporation's major multinational competitors include Schlumberger Limited, Halliburton Company and Baker Hughes Incorporated. The Corporation also competes against Trican Well Services Ltd. in Canada, the United States and Russia, and Canyon Services Group Inc. in Canada. In addition, the Corporation competes against a number of smaller and domestically oriented businesses in Canada and the United States which provide products and services similar to the Corporation's.

Regulation

The Corporation is subject to increasingly stringent federal, provincial, state and local laws and regulations relating to the importation, release, transport, handling, storage, disposal and use of, and exposure to, hazardous materials, radioactive materials and explosives, and the protection of the environment, including laws and regulations governing air emissions, water discharges and waste management. The Corporation incurs, and expects to continue to incur, capital and operating costs to comply with environmental laws and regulations. Violation of these laws and regulations could lead to substantial fines and penalties. The technical requirements of these laws and regulations are becoming increasingly complex, stringent and costly to implement.

The Corporation has made significant progress in reducing the use and generation of hazardous substances in its operations, but to date has been unable to eliminate them completely. The Corporation takes great care to ensure that none of these substances are released on the surface of the ground at the well site or in their transportation. The Corporation's customers protect groundwater from contamination from any substance used downhole by installing and cementing surface casing in every well serviced by the Corporation. Notwithstanding these precautions, the Corporation may be subject to claims regarding the release of hazardous substances into the environment. In addition, some of the Corporation's current properties are, or have been, used for industrial purposes. Some environmental laws and regulations provide for joint and several strict liability related to spills and releases of hazardous substances for damages to the environment and natural resources or threats to public health and safety. Strict liability can render a potentially responsible party liable for damages without regard to negligence or fault on the part of the party. Accordingly, the Corporation could become subject to potentially material liabilities relating to the investigation and cleanup of contaminated properties, and to claims alleging personal injury or property damage as the result of exposures to, or releases of, hazardous substances. In addition, stricter enforcement of existing laws and regulations, new laws and regulations, the discovery of previously unknown contamination or the imposition of

new or increased requirements could require the Corporation to incur costs or become the basis of new or increased liabilities that could reduce its earnings and cash available for operations.

Changes in environmental requirements may negatively impact demand for the Corporation's services. For example, oil and natural gas exploration and production may decline as a result of environmental requirements (including land use policies responsive to environmental concerns). A decline in exploration and production, in turn, could materially and adversely affect the Corporation.

The Corporation is a provider of hydraulic fracturing services, a process involving the injection of fluids — usually consisting mostly of water but typically including small amounts of several chemical additives — as well as proppant in order to create fractures extending from the well bore through the rock formation to enable natural gas or oil to move more easily through the reservoir to the production casing. Congress and the U.S. Environmental Protection Agency are conducting investigations regarding the chemicals used in the hydraulic fracturing process and the potential impacts on human health and the environment. Bills have recently been introduced in Congress that assert that chemicals used in the fracturing process could adversely affect drinking water supplies. The proposed legislation would repeal the exemption for hydraulic fracturing under the Safe Drinking Water Act. These or similar bills, if enacted, could result in additional permitting requirements and other restrictions for hydraulic fracturing operations, which could result in delays in operations at well sites and increase costs to make wells productive. Moreover, the bills would require the reporting and disclosure of chemicals used in the fracturing process to federal or state regulatory authorities, which would then make such information publicly available. Such disclosure could also increase any public concerns regarding perceived risk to drinking water wells in the vicinity of an oil or gas well or perceived risk of other environmental impacts. If adopted, this legislation would likely establish an additional level of regulation at the federal level that could lead to operational delays and increased operating costs.

In addition, some states and local governments, including Arkansas, Colorado, Louisiana, Michigan, Montana, New Jersey, New York, Ohio, Pennsylvania, Texas, West Virginia and Wyoming, have undertaken similar investigations and have implemented various conditions and restrictions on hydraulic fracturing operations. State legislative and regulatory requirements currently in place or scheduled to become effective in 2012 include requirements regarding chemical disclosure of hydraulic fracturing fluids (similar to the regimes adopted in Arkansas and Wyoming), casing and cementing of wells, withdrawal of water for use in high-volume hydraulic fracturing of horizontal wells, baseline testing of nearby water wells and restrictions on which additives may be used, as well as temporary or permanent bans on hydraulic fracturing (such as the temporary moratoriums on hydraulic fracturing in New Jersey and New York) in certain environmentally sensitive areas such as watersheds. These types of conditions could subject the Corporation to increased costs, limits on the productivity of certain wells and, possibly, limits on its ability to deploy its technology at or in the vicinity of sensitive areas. Hydraulic fracturing has also generated publicity in Canada regarding potential environmental impacts. The adoption of any future U.S. federal, state or local, or Canadian federal or provincial, laws or implementing regulations imposing additional permitting, disclosure or regulatory obligations related to, or otherwise limiting, the hydraulic fracturing process could make it more difficult to complete oil and natural gas wells and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Intellectual Property

The Corporation's research and development efforts are focused on providing specific solutions to the challenges experienced by oil and natural gas exploration and production companies when fracturing and stimulating wells. The Corporation's success in hydraulic fracturing has been facilitated by its ability to provide proprietary blends of chemicals that, together with the Corporation's technical expertise and innovative equipment, result in customers' wells being more productive.

The Corporation historically conducted a significant amount of its chemical research and development in conjunction with ChemErgy, which prior to its acquisition by the Corporation was engaged in research and development relating to new systems and chemicals in connection with oilfield services. ChemErgy also supplied chemical products and provided quality control and logistical services for the products supplied. Calfrac retained the majority of the employees of ChemErgy following the acquisition, and has added additional employees with experience in developing and implementing technologies to be used in oilfield operations. The Corporation and ChemErgy historically undertook, whenever possible, to protect intellectual property that they developed through

joint applications for patent protection, a practice which the Corporation intends to sustain. The Corporation currently has eight issued patents in respect of treatment fluids, treatment methods and an isolation tool used to deliver fracturing services and also a number of pending patent applications.

Facilities and Operating Assets

The Corporation provides hydraulic fracturing and well stimulation services from its corporate head office in Calgary, Alberta, regional offices in Denver, Colorado; Mexico City, Mexico; Buenos Aires, Argentina; and Moscow, Russia and 20 operating bases located in Medicine Hat, Red Deer, Grande Prairie, Edson and Red Earth, Alberta; Dawson Creek, British Columbia; Estevan, Saskatchewan; Platteville and Grand Junction, Colorado; Williston, North Dakota; Beebe, Arkansas; Smithfield, Pennsylvania; Reynosa and Poza Rica, Mexico; Catriel and Neuquen, Argentina; Bogota, Colombia; and Noyabrsk, Khanty-Mansiysk and Nefteugansk in Russia.

As at December 31, 2011, the Corporation was operating approximately 719,000 HP in its fracturing operations, and its well servicing equipment included 29 coiled tubing units and 23 cementing units. On the completion of the Corporation's 2012 capital program, it will operate approximately 970,000 HP.

Employees

As at December 31, 2011, the Corporation had approximately 3,400 employees in its operating regions. With the exception of a portion of the employees in Argentina, none of the Corporation's employees are unionized.

RISK FACTORS

The Corporation's business depends on the oil and natural gas industry and particularly on the level of exploration and development for North American, Russian, Argentinean and Colombian oil and natural gas, which is volatile.

The demand, pricing and terms for fracturing and well stimulation services largely depend upon the level of exploration and development activity for natural gas and oil in North America, Russia and Latin America. Industry conditions are influenced by numerous factors over which the Corporation has no control, including oil and natural gas prices, expectations about future oil and natural gas prices, the cost of exploring for, producing and delivering oil and natural gas, the decline rates for current production, the discovery rates of new oil and natural gas reserves, available pipeline and other oil and natural gas transportation capacity, weather conditions, political, military, regulatory and economic conditions, and the ability of oil and natural gas companies to raise equity capital or debt financing. A material decline in global oil and natural gas prices or North American, Russian and, to a lesser extent, Latin American activity levels as a result of any of the above factors could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Warmer than normal winters in North America, among other factors, may adversely impact demand for natural gas and, therefore, demand for oilfield services. If economic conditions deteriorate, a decline in natural gas exploration and production could occur, which could cause a decline in the demand for the Corporation's services. Such decline could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation's industry is affected by excess equipment levels.

Because of the long-life nature of oilfield service equipment and the lag between when a decision to build additional equipment is made and when the equipment is placed into service, the quantity of oilfield service equipment in the industry does not always correlate with the level of demand for service equipment. Periods of high demand often spur increased capital expenditures on equipment, and those capital expenditures may add capacity that exceeds actual demand. Such capital overbuild could cause the Corporation's competitors to lower their pricing and could lead to a decrease in rates in the oilfield services industry generally, which could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Federal, state and provincial legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays as well as adversely affect the Corporation's support services.

The Corporation is a provider of hydraulic fracturing services, a process involving the injection of fluids, primarily consisting of water but typically including small amounts of several chemical additives, as well as proppant in order to create fractures extending from the well bore through the rock formation to enable natural gas or oil to move more easily through the reservoir to the production casing. The United States Congress and Environmental Protection Agency are conducting investigations regarding the chemicals used in the hydraulic fracturing process and the potential impacts on human health and the environment. Bills have recently been introduced in Congress asserting that chemicals used in the fracturing process could adversely affect drinking water supplies. The proposed legislation would repeal the exemption for hydraulic fracturing under the Safe Drinking Water Act. These or similar bills, if enacted, could result in additional permitting requirements and other restrictions for hydraulic fracturing operations, which could result in delays in operations at well sites and increased costs to make wells productive. Moreover, the bills may require the reporting and public disclosure of chemicals used in the fracturing process to federal or state regulatory authorities, which would then make such competitive information publicly available. Such disclosure could also increase any public concerns regarding perceived risk to drinking water wells in the vicinity of an oil or natural gas well or perceived risk of other environmental impacts. If adopted, this legislation would likely establish an additional level of regulation at the federal level that could lead to operational delays and increased operating costs.

In addition, some states and local governments, including Arkansas, Colorado, Louisiana, Michigan, Montana, New Jersey, New York, Ohio, Pennsylvania, Texas, West Virginia and Wyoming, have undertaken similar investigations and have implemented various conditions and restrictions on hydraulic fracturing operations. State legislative and regulatory requirements currently in place or scheduled to become effective in 2012 include requirements regarding chemical disclosure of hydraulic fracturing fluids, casing and cementing of wells, withdrawal of water for use in high-volume hydraulic fracturing of horizontal wells, baseline testing of nearby water wells and restrictions on which additives may be used, as well as temporary or permanent bans on hydraulic fracturing (such as the temporary moratoriums on hydraulic fracturing in New Jersey and New York) in certain environmentally sensitive areas such as watersheds. These types of conditions could subject the Corporation to increased costs, limits on the productivity of certain wells and, possibly, limits on its ability to deploy its technology at or in the vicinity of sensitive areas. Hydraulic fracturing has also generated publicity in Canada regarding potential environmental impacts. The adoption of any future U.S. federal, state or local, or Canadian federal or provincial laws or implementing regulations imposing additional permitting, disclosure or regulatory obligations related to, or otherwise limiting, the hydraulic fracturing process could make it more difficult to complete oil and natural gas wells and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The operations of the Corporation's customers are also subject to or impacted by a wide array of regulations in the jurisdictions in which they operate. As a result of changes in regulations and laws relating to the oil and natural gas industry, customers' operations could be disrupted or curtailed by governmental authorities. The cost of compliance with applicable regulations may cause customers to discontinue or limit their operations and may discourage companies from continuing development activities. As a result, demand for the Corporation's services could be substantially affected by regulations adversely impacting the oil and natural gas industry.

Changes in environmental requirements may reduce demand for the Corporation's services. For example, oil and natural gas exploration and production could become less cost-effective and decline as a result of increasingly stringent environmental requirements (including land use policies responsive to environmental concerns and delays or difficulties in obtaining environmental permits). A decline in exploration and production, in turn, could materially and adversely affect the Corporation's business, financial condition, results of operations and cash flows.

The Corporation is subject to a number of environmental laws and regulations that may require it to make substantial expenditures or cause it to incur substantial liabilities.

The Corporation is subject to increasingly stringent federal, provincial, state and local laws and regulations relating to the importation, release, transport, handling, storage, disposal and use of, and exposure to, hazardous materials, radioactive materials and explosives, and the protection of the environment, including laws and regulations

governing air emissions, water discharges and waste management. The Corporation incurs, and expects to continue to incur, capital and operating costs to comply with environmental laws and regulations. Unintentional violation of these laws and regulations could lead to substantial fines and penalties. The technical requirements of these laws and regulations are becoming increasingly complex, stringent and costly to implement.

The Corporation uses and generates hazardous substances and wastes in its operations. Because the Corporation provides services to companies producing oil and natural gas, it may also become subject to claims relating to the release of such substances into the environment. In addition, some of the Corporation's current properties are, or have been, used for industrial purposes. Some environmental laws and regulations provide for joint and several strict liability related to spills and releases of hazardous substances for damages to the environment and natural resources or threats to public health and safety. Strict liability can render a potentially responsible party liable for damages irrespective of negligence or fault. Accordingly, the Corporation could become subject to potentially material liabilities relating to the investigation and cleanup of contaminated properties, and to claims alleging personal injury or property damage as the result of exposures to, or releases of, hazardous substances. In addition, stricter enforcement of existing laws and regulations, new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require the Corporation to incur costs or become the basis of new or increased liabilities that could reduce its earnings and cash available for operations.

The Corporation's direct and indirect exposure to volatile credit markets could adversely affect the Corporation's business.

The ability to make scheduled debt repayments, refinance debt obligations or access financing depends on the Corporation's financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain finance, business and other factors beyond its control. Continuing volatility in the credit markets may increase costs associated with debt instruments due to increased spreads over relevant interest rate benchmarks, or affect the ability of the Corporation, or third parties it seeks to do business with, to access those markets.

In addition, access to further financing for the Corporation or its customers remains uncertain. This condition could have an adverse effect on the industry in which the Corporation operates and its business, including future operating results. The Corporation's customers may curtail their drilling and completion programs, which could result in a decrease in demand for the Corporation's services and could increase downward pricing pressures. In addition, certain customers could become unable to pay suppliers, including the Corporation, in the event they are unable to access the capital markets to fund their business operations. Such risks, if realized, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation's customer base is concentrated and loss of a significant customer could cause its revenue to decline substantially.

The Corporation's customer base consists of more than 220 oil and natural gas exploration and production companies, ranging from large multinational public companies to small private companies. Notwithstanding the Corporation's broad customer base, it has ten significant customers that collectively accounted for approximately 53% of its revenue for the year ended December 31, 2011 and, of such customers four customers accounted for approximately 26% of the Corporation's revenue for the year ended December 31, 2011. Some of this business is anchored by long-term contracts providing stability to a portion of associated revenues. However, there can be no assurance that the Corporation's relationship with these ten customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, would have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation's industry is intensely competitive.

Each of the markets in which the Corporation participates is highly competitive. To be successful, a service provider must provide services that meet the specific needs of oil and natural gas exploration and production companies at competitive prices. The principal competitive factors in the markets in which the Corporation operates are product and service quality and availability, technical knowledge and experience, reputation for safety and price. The Corporation competes with large national and multinational oilfield service companies that have extensive

financial and other resources. These companies offer a wide range of well stimulation services in all geographic regions in which the Corporation operates. In addition, the Corporation competes with several regional competitors. As a result of competition, the Corporation may suffer from a significant reduction in revenue or be unable to pursue additional business opportunities.

The Corporation is subject to extensive government regulations that may require it to take actions that will adversely affect its results of operations.

The Corporation's operations are subject to a variety of federal, provincial, state and local laws, regulations and guidelines, in all jurisdictions in which it operates, including laws and regulations relating to health and safety, the conduct of operations, taxation, the protection of the environment and the manufacture, management, transportation and disposal of certain materials used in its operations. The Corporation has invested financial and managerial resources to ensure compliance with such regulations and expects to continue to make appropriate investments in the future. These laws or regulations are subject to change and could result in material expenditures that could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. It is impossible for the Corporation to predict the cost or impact of such laws and regulations on its future operations.

The Corporation is susceptible to seasonal volatility in its operating and financial results due to adverse weather conditions.

The Corporation's financial results are directly affected by the seasonal nature of the North American oil and natural gas industry, particularly in portions of Western Canada. The first quarter incorporates the winter drilling season when a disproportionate amount of the activity takes place in western Canada. During the second quarter, soft ground conditions typically curtail oilfield activity in all of the Corporation's Canadian operating areas such that many rigs are unable to move about due to road bans. This period, commonly referred to as "spring break-up", occurs earlier in the year in southeast Alberta than it does in northern Alberta and northeast British Columbia. Consequently, this is the Corporation's weakest three-month revenue period. Additionally, if an unseasonably warm winter prevents sufficient freezing, the Corporation might not be able to access well sites and its operating results and financial condition could therefore be adversely affected. The demand for fracturing and well stimulation services may also be affected by severe winter weather in North America and Russia. In addition, during excessively rainy periods in any of the Corporation's operating areas, equipment moves may be delayed, thereby adversely affecting revenues. The volatility in the weather adds a further element of unpredictability to activity and utilization rates, which can have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

If the Corporation is unable to obtain raw materials, diesel fuel and component parts from its current suppliers it could have a material adverse effect on the Corporation's business.

The Corporation sources its raw materials, such as proppant, chemicals, nitrogen, carbon dioxide and diesel fuel, and its components and parts, such as coiled tubing, from a variety of suppliers in North America, Russia, Argentina and Colombia. Should the Corporation's current suppliers be unable to provide the necessary raw materials and components at a price acceptable to the Corporation or otherwise fail to deliver products in the quantities required, any resulting cost increases or delays in the provision of services could have a material adverse effect on its business, financial condition, results of operations and cash flows.

The tax attributes available for use by the Corporation have not been audited by governmental authorities and are almost fully utilized.

The Corporation has reduced its Canadian income tax liabilities from March 2004 through the end of 2011 by using tax attributes estimated at $220.0 million for federal income tax purposes and $170.0 million for provincial income tax purposes arising from the reorganization of Denison. The Canada Revenue Agency has not audited any of the tax returns in which the above-mentioned tax attributes were used to reduce the incurrence of Canadian current and future income tax liabilities, but may in the future. In February 2011, the Corporation received a request letter from the Canada Revenue Agency seeking certain information related to the Denison transaction. The Corporation has complied with all requests for information but to date has not received any further communication from the Canada Revenue Agency regarding such transaction.

The Corporation's operations are subject to hazards inherent in the oil and natural gas industry.

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

Fluctuations in currency exchange rates could adversely affect the Corporation's business.

The Corporation's consolidated financial statements are reported in Canadian dollars. Accordingly, the results of the Corporation's foreign operations are directly affected by fluctuations in the United States, Russian, Mexican, Argentinean and Colombian currency exchange rates. For example, financial results from the Corporation's United States operations are denominated in United States dollars, so that a decrease in the value of the United States dollar would decrease the Canadian dollar amount of such financial results from United States operations. Other than natural hedges arising from the normal course of business in foreign jurisdictions, the Corporation does not currently have any hedging positions.

The Corporation may become subject to claims or liabilities relating to its transaction with Denison. The Corporation is subject to several legal actions in Greece relating to the operations of Denison and is unable to predict the consequences of these actions.

From time to time, there may be legal proceedings underway, pending or threatened against the Corporation relating to the business of Denison prior to its reorganization and subsequent acquisition of the Corporation. In March 2004, the Canadian petroleum and natural gas assets and the mining leases, mining environmental services and related assets and liabilities of Denison were transferred to two new corporations that provided indemnities to Denison for all claims or losses relating to Denison's prior business, except for matters related to specific liabilities retained by Denison. Despite these indemnities, it is possible that the Corporation could be found responsible for claims or losses relating to the assets and liabilities transferred by Denison and that claims or losses may not be within the scope of either of the indemnities or may not be recoverable by the Corporation. Because of the nature of Denison's former operations (oil and natural gas exploration and production, mining and environmental services), these claims and losses could include substantial environmental claims. The Corporation cannot predict the outcome or ultimate impact of any legal or regulatory proceedings pending against Denison or affecting the Corporation's business or any legal or regulatory proceedings that may relate to Denison's prior ownership or operation of assets.

As a result of the acquisition and amalgamation with Denison in 2004, the Corporation assumed certain legal obligations related to Denison's Greek operations. In 1998, North Aegean Petroleum Company E.P.E. ("NAPC"), a Greek subsidiary of a consortium in which Denison participated (and which is now a majority-owned subsidiary of the Corporation), terminated employees in Greece as a result of the cessation of its oil and natural gas operations in that country. Several groups of employees have filed claims against NAPC and the consortium alleging that their termination was invalid and that their severance pay was improperly determined. In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that compensation was due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered on June 25, 2010. NAPC and the Corporation are assessing available rights of appeal to any other levels of court in any jurisdiction where such an appeal is warranted. Counsel to NAPC has obtained a judicial

order entitling NAPC to obtain certain employment information in respect of the plaintiffs which is required in order to assess the extent to which the plaintiffs have mitigated any damages which may otherwise be payable.

Several other smaller groups of former employees have filed similar cases in various courts in Greece. One of these cases was heard by the Athens Court of First Instance on January 18, 2007. By judgment rendered November 23, 2007, the plaintiff's allegations were partially accepted, and the plaintiff was awarded compensation for additional work. The appeal of this decision was heard on June 2, 2009, at which time an additional claim by the plaintiff seeking damages was also heard. A decision in respect of the hearing has been rendered which accepted NAPC's appeal and rejected the additional claim of the plaintiff. Another one of the lawsuits seeking salaries in arrears plus interest was heard by the Supreme Court of Greece on November 6, 2007 and on September 21, 2010, and on both occasions the appeal of the plaintiffs was denied for technical reasons due to improper service. The remaining action, which is seeking salaries in arrears plus interest, was scheduled to be heard before the Athens Court of First Instance on October 1, 2009, but was adjourned until November 18, 2011 as a result of Greek elections. On November 18, 2011, the hearing of this claim was again postponed until May 24, 2012.

The direction and financial consequence of the potential decisions in these actions cannot be determined at this time. If these actions were to be determined in a manner adverse to the Corporation, it could have a material adverse effect on its business, financial condition and results of operations.

The Corporation's executive officers and key employees are critical to its business and these individuals may not remain with the Corporation in the future.

The successful operation of the Corporation's business depends upon the abilities, expertise, judgment, discretion, integrity and good faith of its executive officers, employees and consultants. In addition, the Corporation's ability to expand its services depends upon its ability to attract qualified personnel as needed. The demand for skilled oilfield employees is high and the supply is limited. If the Corporation lost the services of one or more of its executive officers or key employees, it could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation's business is capital intensive and it may not be able to finance future growth or expansion of its operations.

The Corporation's business plan is subject to the availability of additional financing for future costs of operations or expansion that might not be available, or may not be available on favourable terms. The Corporation's activities are financed partially or wholly with debt, which could under certain circumstances increase its debt levels above industry standards. The level of the Corporation's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. If the Corporation's cash flow from operations is not sufficient to fund its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, on favourable terms.

The Corporation's foreign operations will expose it to risks from abroad, which could negatively affect its results of operations.

Some of the Corporation's operations and related assets are located in countries outside of Canada and the United States, some of which may be considered politically or economically unstable. Activities in such countries may require protracted negotiations with host governments, national oil companies and third parties and are frequently subject to economic and political considerations, such as taxation, nationalization, expropriation, inflation, currency fluctuations, increased regulation and approval requirements, governmental regulation and the risk of actions by terrorist, criminal or insurgent groups, any of which could adversely affect the economics of exploration or development projects and the demand for the Corporation's well stimulation services, any of which could have a material adverse effect on its business, financial condition, results of operations and cash flows.

The direct and indirect costs of various GHG regulations, existing and proposed, may adversely affect the Corporation's business, operations and financial results.

Canada is a signatory to the United Nations Framework Convention on Climate Change and previously ratified the Kyoto Protocol established thereunder, which set legally binding targets to reduce nation-wide emissions of carbon dioxide, methane, nitrous oxide, and other so-called "greenhouse gases" ("GHG"). The first commitment period under the Kyoto Protocol expires in 2012. In December 2011, however, the Canadian federal government announced that it will not undertake a second commitment period, and that it is withdrawing from the Kyoto Protocol. The Canadian federal government instead endorsed the Durban Platform, a broad agreement reached among the 194 countries that are parties to the United Nations Framework Convention on Climate Change during a conference held in Durban, South Africa in December 2011. The Durban Platform sets forth a process for negotiating a new climate change treaty that would create binding commitments for all major GHG emitters. The Canadian government expressed cautious optimism that agreement on a new treaty can be reached by 2015. The Durban Platform followed the Copenhagen Accord reached in December 2009 when government representatives met in Copenhagen, Denmark to negotiate a successor to the Kyoto Protocol. The Copenhagen Accord represented a broad political consensus and reinforced commitments to reducing GHG emissions but was not a binding international treaty. Although Canada had committed under the Copenhagen Accord to reduce its GHG emissions by 17% from 2005 levels by 2020, the target is not legally binding.

The Canadian federal government previously released the Regulatory Framework for Air Emissions, updated March 10, 2008 by Turning the Corner: Regulatory Framework for Industrial Greenhouse Emissions (collectively, the "Regulatory Framework") for regulating GHG emissions and in doing so proposed mandatory emissions intensity reduction obligations on a sector-by-sector basis. Although implementing regulations for the Regulatory Framework are required, to date, only regulations for Canada's transportation and electricity sectors have been developed. On January 30, 2010, the Canadian federal government announced its new target to reduce overall Canadian GHG emissions by 17% below 2005 levels by 2020, from a previous target of 20% from 2006 levels by 2020, in order to align itself with U.S. policy. In 2009, the Canadian federal government announced its commitment to work with the provincial governments to implement a North America-wide cap and trade system for GHG emissions, in cooperation with the United States. Under the system, Canada would have its own cap-and-trade market for Canadian-specific industrial sectors that could be integrated into a North American market for carbon permits. It is uncertain whether either federal GHG regulations (for the oil and gas industry) or an integrated North American cap-and-trade system will be implemented, or what obligations might be imposed under any such systems.

Future federal legislation, including potential international or bilateral requirements enacted under Canadian law, together with provincial emission reduction requirements, such as those in effect under Alberta's *Climate Change and Emissions Management Act* and potential further provincial requirements, may require the reduction of emissions or emissions intensity from the Corporation's operations and facilities. Mandatory emissions reductions may result in increased operating costs and capital expenditures for oil and natural gas producers, thereby decreasing the demand for the Corporation's services. The mandatory emissions reductions may also impair the Corporation's ability to provide its services economically. The Corporation is unable to predict the impact of current and pending emissions reduction legislation on the Corporation and it is possible that such impact would have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Conservation measures and technological advances could reduce demand for oil and natural gas.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other hydrocarbons. The Corporation cannot predict the impact of changing demand for oil and natural gas products, and any major changes could have a material adverse effect on its business, financial condition, results of operations and cash flows.

MARKET FOR SECURITIES

The Corporation's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "CFW". The following table sets forth the monthly price ranges and volumes of trading of the common shares on the TSX during 2011.

Period	High $	Low $	Volume
January	34.87	30.82	3,278,099
February	35.50	31.69	2,573,728
March	34.75	28.10	3,958,991
April	33.48	30.17	1,980,144
May	35.00	31.51	3,841,292
June	34.74	28.80	1,958,799
July	38.65	31.30	3,039,412
August	37.75	30.90	3,683,275
September	34.94	24.34	3,314,497
October	32.13	20.52	5,528,523
November	32.14	25.42	5,161,266
December	28.77	24.79	3,778,118

DESCRIPTION OF COMMON SHARES

The holders of common shares are entitled to receive notice of, and to one vote per share at, every meeting of shareholders of the Corporation, to receive such dividends as the board of directors declares, and to share equally in the assets of the Corporation remaining upon the liquidation of the Corporation after the creditors of the Corporation have been satisfied.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of credit quality of any issue of securities. The credit ratings assigned by the rating agencies are not recommendations to purchase, hold or sell the securities, as such ratings do not comment as to market price or suitability for a particular investor. Any rating may not remain in effect for any given period of time or may be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances so warrant.

The following table outlines the most recent credit ratings received by the Corporation:

	Standard & Poor's Ratings Services ("S&P")	Moody's Investors Service ("Moody's")
Corporate Credit Rating	B+	Ba3
Long-Term Issue Credit Rating (Calfrac Holding LP Senior Unsecured Debt)	B+	B1
Outlook	Stable	Stable

S&P's corporate credit rating is a forward-looking opinion about an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. Moody's corporate credit rating is an opinion of the ability of the issuer to honour long-term senior unsecured financial obligations and contracts. Long-term issue credit ratings are intended to provide an independent measure of the credit quality of long-term debt.

S&P's corporate credit ratings and long-term issue credit ratings are on a rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such obligors or obligations rated. A credit rating of B by S&P is within the sixth highest of ten categories and indicates that the obligor/obligation is more vulnerable than the obligors/obligations in higher-rated categories, but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show the relative standing within the major rating categories. The outlook assesses the potential direction of a long-term credit rating over the intermediate term. In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. The "stable" rating outlook means that the rating is not likely to change.

Moody's corporate credit ratings and long-term issue credit ratings are on a rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of such obligors or obligations rated. Ratings of Ba and B by Moody's represent the fifth and sixth highest, respectively, of nine categories. Obligors/obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk, and obligors/obligations rated B are considered speculative and are subject to high credit risk. The addition of a 1, 2 or 3 modifier after a rating indicates the relative standing within a particular rating category. The modifier 1 indicates that the obligor or obligation ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates a ranking in the lower end of that generic rating category. The "stable" rating outlook means that the rating is not likely to change.

DIVIDENDS

Dividends in the amount of $0.05 per share were paid on January 1 and July 15 of 2009 and on January 15 and July 15 of 2010. On December 8, 2010, the board of directors approved an increase in the semi-annual dividend from $0.05 to $0.075 per share and dividends in that amount were paid on January 15 and July 15 of 2011. On December 8, 2011, the board of directors approved an increase in the semi-annual dividend from $0.075 to $0.10 per share and declared a dividend paid on January 31, 2012. On February 28, 2012, the board of directors approved an increase in the semi-annual dividend from $0.10 to $0.50 per share. The payment of any dividend is at the discretion of the board of directors and depends on the financial condition of the Corporation and other factors.

DIRECTORS AND OFFICERS

Directors and Officers

The following table sets forth information with respect to the directors and executive officers of the Corporation.

Name and Residence	Position with the Corporation	Director Since	Principal Occupation During the Last Five Years
Ronald P. Mathison(1)(2) Alberta, Canada	Chairman of the Board and a Director	March 8, 2004(5)	President, Matco Investments Ltd. (a private investment company).
Douglas R. Ramsay(4) Alberta, Canada	Chief Executive Officer and a Director	March 24, 2004	Chief Executive Officer of the Corporation and prior to November 1, 2010, President and Chief Executive Officer of the Corporation. Prior to March 24, 2004, President and Chief Executive Officer of CWSL.
Kevin R. Baker(2)(3) Alberta, Canada	Director	May 11, 2010	President and Managing Director of Baycor Capital Inc. (and its predecessor companies), a company whose principal business is that of a private merchant bank, since January 1990. President and Chief Executive Officer of Century from August 2005 until November 2009, when it was acquired by Calfrac. Mr. Baker was also the President and Chief Executive Officer of Loncor Resources Inc. from September 2000 until November 2008.
James S. Blair(3)(4) Alberta, Canada	Director	May 8, 2002(5)	President and Chief Executive Officer of Glenogle Energy Inc. (a private oil and gas exploration and development company). Prior thereto, Chairman and Chief Executive Officer, ExAlta Energy Inc. (a public oil and gas exploration and development company) from 2002 to January 2008.
Gregory S. Fletcher(1)(2) Alberta, Canada	Director	May 8, 2002(5)	President, Sierra Energy Inc. (a private energy company).

Name and Residence	Position with the Corporation	Director Since	Principal Occupation During the Last Five Years
Lorne A. Gartner[1][4] Alberta, Canada	Director	May 11, 2010	Independent businessman. Prior thereto, Managing Director of Royal Bank of Canada Capital Markets from 2000 to 2006.
R.T. (Tim) Swinton[1][2][3] Alberta, Canada	Director	March 24, 2004	Independent businessman
Fernando Aguilar Alberta, Canada	President and Chief Operating Officer		President and Chief Operating Officer since November 1, 2010. Prior thereto, President, Geophysical Services for the Americas, of CGG Veritas, a global geophysical company, since April 2009. Prior thereto, President, Eastern Hemisphere of CGG Veritas since April 2008, and Executive Vice President for Canada Land Processing, Canada Land Library and Western Hemisphere Land Acquisition of CGG Veritas from 2004.
Laura A. Cillis Alberta, Canada	Senior Vice President, Finance and Chief Financial Officer		Senior Vice President, Finance and Chief Financial Officer since November 17, 2008. Prior thereto, Chief Financial Officer of Canadian Energy Services Inc., General Partner of Canadian Energy Services L.P., since January of 2006. Prior thereto, Group Controller of Precision Drilling Corporation from January 2003 to September 2005.
O. Alberto Bertolin Buenos Aires, Argentina	Director General, Latin American Division		Director General, Latin American Division since January 1, 2008. Prior thereto, Mr. Bertolin held positions with Schlumberger Limited until his retirement in 2002.
Armando J. Bertolin Buenos Aires, Argentina	Director General, Latin American Division		Director General, Latin American Division since January 1, 2008. Prior thereto, Regional Project Manager of BJ Services Company from February 1, 1997.
John L. Grisdale Colorado, United States	President, U.S. Operating Division		President, U.S. Operating Division since September 1, 2007. Prior thereto, Vice President, Business Development of the Corporation.
Robert L. Sutherland Alberta, Canada	President, Russian Operating Division		President, Russian Operating Division since September 1, 2007. Prior to September 1, 2007, Division Manager, Russia since September 8, 2004. Prior thereto, Operations Manager, Russia, BJ Services Company (a public oil and gas services company).
Dwight M. Bobier Alberta, Canada	Senior Vice President, Technical Services		Senior Vice President, Technical Services since September 1, 2007. Prior thereto, Vice President, Technical Services.
Tom J. Medvedic Alberta, Canada	Senior Vice President, Corporate Development		Senior Vice President, Corporate Development since November 17, 2008. Prior thereto, Chief Financial Officer since December 14, 2004 and Senior Vice President, Finance since September 1, 2007. Prior thereto, Vice President, Finance since July 12, 2004.

Name and Residence	Position with the Corporation	Director Since	Principal Occupation During the Last Five Years
Bruce M. Basaraba Alberta, Canada	Vice President, HS&E and Training		Vice President, HS&E and Training since August 15, 2011. Prior thereto, President, BML Integrated Training and Consulting Solutions Inc., a management consulting and training company based in Canada and the Republic of Kazakhstan, since November 2007. Prior thereto, Chief Officer, HSSE of PetroKazakhstan Inc. since March 2005.
L. Lee Burleson Colorado, United States	Vice President, Sales and Marketing, U.S. Operating Division		Vice President, Sales and Marketing, U.S. Operating Division since March 1, 2011. Prior thereto, Vice President, Sales, U.S. Operating Division since September 1, 2007 and prior thereto, Manager, Sales and Marketing, U.S. Operating Division.
R. Leron Crapo Alberta, Canada	Vice President, Operations Finance		Vice President, Operations Finance since August 29, 2011. Prior thereto, Vice President, Finance Canada Region for Baker Hughes Canada since August 2010. Prior thereto, Regional Controller, Canada Region for BJ Services Company Canada since August 2005.
Chris K. Gall Alberta, Canada	Vice President, Global Supply		Vice President, Global Supply since April 1, 2011. Prior thereto, Director, Global Supply since February 1, 2010. Prior thereto, Manager, Supply Chain of Suncor Energy Inc. since July 1, 2008. Prior thereto, Manager, Contracts and Procurement of Total E&P Canada Ltd. since May 2006.
Umberto Marseglia Alberta, Canada	Vice President, Global Business		Vice President, Global Business since October 17, 2011. Prior thereto, Global CRM Manager, Schlumberger Limited since August 2010. Prior thereto, Latin America Drilling and Measurement Marketing Manager, Schlumberger Limited since April 2008. Prior thereto, Brazil Oilfield Services Marketing Manager, Schlumberger Limited since June 2007. Prior thereto, Mexico and Central America Contract Manager, Schlumberger Limited since October 2005.
Robert J. Montgomery Alberta, Canada	President, Canadian Operating Division		President, Canadian Operating Division since February 1, 2012. Prior thereto, Vice President, Operations, Canadian Operating Division since November 11, 2009. Prior thereto, VP, Operations of Century since September 1, 2009. Prior thereto, Senior Vice President, Operations of Century since January 27, 2009. Prior thereto, Vice President Engineering and Technology of Century since December 1, 2007. Prior thereto, Manager, Special Projects of Century since May 1, 2007. Prior thereto, Northern Operations Manager of Century since May 1, 2006. Prior thereto, Vice President, Marketing Manager, Well Services of Schlumberger Canada Ltd.
Michael D. Olinek Alberta, Canada	Vice President, Finance		Vice President, Finance since April 1, 2011. Prior thereto, Corporate Controller since August 1, 2006.

Name and Residence	Position with the Corporation	Director Since	Principal Occupation During the Last Five Years
B. Mark Paslawski Alberta, Canada	Vice President, General Counsel and Corporate Secretary		Vice President, General Counsel and Corporate Secretary since January 1, 2008. Prior to January 1, 2008, General Counsel of the Corporation since September 4, 2007. Prior thereto, Associate, Bennett Jones LLP (barristers and solicitors).
F. Bruce Payne Alberta, Canada	Vice President, Global Operations		Vice President, Global Operations since February 1, 2012. Prior thereto, President, Canadian Operating Division since April, 22, 2009. Prior thereto, Vice President, Operations, U.S. Operating Division since September 1, 2007. Prior thereto, Operations Manager, U.S. Operating Division.
Donald L. Purvis Colorado, United States	Vice President, Technical Services, U.S. Operating Division		Vice President, Technical Services, U.S. Operating Division since March 1, 2012. Prior thereto, Rocky Mountain Area Technical Manager for Baker Hughes Incorporated since March 2008. Prior thereto, Senior Engineering Training Manager for BJ Services Company since September 2006.
Gary J. Rokosh Alberta, Canada	Vice President, Sales, Marketing and Engineering, Canadian Operating Division		Vice President, Sales, Marketing and Engineering, Canadian Operating Division since September 13, 2010. Prior thereto, Manager, Sales and Marketing since August 15, 2005.
Patrick J. Schneider Colorado, United States	Vice President, Operations, U.S. Operating Division		Vice President, Operations, U.S. Operating Division since April 1, 2010. Prior thereto, U.S. Regional Business Unit Manager, Reservoir Stimulation for Weatherford International since May, 2008. Prior thereto, Basin Manager, South and East Texas Well Services since January 2008 for Schlumberger Limited. Prior thereto, Global Business Development Manager, Coiled Tubing Services for Schlumberger Limited.

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Corporate Governance and Nominating Committee.

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

(5) Service prior to March 24, 2004 was as a director of Denison.

(6) Each director holds office until the close of the annual meeting to be held on May 15, 2012.

As at March 12, 2012 the directors and executive officers of the Corporation beneficially owned, or controlled and directed, directly or indirectly, an aggregate of 11,450,341 common shares, representing approximately 26% of the 44,195,537 issued and outstanding common shares.

Cease Trade Orders or Bankruptcies

To the knowledge of the Corporation, none of the current directors or executive officers of the Corporation is, as at the date of this annual information form, or has been, within ten years before the date of this annual information form, a director, chief executive officer or chief financial officer of any company that:

(a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "Order") and that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of the company being the subject of such an Order and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Corporation, other than as described below, none of the directors or executive officers of the Corporation:

(a) is, at the date of this annual information form, or has been within ten years before the date of this annual information form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this annual information form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Mr. Mathison indirectly holds a controlling interest in Riverside Quays Limited Partnership ("RQLP"), a private Alberta limited partnership involved in the construction and sale of a 700-unit condominium project in Calgary, Alberta. Mr. Mathison is also a director of Stateman Riverside Quays Ltd. ("SRQL"), the former general partner of RQLP. SRQL, without Mr. Mathison's authorization or approval, caused RQLP to default on its loan obligations to its lender and, on December 15, 2010, the lender obtained a court order appointing a receiver of SRQL and RQLP. Mr. Mathison subsequently arranged for the full payout of the loan to RQLP's lender and for the appointment of a new general partner of RQLP. The receiver of SRQL and RQLP was discharged, save for certain oversight and minor administrative duties, in December 2011.

Penalties or Sanctions

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

LEGAL PROCEEDINGS

As a result of the acquisition and amalgamation with Denison in 2004, the Corporation assumed certain legal obligations relating to Denison's Greek operations. In 1998, NAPC, a Greek subsidiary of a consortium in which Denison participated (and which is now a majority-owned subsidiary of the Corporation), terminated employees in Greece as a result of the cessation of its oil and gas operations in that country. Several groups of employees have filed claims against NAPC and the consortium alleging that their termination was invalid and that their severance pay was improperly determined. In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that compensation was due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. NAPC and the Corporation are assessing available rights of appeal to any other levels of court in any jurisdiction where such an

appeal is warranted. Counsel to NAPC has obtained a judicial order entitling NAPC to obtain certain employment information in respect of the plaintiffs which is required in order to assess the extent to which the plaintiffs have mitigated any damages which may otherwise be payable.

Several other smaller groups of former employees have filed similar cases in various courts in Greece. One of these cases was heard by the Athens Court of First Instance on January 18, 2007. By judgment rendered November 23, 2007, the plaintiff's allegations were partially accepted, and the plaintiff was awarded compensation for additional work. The appeal of this decision was heard on June 2, 2009, at which time an additional claim by the plaintiff seeking damages was also heard. A decision in respect of the hearing has been rendered which accepted NAPC's appeal and rejected the additional claim of the plaintiff. Another one of the lawsuits seeking salaries in arrears plus interest was heard by the Supreme Court of Greece on November 6, 2007 and September 21, 2010, and on both dates the appeal of the plaintiffs was denied for technical reasons due to improper service. The remaining action, which is seeking salaries in arrears plus interest, was scheduled to be heard before the Athens Court of First Instance on October 1, 2009, but was adjourned until November 18, 2011 as a result of Greek elections. On November 18, 2011, the hearing of this claim was again postponed until May 24, 2012.

The Corporation has signed an agreement with a Greek exploration and production company pursuant to which it has agreed to assign approximately 90% of its entitlement under an offshore license agreement for consideration including a full indemnity in respect of the Greek legal claims described above. The completion of the transactions contemplated by such agreement is subject to certain conditions precedent, the fulfillment of which is not in the Corporation's control.

The Corporation is sometimes named as a defendant in litigation. The nature of these claims is usually related to normal operational or labor issues. The Corporation currently has a potential claim against it, the outcome of which is not reasonably determinable at this time, which has an estimated maximum exposure on an after-tax basis of approximately $2.1 million.

The Corporation is involved in various other legal proceedings in the ordinary course of businesses. The legal proceedings are at different stages; however, the Corporation believes that the likelihood of material loss relating to any of such legal proceedings is remote.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Corporation's common shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta, and Toronto, Ontario.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP has prepared the auditor's report on the consolidated financial statements of the Corporation for the year ended December 31, 2011. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Corporation's Audit Committee charter sets out the committee's purpose, organization, duties and responsibilities. A copy of the charter is attached hereto as Appendix "A".

Composition of Audit Committee

The Corporation's Audit Committee is comprised of Ronald P. Mathison, Gregory S. Fletcher, Lorne A. Gartner and R.T. (Tim) Swinton, all of whom are financially literate and independent, as such terms are defined in National Instrument 52-110 – Audit Committees.

Relevant Education and Experience

Ronald P. Mathison

Mr. Mathison is one of the Corporation's founders and has served as a member of its board of directors and as Chairman since the Corporation's formation in 1999. Mr. Mathison is the President and Chief Executive Officer of Matco Investments Ltd. and Matco Capital Ltd., private investment firms which specialize in providing capital and management expertise to companies in which they have an interest. Mr. Mathison has extensive experience in restructuring and financing corporations in both the public and private markets and in addition to being one of the Corporation's founders is also a founder of Tesla Exploration Ltd. Until October 2000, Mr. Mathison was a director and principal of Peters & Co. Limited, an investment firm specializing in the oil and natural gas industry. Prior thereto, Mr. Mathison and two other individuals formed the nucleus of Peters & Co. Capital, a private merchant banking entity that is widely associated with numerous restructurings of oil and natural gas exploration and production companies and oilfield service companies. Mr. Mathison received a B.Comm. (Honours) from the University of Manitoba in 1979 and obtained his Chartered Accountant designation in 1982. Mr. Mathison also holds the designation of Chartered Business Valuator, obtained in 1989, and of Chartered Financial Analyst, obtained in 1990.

Gregory S. Fletcher

Mr. Fletcher has served as a member of the Corporation's board of directors since May 2002. Mr. Fletcher is an independent businessman involved in the oil and natural gas industry in western Canada. He has considerable business experience in the junior sector of the oil and natural gas industry and is currently President of Sierra Energy Inc., a private oil and natural gas company that he founded in 1997. Mr. Fletcher is also a director of Peyto Exploration and Development Corp., a public oil and natural gas company, a director of Total Energy Services Inc., a public oilfield service company, and a director of Whitecap Resources Inc., a public oil and natural gas company. In these roles, Mr. Fletcher has acquired significant experience and exposure to accounting and financial reporting issues. During 2009, Mr. Fletcher completed the Director Education Program developed by the Institute of Corporate Directors and the Rotman School of Management in conjunction with the Haskayne School of Business. Mr. Fletcher holds a BSc. in geology from the University of Calgary.

Lorne A. Gartner

Mr. Gartner is an independent businessman. From May of 2000 until March of 2006 he was the Managing Director of Royal Bank of Canada Capital Markets based out of Houston, Texas. In this position, Mr. Gartner was responsible for overseeing the bank's United States energy portfolio. Prior to that time, he was a Vice President of Royal Bank of Canada, Calgary Energy Group. Mr. Gartner has over 38 years of banking experience in Canada with in excess of 20 years experience in energy banking, and has a Bachelor of Commerce Degree from the University of Alberta with a specialization in finance.

R.T. (Tim) Swinton

Mr. Swinton has served as a member of the Corporation's board of directors since March 2004. Mr. Swinton is an independent businessman. He has considerable business experience in the oil and natural gas industry in western Canada. From 1999 to 2001, he was the Executive Chairman of IPEC Ltd., a Canadian pipeline and oilfield construction company. Prior thereto, Mr. Swinton was Chairman and Chief Executive Officer of Kenting Energy Services Inc., and Chairman, President and Chief Executive Officer of EnServ Corporation. Mr. Swinton has also served on the boards of directors of a number of energy services and other energy-related public companies, including Koch Pipelines Canada Limited, Enserco Energy Service Company Inc. and Anderson Exploration Ltd. In these roles, Mr. Swinton has acquired significant experience and exposure to accounting and financial reporting issues. Mr. Swinton holds a B.A. in Economics from York University and a Masters of Business Administration from York University.

Pre-Approval Policies and Procedures

The Corporation's Audit Committee mandate requires the Audit Committee to pre-approve all non-audit services to be provided to the Corporation or any of its subsidiary entities by the Corporation's external auditor or the external auditor of the Corporation's subsidiary entities, provided that the Audit Committee may satisfy the pre-approval requirement by either delegating to one or more members of the Audit Committee the authority to pre-approve non-audit services or adopting specific policies and procedures for the engagement of non-audit services.

External Audit Fees by Category

PricewaterhouseCoopers LLP has served as the Corporation's external auditor since its formation in 1999. The following table lists the fees paid to PricewaterhouseCoopers LLP, by category, for the last two fiscal years.

	Year Ended	
	December 31, 2010	**December 31, 2011**
Audit fees	$465,727	$470,471
Audit-related fees[(1)]	142,404	-
Tax-related fees[(1)]	403,260	87,699
All other fees	-	-
Total fees	$1,011,391	$558,170

Note:

(1) $105,000 of the audit-related fees and $194,200 of the tax-related fees incurred in 2010 related to the refinancing of the Corporation's senior notes.

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the Corporation's annual financial statements or services provided in connection with statutory and regulatory filings or engagements.

Audit-related Fees

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual and interim financial statements and are not reported under the audit fees item above. These services included quarterly reviews of interim financial statements, audit services related to issuances by the Corporation of debt and equity, the review of incentive bonus calculations as well as accounting consultations and advice relating to variable interest entities, lease accounting and accounting for future income taxes.

Tax-related Fees

Tax-related fees were paid for professional services relating to tax compliance, tax advice and tax planning. These services consisted of tax compliance including the review of original and amended tax returns, tax planning and advisory services relating to common forms of taxation including income tax, large corporations tax, goods and services tax, sales tax and tax consulting related to employee benefit programs, as well as tax advice and tax planning related to issuances by the Corporation of debt and equity and its recent international initiatives.

All Other Fees

All other fees relate to fees payable for products or services other than the audit fees, audit-related fees and tax fees described above. No fees of this description were paid by the Corporation in 2010 or 2011.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issue under equity compensation plans, is contained in the Corporation's management information circular for the annual meeting of shareholders held on May 10, 2011. Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2011.

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

APPENDIX "A"

CALFRAC WELL SERVICES LTD.

AUDIT COMMITTEE CHARTER

1. **Calfrac Audit Committee**: The board of directors (the "Board") of Calfrac Well Services Ltd. ("Calfrac") shall appoint an audit committee (the "Committee") that shall have the mandate and responsibilities set out in this charter.

2. **Membership**: The Committee shall be constituted as follows.

   (a) The Committee shall be composed of not less than three members.

   (b) All members of the Committee shall be independent within the meaning set forth in National Instrument 52-110 – Audit Committees ("NI 52-110").

   (c) Each member of the Committee shall be financially literate, as defined in NI 52-110. At the date of adoption of this charter, a member is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Calfrac's financial statements.

   (d) Members shall be appointed annually from among members of the Board. A member of the Committee shall cease to be a member of the Committee upon ceasing to be a director of Calfrac.

3. **Mandate**: The mandate of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to

   (a) Calfrac's financial statements and other financial information disclosed by Calfrac to the public,

   (b) Calfrac's compliance with legal and regulatory requirements, and

   (c) the performance of Calfrac's external auditor.

   The external auditor shall report directly to the Committee but is ultimately accountable to the Board, which has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the external auditor (or to nominate the external auditor to be appointed by the shareholders of Calfrac).

4. **Oversight Responsibility**: Subject to the powers and duties of the Board and in addition to any other duties and responsibilities assigned to the Committee from time to time by the Board, the Committee shall have responsibility for overseeing

   (a) the accounting and financial reporting processes of Calfrac, and

   (b) audits of the financial statements of Calfrac.

5. **Specific Duties and Responsibilities**: The Committee shall meet with the external auditor and the senior management of Calfrac to review all financial statements of Calfrac that require approval by the Board and shall have authority and responsibility for the following matters.

   (a) Review Calfrac's financial statements, management's discussion and analysis of financial condition and results of operations ("MD&A") and annual and interim earnings press releases before Calfrac publicly discloses this information.

(b) Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Calfrac, including the resolution of disagreements between management and the external auditor regarding financial reporting.

(c) Review annually and recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Calfrac.

(d) Discuss with the external auditor

(i) the scope of the audit, in particular the external auditor's view of Calfrac's accounting principles as applied in the financial statements in terms of disclosure quality and evaluation methods, inclusive of the clarity of Calfrac's financial disclosure and reporting, degree of conservatism or aggressiveness of Calfrac's accounting principles and underlying estimates, and other significant decisions made by management in preparing the financial statements reviewed by the external auditor,

(ii) significant changes in Calfrac's accounting principles, practices or policies, and

(iii) new developments in accounting principles, reporting matters or industry practices that may materially affect Calfrac.

(e) Review with the external auditor and Calfrac's senior management the results of the annual audit regarding

(i) the financial statements,

(ii) MD&A and related financial disclosure contained in continuous disclosure documents,

(iii) significant changes, if any, to the initial audit plan,

(iv) accounting and reporting decisions relating to significant current year events and transactions,

(v) the management letter, if any, outlining the external auditor's findings and recommendations, together with management's response, with respect to internal controls and accounting procedures, and

(vi) any other matters relating to the conduct of the audit, including such other matters as should be communicated to the Committee under generally accepted auditing standards.

(f) Subject to the Board assuming such responsibility from time to time, review, discuss with Calfrac's senior management and, if requested by the Board, the external auditor, and approve

(i) the interim financial statements and interim MD&A of Calfrac, and

(ii) any other matters, including all press releases, relating to the interim financial statements and interim MD&A, including any significant adjustments, management judgments or estimates and new or amended accounting policies.

(g) Receive from the external auditor a formal written statement delineating all relationships between the external auditor and Calfrac, consider whether the advisory services performed by the external auditor during the course of the year have affected its independence, and ensure that no relationship or service between the external auditor and Calfrac is in existence that may affect the

objectivity and independence of the external auditor or recommend appropriate action to ensure the independence of the external auditor.

(h) Pre-approve all non-audit services to be provided to Calfrac or its subsidiaries by the external auditor or the external auditor of Calfrac's subsidiaries, provided that the Committee may satisfy the pre-approval requirement either by delegating to one or more members of the Committee the authority to pre-approve non-audit services or by adopting specific policies and procedures for the engagement of non-audit services.

(i) Satisfy itself that adequate procedures are in place for the review of Calfrac's public disclosure of financial information extracted or derived from Calfrac's financial statements, other than the public disclosure referred to in subsection (a) above, and periodically assess the adequacy of those procedures.

(j) Review with the external auditor the adequacy of management's internal control over financial reporting and management information systems, discuss with management and the external auditor any significant risks and exposures to Calfrac that may have a material adverse effect on Calfrac's financial statements, and review with the external auditor the efforts of management to mitigate such risks and exposures.

(k) Present a report to the Board regarding Calfrac's audited financial statements for each fiscal year and indicate in that report whether

(i) management has reviewed Calfrac's audited financial statements with the Committee, including a discussion of the quality of the accounting principles applied and significant judgments affecting the financial statements,

(ii) the external auditor and the Committee have discussed the external auditor's judgments of the quality of the accounting principles applied and the judgments made with respect to Calfrac's financial statements,

(iii) the Committee has, without the presence of management or the external auditor, considered and discussed all the information disclosed to the Committee by Calfrac's management and the external auditor, and

(iv) in reliance on review and discussions conducted with senior management and the external auditor, the Committee believes that Calfrac's financial statements are fairly presented in conformity with generally accepted accounting principles in all material respects and that the financial statements fairly reflect the financial condition of Calfrac.

(l) Establish procedures for

(i) the receipt, retention and treatment of complaints received by Calfrac regarding accounting, internal accounting controls, or auditing matters, and

(ii) the confidential, anonymous submission by employees of Calfrac of concerns regarding questionable accounting or auditing matters.

(m) Review and approve Calfrac's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

(n) Review annually and report to the Board on the adequacy of the Committee's charter.

6. **Administrative Matters**: The following provisions shall apply to the Committee.

(a) The quorum for meetings of the Committee shall be two members thereof. Business may be transacted by the Committee at a meeting of its members at which a quorum is present or by a resolution in writing signed by all the members of the Committee.

(b) Any member of the Committee may be removed or replaced at any time by the Board. If a vacancy exists on the Committee, the remaining members may exercise all of the powers of the Committee so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold office until the close of the next annual meeting of shareholders following the date of appointment as a member or until a successor is duly appointed.

(c) The Committee may invite such officers, directors and employees of Calfrac and other persons as it may see fit from time to time to attend at meetings of the Committee and to assist thereat in the discussion of matters being considered by the Committee. The external auditor is to appear before the Committee when requested to do so by the Committee.

(d) The Committee shall determine the time and place at which the Committee meetings shall be held and the procedure for calling and conducting business at such meetings, having regard to the by-laws of Calfrac.

(e) The chair of the Committee shall preside at all meetings of the Committee. In the absence of the chair, the members of the Committee present at a meeting shall appoint one of those members to act as chair for that particular meeting.

(f) Notice of meetings of the Committee may be given to the external auditor and shall be given in respect of meetings relating to the annual financial statements. Upon the request of the external auditor, the chair of the Committee shall convene a meeting of the Committee to consider any matters that the external auditor indicates should be brought to the attention of the directors of Calfrac.

(g) The Committee shall report to the Board on such matters and questions relating to the financial position of Calfrac or any subsidiaries of Calfrac as the Board may from time to time refer to the Committee.

(h) The members of the Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of Calfrac and its subsidiaries, and to discuss such books and records as are in any way related to the financial position of Calfrac with the officers, employees and external auditor of Calfrac and its subsidiaries.

(i) Minutes of Committee meetings shall be recorded and maintained. The chair of the Committee shall report to the Board on the activities of the Committee and the minutes of Committee meetings will be circulated to the directors who are not members of the Committee on a timely basis.

(j) The Committee shall have the authority

(i) to engage independent counsel and other advisers that it determines to be necessary to permit it to carry out its duties,

(ii) to set and pay the compensation for any advisers engaged by the Committee, and

(iii) to communicate directly with the internal (if any) and external auditors.

Reviewed by the Committee on February 24, 2012 and approved by the Board on February 27, 2012.