CALFRAC WELL SERVICES LTD.

ANNUAL INFORMATION FORM

For the year ended December 31, 2009

March 12, 2010

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APPENDIX "A" A-1

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 and Argentina;
- 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;
- liabilities and risks associated with prior operations;
- 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;
- 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;
- changes in legislation and the regulatory environment;
- currency exchange rate risk; and
- the other factors considered under "Risk Factors".

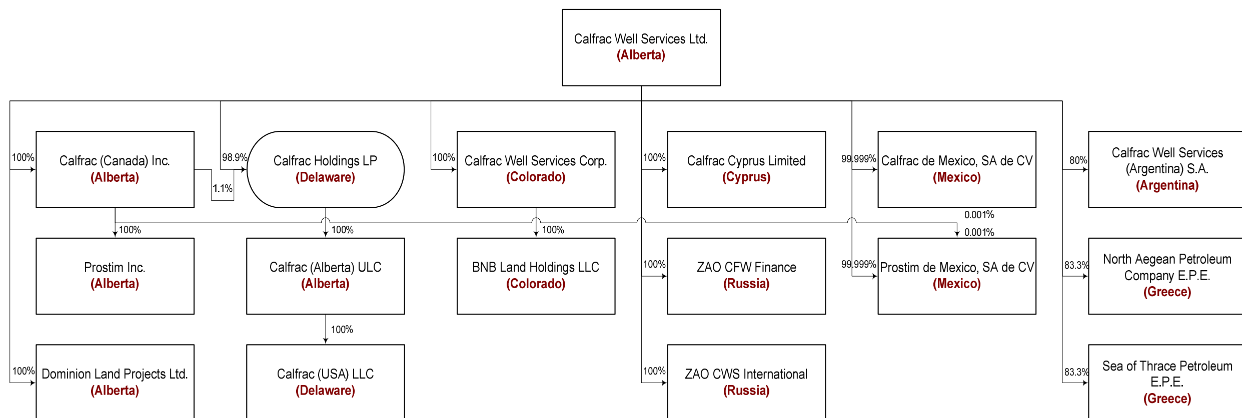
CALFRAC WELL SERVICES LTD.

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 Century Oilfield Services Inc. ("Century") under the *Business Corporations Act* (Alberta) ("ABCA") on January 1, 2010. Calfrac Well Services Ltd. (the pre-amalgamation predecessor of the Corporation) 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 and (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.

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, 2010, showing each entity's jurisdiction of incorporation, continuation or formation, as applicable, and the Corporation's ownership interest therein.



GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation was incorporated under the ABCA in June 1999 and commenced operations in August 1999 from its field station in Medicine Hat, Alberta, with a coiled tubing unit. In September 1999, the Corporation acquired its first fracturing spread and successfully completed its first hydraulic fracturing treatment. By December 31, 2001, the Corporation had expanded its fleet of equipment to seven fracturing spreads and six coiled tubing units, and had established additional field stations in Red Deer and Grande Prairie, Alberta.

The Corporation expanded its operations into the United States in February of 2002 by opening a field office in Platteville, Colorado. The establishment of operations at Platteville was the Corporation's first significant presence in the United States.

In 2003, the Corporation expanded its suite of services to include fracturing through coiled tubing and entered into a two-year fracturing contract with a leading exploration and development company of natural gas from coal, or coalbed methane ("CBM"). In order to satisfy its obligations under this contract, the Corporation developed and commissioned unique fracturing equipment specifically designed to fracture CBM wells, including the first quint

nitrogen pumper built for use in the fracturing of CBM by any fracturing company. This equipment was placed into service in February 2004 and was the Corporation's eleventh spread. The Corporation exited 2004 with 14 fracturing spreads, eleven coiled tubing units and four cementing units.

In 2005, the Corporation entered into long-term fracturing contracts with one of the leading oil and natural gas companies operating in western Canada. The contracts resulted in the allocation of three fracturing spreads to this customer for contracted terms of four years and contain minimum work commitments for each spread.

In June 2005, the Corporation entered into contracts for the supply of two deep coiled tubing units including nitrogen, fluid pumping and related well service equipment to the Russian well service market. The contracted units were put into field service in Western Siberia in the fourth quarter of 2005. The entry into the Russian market signaled an intention by the Corporation to review other supply-based opportunities in Russia with the mandate to grow its Russian operations by diversifying its customer base and expanding its service offerings to include fracturing, acidizing and cementing. 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.

In September 2005, the Corporation opened its Grand Junction operations facility that services both the Piceance Basin of western Colorado and the Uintah Basin of northeastern Utah and transferred a deep fracturing spread from Platteville to this new facility. Also in September 2005, the Corporation opened its fourth Canadian district office in Strathmore, Alberta to support the Corporation's CBM fracturing operations in east central Alberta as well as cement operations in southern Alberta. During 2005, the Corporation's equipment fleet expanded to include 21 fracturing spreads, eleven coiled tubing units and nine cementing units.

In April 2006, the Corporation negotiated a four-year take-or-pay contract with a major oil and natural gas operator for a multi-pumper high rate deep fracturing spread to be dedicated to the northwestern Alberta/northeastern British Columbia operating area, and exited 2006 with 25 fracturing spreads, 14 coiled tubing units and 13 cementing units.

In the first quarter of 2007, the Corporation expanded its United States presence into Arkansas as a result of a contract with one of the leading oil and natural gas companies in the United States. The contract, which expires in February of 2011, provided for a base level of work commitments for one multi-pumper fracturing spread and further expanded the scale of the Corporation's operations in the United States for the provision of fracturing services in the Fayatteville shale play in Arkansas and potentially eastern Oklahoma. In September of 2008, the agreement was amended to include the provision of a second fracturing spread and substitute the base level of work commitment with a right of first refusal in respect of the two dedicated spreads.

In January 2007, the Corporation commenced operations out of its fifth Canadian district office in Edson, Alberta to service the deep basin in Alberta by supporting the Corporation's cementing operations in the area, and providing secondary support to the Grand Prairie and Red Deer conventional fracturing and coiled tubing operations.

In February 2007, Calfrac Holdings LP closed a private offering of US$135.0 million aggregate principal amount of 7.75% Senior Notes due 2015. Fixed interest on the notes is payable on February 15 and August 15 of each year beginning on August 15, 2007. The notes mature on February 15, 2015.

In July 2007, the Corporation was awarded a three-year contract with Pemex Exploracion y Produccion for the provision of hydraulic fracturing services in the Burgos field of northern Mexico. The Burgos field borders the United States along the Rio Grande River, running from Laredo through McAllen, Texas. Calfrac set up a district base in Reynosa, Mexico and began fracturing operations during November of 2007. The equipment required to fulfill the contractual commitments was supplied from Calfrac's existing North American operating fleet.

In November 2007, the Corporation negotiated the acquisition of the fracturing assets of a Canadian competitor for total consideration of $27.6 million. The acquisition closed in two tranches on November 21, 2007 and January 4, 2008. The purchase price for the acquisition was satisfied through the payment of an aggregate of approximately

$15.2 million in cash and the issuance of 676,105 common shares. The Corporation's fleet for the year ended December 31, 2007 consisted of 28 fracturing spreads, 18 coiled tubing units and 16 cementing units.

On January 11, 2008, the Corporation acquired the remaining 70 percent of the common shares of ChemErgy Ltd. ("ChemErgy") that it did not previously own for aggregate consideration of approximately $6.6 million. The purchase price was satisfied through the payment to the vendors of approximately $4.8 million in cash, the transfer of real property previously owned by ChemErgy at a value of approximately $0.5 million and the issuance of 71,581 common shares of the Corporation at a deemed value of approximately $1.3 million. ChemErgy's operations were subsequently wound up into the Corporation's and ChemErgy was dissolved on January 31, 2008. The acquisition of ChemErgy has generated synergies associated with bringing the Corporation's chemical supply and development requirements in-house.

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.

During the second quarter of 2008, a second fracturing spread and related support equipment were deployed to Mexico, providing the Corporation with greater operating flexibility and scale.

In June of 2008, the Corporation was awarded a one-year tender to provide fracturing and deep coiled tubing services for a major customer that is actively developing the Montney unconventional resource play in northeast British Columbia and the foothills of Alberta, and in September of 2008, the Corporation's existing commitment with a major United States oil and natural gas company was enhanced to include the provision of a second fracturing spread.

The Corporation's capital program in 2008 was focused on the construction of a new high-rate conventional fracturing spread and a deep coiled tubing unit for the Canadian market, as well the enhancement of the Corporation's North American pressure pumping capacity by adding approximately 60,000 hydraulic horsepower ("HHP"). The Corporation exited 2008 with approximately 287,000 HHP, 18 coiled tubing units and 18 cementing units.

On December 3, 2008 the Corporation announced a $35 million capital program focused on supplementing the pumping capacity of Calfrac's Canadian operations and increasing the Corporation's sand handling capabilities in Canada and the United States.

Subsequent to year-end, the Corporation consolidated its Mexican and Argentinean operations by establishing a Latin America operating division effective January 1, 2009. The Corporation has assembled an experienced management team to lead this newly created division and the change in organizational structure is expected to drive future operational and financial performance improvements within this geographic segment.

In February of 2009, the Corporation was awarded five annual contracts in three operating areas in Russia with two of that country's largest oil and natural gas companies. These annual contracts improved the utilization of the Corporation's Russian equipment fleet, which consisted of three fracturing spreads and five coiled tubing units.

Also in February, the Corporation established two new temporary satellite operating bases in Dawson Creek and Fort Nelson to improve logistics and maintenance activity and support operations in northeast British Columbia.

In the second quarter of 2009, in response to difficult market conditions attributable to the global economic slowdown and its effect on North American drilling activities, the Corporation proactively aligned its cost structure by reducing its Canadian and United States workforce by approximately 30%, instituted wage rollbacks of up to 20% in exchange for a reduced work schedule, cut discretionary spending and lowered its capital budget for 2009 to $15 million. The Corporation also suspended shallow coiled tubing and primary cementing operations in Canada during the second quarter of 2009, allowing for the deployment of a significant portion of the cementing equipment into the United States and Latin America during the third quarter of 2009.

In May 2009, the Corporation opened a second Mexican operating base in Poza Rica. A fracturing crew from Reynosa and an additional fracturing crew and four cementing crews, including bulk transportation and mixing plant equipment with related infrastructure, were redeployed to Poza Rica and were operational in the third quarter of 2009. As a result of the increased amount of fracturing activity attributable to the Corporation's expanded scope of operations in Mexico, the contract with Pemex has been amended to increase the allocated revenues from US$75 million to US$93 million.

In August of 2009, Calfrac's board of directors announced a $26 million increase to the 2009 capital program to $41 million, which together with carryforward capital of $20 million from the 2008 capital program resulted in an approved capital budget of $61 million. The increased capital program allowed the Corporation to expand its geographical footprint in the U.S. pressure pumping market and to supplement its fracturing and coiled tubing equipment fleet for its growing markets within Canada, Russia and Mexico.

In September 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 HHP, high-rate blenders and related sand handling equipment. The Corporation also acquired certain land and a rail spur associated with Pure's fracturing operations. With the exception of some sand equipment which was mobilized to Canada, the majority of the fracturing equipment acquired from Pure has remained in the Rocky Mountain region of the United States. The combination of Pure's rail spur and associated sand storage capacity, coupled with the sand supply agreement which the Corporation renegotiated and took an assignment of as part of the asset acquisitions has given the Corporation greater flexibility from a commodity supply and transportation perspective and leaves it well positioned to meet the increasing demand for consumables associated with the treatment of emerging unconventional natural gas resource plays on a cost effective basis. In addition, the acquisition of the Pure assets provided the Corporation with the operational flexibility to redeploy a large fracturing crew from the Rocky Mountain region into the Marcellus Shale play in October 2009.

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 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 Basis (the "WCSB") at the time it was acquired by the Corporation. Century had approximately 70,000 HHP, 12 blenders, 10 coiled tubing units as well as other related equipment. Upon the closing of the acquisition, the Corporation had approximately 450,000 HHP. The Corporation intends to utilize the majority of the Century equipment in key unconventional natural gas resource plays in the WCSB and may also deploy equipment in its growing operations in the United States, Russia, Mexico, Argentina and other international markets. 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 September 2009, and in conjunction with the Century and Pure acquisitions, the Corporation negotiated a new and larger credit facility with a syndicate of Canadian financial institutions. The negotiation resulted in an increase in the credit facilities available to the Corporation from $90.0 million to $170.0 million, including a $35.0 million incremental facility which was made available upon closing of the Century acquisition. The terms of the new covenant structure in the new credit facilities are more favorable than the previous facilities, providing the Corporation with further financial flexibility. 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 replaced the $35.0 million incremental facility described above with an additional $40.0 million of credit under the revolving syndicated facility, increasing the Corporation's available credit facilities to $175.0 million.

On December 9, 2009, the Corporation's board of directors approved a capital budget of approximately $45 million for 2010 projects. The capital program will focus on further bolstering the infrastructure and logistical capabilities of the Corporation's Canadian operating division, as it continues to expand its presence in the Deep Basin, Montney and Horn River basins. The program also includes additional investment in high rate pumping equipment in response to increasing customer demand for high rate completions in the emerging unconventional plays.

Additional capital is also being allocated in respect of equipment and facilities in support of the Corporation's growing Russian operations. The Corporation also plans to deploy additional high rate fracturing equipment to its United States operating fleet, which will provide the Corporation with additional flexibility as it continues to broaden its presence in the United States pressure pumping market. In addition, approximately $14 million remaining from the Corporation's 2009 capital program is expected to be spent in the first quarter of 2010.

On December 16, 2009, Calfrac Holdings LP closed a private offering of US$100.0 million aggregate principal amount of 7.75% Senior Notes due 2015. The notes were issued at 94.5% of their face amount, for aggregate gross proceeds of US$94.5 million, after deducting original issue discount. Fixed interest on the notes is payable on February 15 and August 15 of each year beginning on February 15, 2010. The notes mature on February 15, 2015.

The Corporation exited 2009 with approximately 456,000 HHP, 28 coiled tubing units and 21 cementing units.

BUSINESS OF THE CORPORATION

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 and Argentina.

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 believes that it is the largest hydraulic fracturing company in Canada and one of the largest in North America with a combined fleet of over 450,000 HHP.

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 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 pressure pumping demands. The Corporation has become a leading service provider in the deeper, more technical areas of northern Alberta, northeastern British Columbia, western Colorado and Arkansas by offering innovative equipment, technology solutions and highly trained personnel to execute these difficult projects. The Corporation currently operates approximately 211,000 HHP from seven operating districts in Canada with facilities located in Grande Prairie, Red Deer, Medicine Hat and Edson, Alberta, Fort Nelson and Dawson Creek, British Columbia, and Estevan, Saskatchewan, approximately 182,000 HHP from four operating districts in the United States located in Platteville and Grand Junction, Colorado, Beebe, Arkansas and Mt. Morris, Pennsylvania, approximately 27,000 HHP from two operating districts located in Reynosa and Poza Rica, Mexico and approximately 36,000 HHP from two facilities located in Noyabrsk and Khanty-Mansiysk, Russia. For the years ended December 31, 2009 and 2008, fracturing services accounted for 88% and 85% of the Corporation's revenue, respectively.

The Corporation provides conventional 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 of the reservoir zone by its 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 can 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 expected in the producing zone in which fracturing will be performed. The Corporation's engineering staff provides technical evaluation and job design recommendations as an integral element 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 conventional hydraulic fracturing job normally consists of the following:

- blender to blend chemicals, base fluid and proppant into specific mixes 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 fracturing with foam operations;
- chemical additive unit to hold and deliver each chemical in controllable quantities in order to blend 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;
- 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.

As a result of the Corporation's extensive involvement in various pilot projects evaluating the viability of CBM production in western Canada, the Corporation, along with its customers, has developed an unconventional method of fracturing multi zone CBM wells by pumping nitrogen gas through coiled tubing at very high rates without the use of proppant, fluid or chemicals.

The Corporation has developed a significant level of expertise and experience in fracturing CBM wells and has become a leading independent provider of hydraulic fracturing services to customers who stimulate CBM wells in

Canada. The Corporation has two fracturing spreads specifically designed to provide high rate nitrogen stimulation services to CBM wells.

Coiled Tubing Services. The Corporation provides coiled tubing services by injecting coiled 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. 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 the high-tech, deep natural gas projects. As at December 31, 2009, the Corporation's coiled tubing operations were being conducted in Canada with 22 units and in Russia with six units. For the years ended December 31, 2009 and 2008, coiled tubing services accounted for 8% and 10% 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 accomplish segregation between layers after a hole is drilled, steel casing is run into the bottom of the well 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 began redeploying a significant portion of this equipment into the United States and Latin America during the third quarter of 2009. The Corporation currently operates six cementing units in Beebe, Arkansas, six cementing units in Poza Rica, Mexico and three cementing units out of its operating base in Catriel, Argentina. For the years ended December 31, 2009 and 2008, cementing services accounted for 4% and 5% of the Corporation's revenue, respectively.

Industry

Demand for well services in the Corporation's industry is primarily influenced by the level of drilling activity and development by oil and natural gas companies, which, in turn, depends largely on current and anticipated future crude oil and natural gas prices as well as production depletion rates. The Corporation's services, when utilized, are usually a large component of a well's cost, typically comprising between 10% and 15% of well cost in a vertical well application and between 30% and 40% of well cost in a horizontal well application.

Increased demand for oil and gas resulted in increased worldwide exploration and production spending each year between 2004 and 2008. As a result of the global economic downturn, beginning in late 2008 and continuing into the first half of 2009, there was a rapid decline in oil and natural gas prices, which the Corporation believes has resulted in a significant decrease in budgeted 2009 worldwide spending by oil and natural gas exploration and production companies. This decline in capital spending by exploration and production companies is also evidenced by a decrease in the aggregate land-based drilling rig count in Canada and the United States of approximately 43%, from the peak in 2008 to December 31, 2009, according to Baker Hughes rig count data. Meanwhile, worldwide, excluding Canada and the United States, land-based drilling rig count has decreased approximately 9% from its peak in 2008 to December 31, 2009. The decline in total United States land-based drilling rig count has been disproportionately attributed to the decline in vertical land-based drilling rig count versus the decrease in horizontal land-based drilling rig count. According to Baker Hughes rig count data as of December 31, 2009, horizontal land-based drilling rigs comprised 48% of active land-based drilling rigs in the United States. According to Baker Hughes rig count data as of December 31, 2009, the vertical land-based drilling rig count has declined 59% from the 2008 peak vertical land-based drilling rig count of 1,017 on August 29, 2008, while the horizontal land-based drilling rig count has declined only 12% from the 2008 peak horizontal land-based drilling rig count of 650 on October 31, 2008.

Although prices have declined significantly in recent periods, the demand for oil and natural gas is expected to increase in Canada, the United States and worldwide (excluding Canada and the United States) over the long term

and the increase in demand will be coupled with a flat or declining production curve, which the Corporation believes will result in higher crude oil and natural gas commodity prices. The U.S. Energy Information Administration has forecasted that oil and natural gas consumption will increase in Canada, the United States and worldwide (excluding Canada and the United States) at an average annual rate of 0.9%, 0.3% and 1.3%, respectively, from 2006 through 2030.

Natural gas consumption in Canada and the United States is expected to be increasingly met by unconventional natural gas production from geological formations such as CBM and gas-bearing shale, which require hydraulic fracturing to be productive. Meanwhile, oil and natural gas production is expected to increase in Canada at an average annual rate of 0.8% during the same period. Additionally, oil and natural gas exploration and production companies within the United States and worldwide (excluding Canada and the United States) seem to demonstrate a flat production curve, as, according to the U.S. Energy Information Administration, production of oil and natural gas is expected to increase at an average approximate annual rate of 1.4% and 1.3%, respectively, from 2006 to 2030.

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 market. The Corporation is one of the leading companies in the Canadian market in providing innovative conventional hydraulic and CBM fracturing services throughout the shallow and unconventional natural gas markets, as well as 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 and Denver Julesburg Basins, the Fayetteville shale area in Arkansas and the Marcellus shale play in Pennsylvania, 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 six cementing units servicing the Chicontepec oil and natural gas field. The Corporation's entry into the Argentine cementing market in the second quarter of 2008 has offered it an additional strategic market which the Corporation believes offers growth opportunities. 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 and Argentina, and will offer the Corporation a window through which to assess and respond to additional emerging opportunities in Latin America as circumstances warrant. 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 suspension of cementing operations in Canada in response to weakened market conditions, with a significant portion of this equipment being redeployed to the Corporation's United States and Mexican operations during the third quarter of 2009. A considerable amount of technology and engineering expertise is incorporated into the fluid chemistry and the design of fracturing programs. 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 laboratory located in Calgary at the Technology and Training Centre, 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 and Catriel, Argentina. 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 or snubbing units, 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, including many of the most active exploration and production companies in the countries in which it operates. For the year ended December 31, 2009, the Corporation's four largest customers collectively represented approximately 49% of the Corporation's revenue with its largest customer accounting for approximately 17% of the Corporation's revenue.

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 minimal 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 and optimizing its assets 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.

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 35 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. Key members of the Corporation's senior management team and board of directors own or control approximately 29% 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, Argentina and Mexico. In 2009, the Corporation continued to expand its U.S. operations with the introduction of a third fracturing spread in its Arkansas operating district during the second quarter, and redeployed a large fracturing crew from the Rocky Mountain region to Pennsylvania at the beginning of the fourth quarter. Also in 2009, the Corporation redeployed one additional fracturing spread and six cementing units to Mexico which are currently

servicing the Chicontepec oil and natural gas field, and redeployed a fourth fracturing spread and a sixth coiled tubing unit to Western Siberia. The Corporation's ability to execute on these opportunities resulted from the successful expansion program it completed in 2009 through organic growth coupled with the acquisition of the fracturing division of Pure during the third quarter of 2009 and the acquisition of Century in November of 2009. The Corporation believes that its established operating bases located in Canada, the United States, Russia and Mexico, together with its recent entry into Argentina, 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. 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.

Service Line Expansion: Expand and diversify the Corporation's products and services. The Corporation has invested heavily in specially designed fracturing, coiled tubing, cementing and other well servicing solutions. Each of these service lines offers new opportunities for the Corporation to add value through new innovative technologies and equipment designs that improve operating efficiency, reduce environmental impact, lower finding costs for its clients and deliver results. The Corporation remains focused on adding complementary service lines, thereby helping to minimize localized weather-related issues, fluctuations in regional activity levels and customer demand. The Corporation expects to continue to diversify its activities so that the Corporation's personnel and equipment can operate at near full utilization.

Internal Expansion: Strengthen the Corporation's Workforce. 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 a dedicated facility in Calgary focused on training, research and development that has been staffed with experienced training professionals of various specialties. By providing an environment for ongoing exceptional 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. During the first quarter of 2009, in response to weakened industry conditions, the Corporation implemented workforce reductions in respect of its Canadian operations and, to a lesser extent, its U.S. operations. The personnel reductions were necessitated by reduced customer demand at the Corporation's Canadian and U.S. Rocky Mountain operations, and were predicated by an extensive evaluation of its operations and personnel. Renewed demand for the Corporation's services in the fourth quarter of 2009, coupled with the additional client base and personnel that it secured as a result of its acquisition of Century and the fracturing assets of Pure allowed the Corporation to reverse the personnel reductions of the first quarter.

Customers

The Corporation enjoys strong relationships with its customer base which consists of more than 180 oil and natural gas exploration and production companies, ranging from large multinational public companies and national oil companies to small private companies. For the year ended December 31, 2009, the Corporation's ten largest customers collectively represented approximately 74% of its revenue and the Corporation's largest customer accounted for approximately 17% of its revenue.

Contracts

The Corporation generally contracts with its customers on a project-specific basis. The Corporation has an agreement to provide fracturing services with one of its customers, which expires in February 2011 and contains a right of first refusal for two fracturing spreads.

The Corporation is currently working in four operating areas in Russia pursuant to six annual contracts with two of that country's largest oil and natural gas companies. These contracts will expire at the end of 2010. On the strength of these annual contracts, the Corporation is optimistic that its four fracturing spreads and six coiled tubing units will be highly utilized in 2010.

The Corporation also has a three-year contract with Pemex Exploracion y Produccion for the provision of hydraulic fracturing services in northern Mexico which will expire in October of 2010. Based on discussions to date with Pemex, the Corporation anticipates that prior to such expiry this agreement will be amended to extend its term and increase the value of services to be provided thereunder.

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 and Russia.

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.

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 mine 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 U.S. 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 sand supply agreements contain minimum commitment amounts and provide for maximum price increases during their terms.

Competition

The markets in which the Corporation operates are highly competitive. The Corporation currently operates in Canada, the United States, Russia, Mexico and Argentina. 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 Ltd., Halliburton Company and BJ Services Company. The Corporation also competes against Trican Well Services Ltd. in Canada, the United States and Russia. 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 operates under the jurisdiction of a number of regulatory bodies that regulate worker safety standards, the handling of hazardous materials and the protection of the environment. Environmental laws and regulations that the Corporation is subject to have become more stringent in recent years and have generally sought to impose greater liability on a larger number of potentially responsible parties. Because the Corporation provides services to companies producing oil and natural gas, it may become subject to claims relating to the release of such substances into the environment.

The Corporation uses and generates hazardous substances and wastes in its operations. In addition, some of the Corporation's current properties are, or have been, used for industrial purposes. 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 the Corporation's earnings and cash available for operations. The Corporation believes it is currently in substantial compliance with applicable environmental laws and regulations.

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.

Changes to Alberta's royalty regime for conventional petroleum and the oilsands came into effect on January 1, 2009, and have been received negatively by oil and natural gas producers. Although the Corporation has diversified operations in both domestic and international markets outside of Alberta, any material reductions in the capital budgets of the Corporation's clients in Alberta may have a negative 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 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, which employees are experienced in developing technologies to be used in oilfield operations and implementing these procedures in the field. 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 six issued patents in respect of treatment fluids, treatment methods and an isolation tool used to deliver fracturing services and 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 16 operating bases located in Medicine Hat, Red Deer, Grande Prairie and Edson, Alberta, Dawson Creek and Fort Nelson, British Columbia, Estevan, Saskatchewan, Platteville and Grand Junction,

Colorado, Beebe, Arkansas, Mt. Morris, Pennsylvania, Reynosa and Poza Rica, Mexico, Catriel, Argentina and Noyabrsk and Khanty-Mansiysk in Russia.

As at December 31, 2009, the Corporation was operating approximately 450,000 HHP in its fracturing operations, and its well servicing equipment included 28 coiled tubing units and 21 cementing units.

Employees

As at December 31, 2009, the Corporation had approximately 1,900 employees in its operating regions. 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, and Argentinean 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 North American, Russian and Argentinean natural gas and, to a lesser extent, oil. Industry conditions are influenced by numerous factors over which the Corporation has no control, including the level of 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, Argentinean 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. Because of the current economic environment and related decrease in demand for energy, natural gas exploration and development in North America has decreased significantly from peak levels in 2008. Warmer than normal winters in North America, among other factors, may adversely impact demand for natural gas and, therefore, demand for oilfield services. If the economic conditions deteriorate further or do not improve, the decline in natural gas exploration and development 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 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. The first quarter incorporates the winter drilling season when a greater 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 breakup", occurs earlier in the year in southeastern Alberta than it does in northern Alberta and northeastern British Columbia. Consequently, this is the Corporation's weakest three-month revenue period. Additionally, if an unseasonably warm winter prevents sufficient freezing, the Corporation may not be able to access well sites and its operating results and financial condition may 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 and temperature can therefore create unpredictability in activity and utilization rates, which can 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 over 180 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 four significant customers that collectively accounted for approximately 49% of its revenue for the year ended December 31, 2009 and of such customers one customer accounted for approximately 17% of the Corporation's revenue for the year ended December 31, 2009. The Corporation's strong relationship with the most active exploration and production companies in the countries in which it operates results in increased concentration of revenues during periods of reduced activity levels such as the first nine months of 2009. However, there can be no assurance that the Corporation's relationship with these four 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 greater 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's industry is affected by excess equipment inventory 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 inventory 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. This capital overbuild could cause the Corporation's competitors to lower their rates 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.

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

The ability to make scheduled payments on or to refinance debt obligations 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. The credit markets have recently experienced and continue to experience adverse conditions. 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 financing 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 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.

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 its business.

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

Should the Corporation's current suppliers be unable to provide the necessary raw materials and component parts at an acceptable price or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of services could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

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 such compliance and expects to continue to make such investments in the future. Such 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.

In particular, the Corporation is subject to increasingly stringent laws and regulations relating to importation and use of hazardous materials, radioactive materials and explosives, environmental protection, 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. The technical requirements of these laws and regulations are becoming increasingly complex, stringent and expensive to implement. These laws may provide for "strict liability" for damages to natural resources or threats to public health and safety. Strict liability can render a party liable for damages without regard to negligence or fault on the part of the party. Some environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances.

The Corporation uses and generates hazardous substances and wastes in its operations. In addition, some of the Corporation's current properties are, or have been, used for industrial purposes. 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 the Corporation's earnings and cash available for operations. The Corporation believes it is currently in substantial compliance with applicable environmental laws and regulations.

The Corporation is a provider of hydraulic fracturing services, a process that creates fractures extending from the well bore through the rock formation to enable natural gas or oil to move more easily through the rock pores to a production well. Bills pending in the United States House of Representatives and Senate have asserted that chemicals used in the fracturing process could adversely affect drinking water supplies. The proposed legislation would require the reporting and public disclosure of chemicals used in the fracturing process. This legislation, if adopted, could establish an additional level of regulation at the federal level that could lead to operational delays and increased operating costs. The adoption of any future federal or state laws or implementing regulations imposing reporting obligations on, or otherwise limiting, the hydraulic fracturing process could make it more difficult to complete natural gas and oil wells and could have a material adverse effect on the Corporation's 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 2009 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 could do so in the future.

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.

Demand for the Corporation's services may be adversely impacted by regulations affecting the oil and natural gas industry.

The operations of the Corporation's customers are 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, the Corporation's customers' operations could be disrupted or curtailed by governmental authorities. The high cost of compliance with applicable regulations could 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 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.

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 and Argentinean currency exchange rates. For example, net income from the Corporation's United States operations is denominated in United States dollars, so that a decrease in the value of the United States dollar would decrease the Canadian dollar amount of net income 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 in place.

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 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 might 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, a consortium, in which a Greek subsidiary of Denison, North Aegean Petroleum Company E.P.E. ("NAPC"), participated, 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 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 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 has been further appealed to the Supreme Court of Greece, and on November 3, 2009 was postponed until March 16, 2010. 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 might otherwise be payable. NAPC intends to vigorously defend the appeal decision before the Supreme Court of Greece both in relation to the merits of the plaintiffs' case as well as in respect of the quantum of any damages which might be awarded. In the event that an adverse ruling is issued by the Supreme Court of Greece, NAPC intends to assess available rights of appeal to any other levels of court in any jurisdiction where such an appeal is warranted.

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 was heard by the Supreme Court of Greece on November 6, 2007, at which date the appeal of the plaintiffs was denied for technical reasons due to improper service. A rehearing of this appeal scheduled for September 22, 2009 was postponed until September 21, 2010. The remaining action, which is seeking salaries in arrears, was scheduled to be heard before the Athens Court of First Instance on October 1, 2009, but was adjourned as a result of the recently held Greek elections. No date has been set for the adjourned hearing. 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 loses 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 may also be financed partially or wholly with debt, which could 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 management, through their collective share ownership, may be able to control the outcome of shareholder voting and may exercise this voting power in a manner adverse to other shareholders.

Collectively, the Corporation's management owns or controls common shares representing approximately 29% of the total voting power of its common shares. As a result, the Corporation's management may have the ability to direct the election of members of its board of directors and to exercise a controlling influence over its business and affairs, including any determinations with respect to mergers or other business combinations involving the Corporation, its acquisition or disposition of assets, its incurrence of indebtedness, its issuance of any additional common shares or other equity securities, its repurchase or redemption of common shares or preferred shares and its payment of dividends. Additionally, the Corporation's management may have the power to determine or significantly influence the outcome of matters submitted to a vote of its shareholders, including the power to prevent an acquisition or any other change in control of the Corporation. In any particular transaction, the interests of the Corporation's management as shareholders may differ from the interests of other shareholders and the interests of holders of the senior notes and actions taken by the Corporation's management as shareholders with respect to the Corporation may not be favourable to the other shareholders and creditors.

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 to be 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 Kyoto Protocol has come into effect and the Corporation is unable to predict the impact of the Kyoto Protocol on its operations.

Canada is a signatory to the United Nations Framework Convention on Climate Change and has adopted the Kyoto Protocol established thereunder to set legally binding targets to reduce nation-wide emissions of carbon dioxide, methane, nitrous oxide and other so-called "greenhouse gases". Details regarding Canada's implementation of the Kyoto Protocol remain unclear. On April 26, 2007, the Government of Canada released its Regulatory Framework for Air Emissions which outlines proposed new requirements governing the emission of greenhouse gases and industrial air pollutants in accordance with the Government's Notice of Intent to Develop and Implement Regulations and Other Measures to Reduce Air Emissions, which was released on October 19, 2006. A further plan setting out the federal government's proposed framework for regulating greenhouse gas emissions was released on March 10, 2008. The framework and associated public documents provide some, but not full, detail on new greenhouse gas and industrial air pollutant limits and compliance mechanisms that the government intends to apply to various industrial sectors, including oil and natural gas producers. Details on potential legislation to enact the proposed regulatory framework for greenhouse gases remain unavailable. Since November 2008, the Government of Canada has expressed an interest in pursuing a potential harmonization of future Canadian greenhouse gas

regulation with future regulation in the United States, pursuant to a bilateral treaty, raising uncertain implications for greenhouse gas emission requirements to be applied to Canadian industry, including the oil and natural gas sector. 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 emission reduction legislation on the Corporation and it is possible that such impact may 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 2009.

Period	High $	Low $	Volume
January	10.77	7.98	2,292,068
February	8.81	7.98	1,681,653
March	8.49	6.40	4,649,149
April	10.33	6.65	2,660,833
May	13.22	9.51	1,918,991
June	14.62	10.64	2,074,552
July	12.91	9.36	1,946,957
August	12.95	10.40	1,969,369
September	19.13	12.55	3,345,956
October	20.37	16.37	3,650,420
November	19.41	16.75	2,229,762
December	21.52	17.71	2,330,212

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 credit ratings received by the Corporation in connection with the issuance by Calfrac Holdings LP of senior notes on February 13, 2007 and December 16, 2009.

	Standard & Poor's Ratings Services ("S&P")	Moody's Investors Service ("Moody's")
Corporate Credit Rating	B+	B1
Calfrac Holding LP Senior Unsecured Debt	B+	B2
Outlook	Negative	Stable

S&P's long-term credit ratings are on a rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. A rating of B+ by S&P represents the sixth highest of ten categories and indicates that the obligor is more vulnerable to nonpayment than obligors in higher-rated categories, but currently has the capacity to meet its financial commitment on an obligation, although adverse business, financial or economic conditions are considered likely to impair the obligor's capacity or willingness to meet its financial commitment on an obligation. The addition of a plus (+) or minus (-) designation after a rating indicates the relative standing within a particular rating category. 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. A negative outlook means that a rating may be lowered. The negative outlook reflects S&P's expectation that the Corporation's credit measures will remain weak for the rating given the current weakness in the North American natural gas market and its ability to generate expected revenue and margins to support its rating.

Moody's long-term credit ratings are on a rating scale that ranges from Aaa to Caa, which represents the range from highest to lowest quality of such securities rated. Ratings of B1 and B2 by Moody's are within the fifth highest of six categories. 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 issue ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

DIVIDENDS

The Corporation adopted a semi-annual dividend policy in May 2005, and an initial dividend of $0.05 per share was paid on June 15, 2005. Additional dividends in the amount of $0.05 per share were paid on January 12 and June 15 of 2006, on January 5 and July 19 of 2007, on January 9 and July 15 of 2008, on January 1 and July 15 of 2009 and on January 15, 2010. 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

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)	President and Chief	March 24, 2004	President and Chief Executive Officer of the

Name and Residence	Position with the Corporation	Director Since	Principal Occupation During the Last Five Years
Alberta, Canada	Executive Officer and a Director		Corporation. Prior to March 24, 2004, President and Chief Executive Officer of CWSL.
Fernando Aguilar Houston, Texas	Director	May 12, 2008	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.
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).
Martin A. Lambert(3)(4) Alberta, Canada	Director	March 8, 2004(5)	Chief Executive Officer, Swan Hills Synfuels L.P. (a private in-situ coal gasification firm) since October 31, 2008 and Senior Counsel at Bennett Jones LLP, a law firm. Managing Director, Matco Capital Ltd. (a private investment company) from August 2002 through October 31, 2008.
R.T. (Tim) Swinton(1)(2)(3) Alberta, Canada	Director	March 24, 2004	Independent Businessman
Gordon A. Dibb Alberta, Canada	Chief Operating Officer		Chief Operating Officer since April 24, 2006. From January 28, 2004 until September 1, 2007, Executive Vice President and, prior to December 14, 2004, Chief Financial Officer of the Corporation. Prior to March 24, 2004, Vice President and Chief Financial Officer of CWSL.
Donald R. Battenfelder Alberta, Canada	Vice President, Global Operations		Vice President, Global Operations since November, 11, 2009. Prior thereto, Vice President, Canadian Operations since April 22, 2009 and prior thereto, President, Canadian Operating Division since September 1, 2007. Prior thereto, Vice President, Operations of the Corporation since January 28, 2004, and prior thereto, Manager, Operations of the Corporation.
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.
L. Lee Burleson Denver, Colorado	Vice President, Sales U.S. Operating Division		Vice President, Sales, US Operating Division since September 1, 2007. Prior thereto, Manager, Sales and Marketing, U.S. Operating Division.

Name and Residence	Position with the Corporation	Director Since	Principal Occupation During the Last Five Years
Laura A. Cillis Alberta, Canada	Senior Vice President, Finance and Chief Financial Officer		Chief Financial Officer of the Corporation 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.
Stephen T. Dadge Alberta, Canada	Senior Vice President, HSE		Senior Vice President, HSE since February 11, 2010. Prior thereto, Senior Vice President, Corporate Services since September 1, 2007. Prior to September 1, 2007, Vice President, Corporate Services since January 28, 2004, and prior thereto, Manager, Corporate Services.
John L. Grisdale Denver, Colorado	President U.S. Operating Division		President, U.S. Operating Division since September 1, 2007. Prior thereto, Vice President, Business Development of the Corporation.
Tom J. Medvedic Alberta, Canada	Senior Vice President, Corporate Development		Senior Vice President, Corporate Development since November 17, 2008. Prior thereto, Chief Financial Officer of the Corporation since December 14, 2004 and Senior Vice President, Finance since September 1, 2007. Prior thereto, Vice President, Finance of the Corporation from July 12, 2004, and prior thereto, Treasurer of Ensign Resource Service Group Inc.
Robert J. Montgomery Alberta, Canada	Vice President, Operations, Canadian Division		Vice President, Operations, Canadian Division since November 11, 2009. Prior thereto, VP, Operations of Century since Sept 1, 2009. Prior thereto, Senior VP, Operations of Century since January 27, 2009. Prior thereto, VP 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.
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	President, Canadian Operating Division		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.
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).

Name and Residence	Position with the Corporation	Director Since	Principal Occupation During the Last Five Years
A. Scott Tuttle Alberta, Canada	Vice President, Human Resources		Vice President, Human Resources since October 1, 2008 and Manager, Human Resources since May 1, 2008. Prior thereto, Vice President, Human Resources with Canexus Income Fund since June of 2005, and prior thereto HR Manager with Nexen Inc.

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 11, 2010.

As at March 12, 2010 the directors and executive officers of the Corporation beneficially owned, or controlled and directed, directly or indirectly, an aggregate of 12,522,458 common shares, representing approximately 29% of the 43,038,615 issued and outstanding common shares.

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, 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 gas operations in that country. Several groups of employees have filed claims 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 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 has been further appealed to the Supreme Court of Greece, and on November 3, 2009 was postponed until March 16, 2010. 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. NAPC intends to vigorously defend the appeal decision before the Supreme Court of Greece both in relation to the merits of the plaintiffs' case as well as in respect of the quantum of any damages which may be awarded. In the event that an adverse ruling is issued by the Supreme Court of Greece, NAPC and the Corporation intend to assess available rights of appeal to any other levels of court in any jurisdiction where such an appeal is warranted.

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 was heard by the Supreme Court of Greece on November 6, 2007, at which date the appeal of the plaintiffs was denied for technical reasons due to improper service. A rehearing of this appeal scheduled for September 22, 2009 was postponed until September 21, 2010. The remaining action, which is seeking salaries in arrears was scheduled to be heard before the Athens Court of First Instance on October 1, 2009, but was adjourned as a result of the recently held Greek elections. No date has been set for the adjourned hearing.

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 direction and financial consequence of the potential decisions in these actions cannot be determined at this time.

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.

NAMES OF EXPERTS

KPMG LLP is named as having prepared the audit report forming a part of the business acquisition report on Form 51-102F4 that was filed on January 25, 2010 in respect of the Century acquisition. The consent of KPMG LLP was not requested in respect of the inclusion of their audit report in the business acquisition report.

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, 2009. 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 and R.T. (Tim) Swinton, all of whom are financially literate and independent, as such terms are defined in Multilateral 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 the restructuring of financially troubled companies as well as providing capital and management expertise to such companies. Mr. Mathison has extensive experience in restructuring and financing corporations in both the public and private markets. Until October 2000, Mr. Mathison was a director of Peters & Co. Limited, an investment firm specializing in the oil and natural gas industry, and prior to 1999 was also a principal of Peters & Co. Limited's corporate finance department. 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 successful 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 the general partner of Diamond Energy Services LP, a private oilfield service limited partnership, a director of Peyto Energy Administration Corp., the administrator of Peyto Energy Trust, a public oil and natural gas income trust, and a director of Total Energy Services Inc., a public oilfield service 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.

R.T. (Tim) Swinton

Mr. Swinton has served as a member of the Corporation's board of directors since March 2004. Mr. Swinton is the President of Western Provinces Resources Ltd., a private investment company. 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, 2008	December 31, 2009
Audit fees	$215,000[1]	$262,300
Audit-related fees	157,919[2]	237,405
Tax-related fees	181,873	245,439
All other fees	-	-
Total fees	$554,792	$745,144

(1) Includes $20,000 audit fee adjustment.
(2) Includes $7,150 audit-related fee adjustment.

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 2008 or 2009.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration, 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 12, 2009. Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2009.

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

(i) 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, and

(ii) the compensation of the external auditor.

(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 promptly circulated to the directors who are not members of the Committee or, if that is not practicable, shall be made available at the next meeting of the Board.

(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 March 1, 2010 and approved by the Board on March 3, 2010.